

NEW ISSUE
Book-Entry Only

NOT RATED

In the opinion of Bond Counsel under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes, except as described herein, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The interest on the Bonds is exempt from Kansas income taxation. The Bonds are not "qualified tax-exempt obligations" within the meaning of Code §265(b)(3). See "TAX MATTERS" herein.

\$2,425,000
CITY OF WICHITA, KANSAS
SPECIAL OBLIGATION TAX INCREMENT REVENUE BONDS
(Broadway Plaza Project)
SERIES 2008A

Dated: January 15, 2008

Due: as shown below

The Bonds are issuable only as fully registered Bonds, without coupons, in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof, except as otherwise provided in the Indenture. Purchasers will not receive certificates representing their interests in Bonds purchased. Principal of the Bonds will be payable on each March 1 in the years shown below. Interest on the Bonds will be payable semiannually on each March 1 and September 1, beginning September 1, 2008.

The Bonds are subject to redemption prior to maturity in certain circumstances, as described herein. See "THE BONDS - Redemption Provisions."

The Bonds are being issued by the City of Wichita, Kansas (the "City" or the "Issuer"), pursuant to a Trust Indenture dated as of January 15, 2008, (the "Indenture") by and between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Trustee"). The Bonds are special, limited obligations of the City, payable solely from Incremental Tax Revenues and other moneys pledged under the Indenture. THE BONDS DO NOT CONSTITUTE, NOR SHALL THEY BE CONSTRUED TO BE, GENERAL OBLIGATIONS OF THE ISSUER OR ANY OTHER GOVERNMENTAL ENTITY.

The Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act of 1933, as amended. The issuance of the Bonds is exempt from registration in reliance upon exemptions from registration under the Securities Act, and the transfer of the Bonds and beneficial ownership interests therein is restricted to Qualified Institutional Buyers and institutional Accredited Investors, as defined under the Securities Act. See "NOTICE TO INVESTORS."

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

MATURITY SCHEDULE

| | TERM BONDS | | | | |
|-----------------|-------------------------|----------------------|-----------------------|--------------|--|
| <u>Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Price or Yield</u> | <u>CUSIP</u> | |
| March 1, 2027 | \$2,425,000 | 6.75% | 97.3810% | 967336 AA6 | |

The Bonds are offered when, as and if issued by the City and received by the Underwriter, subject to unqualified approval of their legality by Kutak Rock, LLP, Kansas City, Missouri, Bond Counsel, and certain other conditions. Certain other legal matters will be passed upon for the City by Gary E. Rebenstorf, Esq., City Attorney; for the Underwriter by Gilmore & Bell, P.C., Kansas City, Missouri; and for the Developer by White Goss Bowers March Schulte & Weisenfels PC, Kansas City, Missouri. It is expected that the Bonds in definitive form will be available for delivery to the Underwriter on or about January 31, 2008.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PiperJaffray®

This Official Statement is dated January 8, 2008

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations with respect to the Bonds offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF THAT INFORMATION.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE BONDS ARE BEING OFFERED SOLELY ON A PRIVATE PLACEMENT BASIS TO CERTAIN ACCREDITED INVESTORS OR QUALIFIED INSTITUTIONAL BUYERS. NEITHER THE BONDS NOR ANY BENEFICIAL INTEREST THEREIN MAY BE RESOLD OR TRANSFERRED BY ANY PURCHASER, EXCEPT UNDER THE CONDITIONS DESCRIBED UNDER THE CAPTIONS “THE BONDS – REGISTRATION, TRANSFER AND EXCHANGE OF BONDS” AND “NOTICE TO INVESTORS.”

**CAUTIONARY STATEMENTS REGARDING FORWARD-
LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “projected,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

TABLE OF CONTENTS

| | <u>Page</u> | | <u>Page</u> |
|--|-------------|--|-------------|
| INTRODUCTION..... | 1 | The Engineer, Architect and the General Contractor..... | 20 |
| Purpose of the Official Statement..... | 1 | The Manager; Leasing Agent..... | 21 |
| The Issuer..... | 1 | Easements, Covenants and Restrictions affecting the Redevelopment District..... | 21 |
| The Bonds..... | 1 | ENVIRONMENTAL MATTERS..... | 21 |
| Limited Offering of the Bonds; Restriction on Transfer of the Bonds..... | 2 | HOME DEPOT AND DEVELOPMENT OF THE HOME DEPOT PARCEL..... | 24 |
| Initial Investor Letter..... | 2 | SUMMARY OF LEASES; OTHER OCCUPANTS IN THE REDEVELOPMENT DISTRICT..... | 25 |
| Security for the Bonds..... | 2 | General Information..... | 25 |
| Revenue Projections..... | 2 | Lease Agreements – Existing Strip Center..... | 25 |
| Bondowners’ Risks..... | 3 | Other Businesses within the Redevelopment District..... | 26 |
| Continuing Disclosure..... | 3 | COMPETITION..... | 26 |
| Definitions and Summary of the Principal Documents and Additional Information..... | 3 | ESTIMATED INCREMENTAL TAX REVENUES AND PROJECTED DEBT SERVICE COVERAGE OF THE BONDS..... | 27 |
| THE BONDS..... | 3 | FUTURE FINANCINGS FOR THE REDEVELOPMENT DISTRICT..... | 27 |
| Authorization; Description of the Bonds..... | 3 | BONDOWNERS’ RISKS..... | 27 |
| Registration, Transfer and Exchange of Bonds..... | 4 | THE ISSUER..... | 35 |
| Redemption Provisions..... | 4 | General..... | 35 |
| Effect of Call for Redemption..... | 7 | Demographic Statistics..... | 36 |
| Payment and Discharge Provisions; Defeasance..... | 8 | Employment..... | 36 |
| Nonpresentment of Bonds..... | 8 | Income..... | 36 |
| Book-Entry Only System..... | 9 | LEGAL MATTERS..... | 37 |
| SOURCES OF PAYMENT AND SECURITY FOR THE BONDS..... | 11 | TAX MATTERS..... | 37 |
| Limited Obligations; Sources of Payment..... | 11 | In General..... | 37 |
| Incremental Tax Revenues..... | 11 | Not Bank Qualified..... | 38 |
| Indenture Funds and Accounts..... | 11 | Original Issue Discount..... | 38 |
| Additional Bonds..... | 13 | Backup Withholding..... | 38 |
| THE INCREMENTAL TAX REVENUES..... | 15 | Changes in Federal Tax Law..... | 38 |
| General Information..... | 15 | NOTICE TO INVESTORS..... | 39 |
| Property Valuations..... | 15 | UNDERWRITING..... | 40 |
| Property Tax Levies and Collections..... | 16 | PROJECTIONS..... | 40 |
| Allocation and Distribution of Incremental Property Tax Revenues..... | 18 | NO RATINGS..... | 40 |
| Projected Incremental Tax Revenues..... | 18 | LITIGATION..... | 40 |
| ESTIMATED SOURCES AND USES OF FUNDS..... | 18 | CONTINUING DISCLOSURE..... | 41 |
| THE REDEVELOPMENT DISTRICT AND THE PROJECT AREA..... | 18 | CERTAIN RELATIONSHIPS..... | 41 |
| THE REDEVELOPMENT AGREEMENT..... | 19 | CONCLUDING STATEMENT..... | 41 |
| BROADWAY PLAZA AND THE REDEVELOPMENT PROJECT..... | 19 | | |
| Overview..... | 19 | | |
| The Developer..... | 20 | | |
| Construction Lending..... | 20 | | |

-
- Appendix A - Projections
 - Appendix B-1 - Definitions and Summary of Indenture
 - Appendix B-2 - Summary of Continuing Disclosure Agreements
 - Appendix C - Form of Bond Counsel Opinion
 - Appendix D - Maps of the Redevelopment District
 - Appendix E - Form of Investor Letter

OFFICIAL STATEMENT

\$2,425,000
CITY OF WICHITA, KANSAS
SPECIAL OBLIGATION TAX INCREMENT REVENUE BONDS
(Broadway Plaza Project)
SERIES 2008A

INTRODUCTION

This Introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. Summaries of the Indenture and other documents do not purport to be comprehensive or definitive. All references herein to the Indenture and the Redevelopment Agreement are qualified entirely by reference to the definitive form of such documents, copies of which may be obtained from the Underwriter, Piper Jaffray & Co., One Hallbrook Place, 11150 Overbrook Road, Suite 310, Leawood, Kansas 66211-2298.

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to furnish certain information concerning (1) the City of Wichita, Kansas (the “City”); (2) the City’s Special Obligation Tax Increment Revenue Bonds (Broadway Plaza Project), Series 2008A (the “Bonds” or the “Series 2008A Bonds”) being issued pursuant to a Bond Trust Indenture dated as of January 15, 2008 (the “Indenture”) between the City and Security Bank of Kansas City, Kansas City, Kansas (the “Trustee”); (3) the property generally located at the southwest quadrant of Broadway Street and 47th Street within the City (the “Redevelopment District”); (4) redevelopment of the Redevelopment District (the “Project”); and (5) a retail development, known as Broadway Plaza, being developed by Broadway 47, LLC, a Kansas limited liability company (the “Developer”). For the definition of certain capitalized terms used herein and not otherwise defined, see “**Appendix B -- Definitions and Summaries of Principal Financing Documents.**”

The Issuer

The City is a municipal corporation organized and existing pursuant to the laws of the State of Kansas as a first class city.

The Bonds

The Bonds are being issued pursuant to K.S.A. 12-1770 *et seq.*, as amended (the “Act”), and are authorized by an Ordinance to be adopted by the City Council of the City on January 15, 2008 (the “Ordinance”) and the Indenture for the purpose of providing funds to (1) pay a portion of the costs of certain public and private improvements related to the Redevelopment Project located in the Redevelopment District (the “Redevelopment Project Costs”), (2) fund certain capitalized interest costs on the Bonds, (3) fund a debt service reserve for the Bonds, and (4) pay costs of issuance of the Bonds. A portion of the proceeds of the Bonds will be made available by the City to Broadway 47, LLC (the “Developer”) pursuant to an agreement between the City and the Developer (further defined herein as the “Redevelopment Agreement”) to pay certain Redevelopment Project Costs, in accordance with the Act, the Indenture and the Redevelopment Agreement.

A description of the Bonds is contained in this Official Statement under the caption “**THE BONDS.**” All references to the Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Indenture.

The Bonds are subject, in whole or in part, to optional and mandatory redemption as described in “**THE BONDS-Redemption Provisions.**”

Limited Offering of the Bonds; Restriction on Transfers of the Bonds

The Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act of 1933. However, pursuant to restrictions contained in the Indenture, the Underwriter will offer the Bonds only to “qualified institutional buyers,” as defined in Rule 144A under the Securities Act, and institutional “accredited investors,” as defined in Rule 501 of Regulation D under the Securities Act. Purchasers of the Bonds may transfer the Bonds only to persons whom the purchaser reasonably believes are either qualified institutional buyers or institutional accredited investors.

Initial Investor Letter

As a condition to the initial purchase of the Bonds, each investor must deliver to the Issuer and the Trustee an investor letter in the form attached hereto as **Appendix E**.

Prospective investors should review the captions, “**THE BONDS – Registration, Transfer and Exchange of Bonds,**” and “**NOTICE TO INVESTORS**” in this Official Statement and **Appendix D** to this Official Statement for a description of such restrictions and requirements on transfer of the Bonds.

Security for the Bonds

The Bonds and the interest thereon are payable solely and only from ad valorem taxes collected from real property located within the Project Area that are in excess of the amount of real property taxes which were collected from the Project Area in the year the Redevelopment District was established; except, provided that the Bonds are not payable from property taxes not eligible for payment of tax increment bonds under State law, which currently consists of the state-mandated portion of local property taxes levied for schools pursuant to K.S.A. 72-6431 and amendments thereto (currently, 20 mills) and the state mill levy (currently, 1.5 mills). The Bonds are not payable from any other funds or source (except to the extent paid out of the moneys attributable to Bond proceeds and the investment thereof). The Bonds are special, limited obligations of the City. NEITHER THE BONDS NOR THE INTEREST THEREON CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF, NOR IS THE PAYMENT THEREOF GUARANTEED BY THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. See “**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS.**”

The Bond Proceeds Account within the Debt Service Reserve Fund for the Bonds will be funded in the amount of \$236,148.93 from Bond proceeds. A Business Interruption Account within the Debt Service Reserve Fund will be funded over time up to the amount of \$236,148.93 solely from any excess revenues in the Revenue Fund, if any, as additional security for the Bonds.

THE BONDS ARE NOT SECURED BY A MORTGAGE ON ANY PROPERTY IN THE REDEVELOPMENT DISTRICT OR THE PROJECT AREA. HOWEVER, KANSAS LAW PROVIDES THAT THE PROPERTY TAXES THAT ARE DUE AND OWING SHALL CONSTITUTE A LIEN AGAINST THE REAL PROPERTY IN THE REDEVELOPMENT DISTRICT FROM WHICH THEY ARE DERIVED. UPON A DEFAULT IN THE PAYMENT OF ANY PROPERTY TAXES, THE LIEN FOR SUCH UNPAID PROPERTY TAXES MAY BE ENFORCED AS PROVIDED BY KANSAS LAW. SEE “**THE INCREMENTAL TAX REVENUES – Property Tax Levies and Collections,**” herein.

The Bonds do not constitute a debt or liability of the City, the State or any political subdivision thereof, and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment.

Revenue Projections

A study entitled “Tax Increment Financing Revenue Study – Broadway and 47th Street Redevelopment District – 47th Street and South Broadway Street – Wichita, Kansas,” dated October 2007 (the “Projections”) has been prepared by Canyon Research Southwest Inc., Tempe, Arizona. A copy of the Projections is attached hereto as **Appendix A**. See the caption “**PROJECTIONS**” herein. The City makes no representation or warranty (express or implied) as to the accuracy

or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Projections.

In addition, the Developer has obtained estimates of the Assessed Value of certain aspects of the Redevelopment Project from the Sedgwick County, Kansas Appraiser's Office, and such estimates have been taken into account in determining the estimated Incremental Tax Revenues available to pay debt service on the Bonds and the projected debt service coverage of the bonds. See "**ESTIMATED INCREMENTAL TAX REVENUES AND PROJECTED DEBT SERVICE COVERAGE OF THE BONDS**" herein.

Bondowners' Risks

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

Continuing Disclosure

Pursuant to a continuing disclosure agreement between the City and the Trustee, the City will undertake to provide certain semi-annual information regarding the Incremental Tax Revenues, certain annual financial information and notices of the occurrence of certain material events for the benefit of the Bondholders. The City has never failed to comply in all material aspects with any previous disclosure covenants under the Rule. See "**Continuing Disclosure**" in **Appendix B** hereto.

Pursuant to a continuing disclosure agreement between the Developer and the Trustee, the Developer will undertake to provide certain quarterly information regarding the status of construction of Broadway Plaza, the leasing of parcels within Broadway Plaza, and certain other information regarding the Project for the benefit of the Bondholders. This is the Developer's first disclosure covenant under the Rule. See "**Continuing Disclosure**" in **Appendix B** hereto.

Definitions and Summary of the Principal Documents and Additional Information

Definitions of certain words and terms used in this Official Statement and summaries of certain provisions of the Indenture and the continuing disclosure agreements are included in this Official Statement in **Appendix B** hereto. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the Indenture and the continuing disclosure agreements are qualified in their entirety by reference to the definitive form of such document, copies of which may be obtained from Piper Jaffray & Co., One Hallbrook Place, 11150 Overbrook Road, Suite 310, Leawood, Kansas 66211-2298 during the period of the offering, and thereafter, at the principal corporate trust office of the Trustee.

EXCEPT FOR INFORMATION CONCERNING THE CITY IN THE SECTIONS HEREOF CAPTIONED "THE ISSUER," "LITIGATION" AND "CONTINUING DISCLOSURE," NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE CITY, AND THE CITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS

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

Authorization; Description of the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas, including particularly the Act. The Bonds will be issuable as fully registered bonds, without coupons. Purchases of the Bonds will be made in book-entry form only (as described below) in the denomination of \$100,000 or

any integral multiple of \$5,000 in excess thereof, except as otherwise provided in the Indenture. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. The Bonds will be dated as of January 15, 2008 and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. The Bonds will bear interest at the rates per annum set forth on the inside cover page. Interest will be payable semiannually on March 1 and September 1 of each year (each, an "Interest Payment Date") until maturity, commencing on September 1, 2008, by check or draft of the Trustee or by wire transfer to the Securities Depository.

Registration, Transfer and Exchange of Bonds

Bonds may be transferred and exchanged only on the Bond Register as provided in the Indenture. Upon surrender of any Bond at the principal corporate trust office of the Trustee, the Trustee shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Trustee, duly executed by the Bondowner thereof or by the Bondowner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. The proceeds of the Bonds and the Incremental Tax Revenues shall pay the fees and expenses of the Trustee for the registration, transfer and exchange of Bonds provided for by the Indenture and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Trustee, are the responsibility of the Bondowners of the Bonds. In the event any Bondowner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may make a charge against such Bondowner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Trustee from amounts otherwise payable to such Bondowner under the Indenture or under the Bonds.

The City and the Trustee shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Trustee pursuant to the Indenture and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to the Indenture.

The City and the Trustee may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Bondowner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Bondowner or upon the Bondowner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Trustee shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by the Bondowners (or a designated representative thereof) of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Bondowners whose authority is evidenced to the satisfaction of the Trustee.

Redemption Provisions

Optional Redemption. At the option of the City, the Bonds maturing March 1, 2018 and thereafter are subject to redemption and payment prior to their Stated Maturity on March 1, 2017 or thereafter, as a whole at any time or in part on any Interest Payment Date, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

Mandatory Redemption from Moneys in the Project Fund. The Bonds are subject to mandatory redemption on any date, at the redemption price of 100% of the principal amount being redeemed, together with accrued interest thereon to the Redemption Date from moneys remaining in the Project Fund on the Full Valuation Release Date.

Mandatory Sinking Fund Redemption. The Series 2008A Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of the Indenture at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments specified in the Indenture which are to be deposited into the Debt Service Fund shall be sufficient to redeem, and the City shall redeem on each March 1 in each year, the following principal amounts of such Series 2008A Term Bonds:

Series 2008A Term Bonds Maturing March 1, 2027

| <u>Redemption Date</u> | <u>Principal Amount</u> | <u>Redemption Date</u> | <u>Principal Amount</u> |
|------------------------|-------------------------|------------------------|-------------------------|
| 2011 | \$35,000 | 2020 | \$140,000 |
| 2012 | 45,000 | 2021 | 160,000 |
| 2013 | 55,000 | 2022 | 175,000 |
| 2014 | 65,000 | 2023 | 195,000 |
| 2015 | 75,000 | 2024 | 220,000 |
| 2016 | 85,000 | 2025 | 240,000 |
| 2017 | 95,000 | 2026 | 265,000 |
| 2018 | 110,000 | 2027* | 340,000 |
| 2019 | 125,000 | | |

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the City may: (1) deliver to the Trustee for cancellation Series 2008A Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any Series 2008A Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Bondowner thereof whereupon the Trustee shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the City under the Indenture for any Series 2008A Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under the Indenture. Each Series 2008A Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Series 2008A Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Series 2008A Term Bonds of the same Stated Maturity as designated by the City, and the principal amount of Series 2008A Term Bonds to be redeemed by operation of the requirements of the Indenture shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Trustee a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.

Special Mandatory Redemption. The Bonds maturing March 1, 2015 and thereafter are subject to special mandatory redemption by the Trustee on any Interest Payment Date commencing September 1, 2014, at the redemption price of 100% of the principal amount being redeemed, together with accrued interest thereon to the date fixed for redemption, in an amount equal to the amount which is on deposit in the Redemption Account of the Debt Service Fund 45 days prior to each Interest Payment Date (or if such date is not a Business Day, the immediately preceding Business Day).

The Redemption Account is funded with Excess Incremental Tax Revenues, which are Incremental Tax Revenues available after required deposits to the Rebate Fund and Debt Service Fund, payment of Trustee Fees, funding any deficiency to the Bond Proceeds Reserve Account of the Debt Service Reserve Fund, and funding the Business Interruption Reserve Account of the Debt Service Reserve Fund. See “**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Indenture Funds and Accounts,**” herein.

The Bonds are also subject to special mandatory redemption by the City, in whole but not in part, on any date in the event that moneys in the accounts of the Debt Service Fund and the Debt Service Reserve Fund are sufficient to redeem all of the Bonds at a redemption price of 100% of the Bonds outstanding, together with accrued interest thereon to the date fixed for redemption.

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in denominations of \$5,000 or any integral multiple in excess thereof, provided, however, no redemption shall result in the principal amount of a Bond being less than an Authorized Denomination and provided further that the principal amount of a Bond may be less than \$100,000 to the extent required for redemption of Bonds pursuant to the mandatory sinking fund provisions described under the caption “**THE BONDS – Redemption Provisions – Mandatory Sinking Fund Redemption**” herein. Bonds with a principal amount of less than \$100,000 may not be sold, transferred or assigned unless the transfer results in a Bond in an Authorized Denomination. When less than all of the Outstanding Bonds of a series are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed as follows:

(1) if the redemption is pursuant to the optional redemption provisions or the special mandatory redemption provisions, the Bonds shall be redeemed in inverse order of maturity, and from within each maturity by the Trustee in such equitable manner as the Trustee may determine;

(2) if the redemption is pursuant to the mandatory redemption provisions relating to moneys in the Project Fund as of the Full Valuation Release Date, the Bonds shall be redeemed in any order determined by the City; or

(3) if the redemption is pursuant to the mandatory sinking fund redemption provisions, the Bonds shall be redeemed in accordance with the sinking fund schedule set forth under the caption “**THE BONDS, Redemption Provisions, Mandatory Sinking Fund Redemption**” herein.

In the case of a partial redemption of Bonds when Bonds of denominations greater than the Authorized Denomination are Outstanding, then for all purposes in connection with such redemption each \$5,000 unit of face value shall be treated as though it were a separate Bond. If one or more units of \$5,000 of any Bond is selected for redemption, then upon notice of intention to redeem such unit or units, the Bondowner or the Bondowner's duly authorized agent shall forthwith present and surrender such Bond to the Trustee: (1) for payment of the Redemption Price and interest to the Redemption Date of such unit or units of face value called for redemption, and (2) for exchange, without charge to the Bondowner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond which shall not be less than the Authorized Denomination. If the Bondowner of any such Bond fails to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the unit or units of face value called for redemption (and to that extent only) and shall cease to accrue interest on the principal amount so called for redemption.

Notice and Effect of Call for Redemption. In the event the City desires to call the Bonds for optional redemption prior to maturity, written notice of such intent shall be provided to the Trustee in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Trustee shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Trustee at least 45 days prior to the Redemption Date of written instructions of the City specifying the series, principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. If the Bonds are refunded more than 90 days in advance of such Redemption Date, any escrow agreement entered into by the City in connection with such refunding shall provide that such written instructions to the Trustee shall be given by the escrow agent on behalf of the City not more than 90 days prior to the Redemption Date. The Trustee may in its discretion waive such notice period so long as the notice requirements set forth in the Indenture are met. The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Bonds, and Bonds shall be called by the Trustee for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and, with respect to the Bonds called for mandatory sinking fund redemption, whether or not the Trustee holds moneys available and sufficient to effect the required redemption.

If any Bonds shall be called for redemption and payment prior to the Stated Maturity thereof, the Trustee shall give written notice of redemption to the Bondowners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information:

- (1) the Redemption Date;

(2) the Redemption Price;

(3) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;

(4) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and

(5) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Trustee or such other office as the Trustee shall designate.

The failure of any Bondowner to receive notice given as provided in the Indenture or an immaterial defect therein shall not invalidate any redemption.

In addition to the foregoing notice, the City shall provide such notices of redemption as are required by the City's Continuing Disclosure Agreement. Further notice may be given by the City or the Trustee on behalf of the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least one day before the mailing of notice to Bondowners by first class, registered or certified mail or overnight delivery, as determined by the Trustee, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(3) Each check or other transfer of funds issued for the payment of the Redemption Price of Bonds being redeemed shall bear or have enclosed the CUSIP number of the Bonds being redeemed with the proceeds of such check or other transfer.

The Trustee is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in this Section only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Effect of Call for Redemption

Prior to any Redemption Date, the City shall deposit with the Trustee an amount of money or Government Obligations sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price

of such Bonds shall be paid by the Trustee. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Bondowner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Trustee as provided herein and shall not be reissued.

Payment and Discharge Provisions; Defeasance

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the City shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with Government Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (1) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee, and (2) an Opinion of Counsel addressed and delivered to the Trustee in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture.

The foregoing notwithstanding, the liability of the City in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Government Obligations deposited with the Trustee as aforesaid.

Moneys and Government Obligations so deposited with the Trustee pursuant to the Indenture shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Government Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Government Obligations have been deposited with the Trustee.

Nonpresentation of Bonds

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Trustee all liability of the City to the Bondowner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Bondowner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on said Bondowner's part under the Indenture on or, or with respect to, said Bond. If any Bond is not presented for payment within five years following the date when such Bond becomes due at Maturity, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Bondowner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Trustee, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Book-Entry Only System

General. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry only system (the “Book-Entry Only System”) maintained by The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Initially, the Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’S partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity of the Bonds will be issued, in the aggregate principal amount of such maturity, and will be deposited with DTC or the Trustee as its “FAST” agent. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

DTC and its Participants. DTC, the world’s largest depository, 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, as amended. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (“NSCC,” “GSCC,” “FICC” and “EMCC,” also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. 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 and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (the “Beneficial Owner”) is, in turn, to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Transfers. To facilitate subsequent transfers, all Bonds deposited by 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. So long as any Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable 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 nor its nominee, the Trustee or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered as described in the Indenture.

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

None of the Underwriter, the Trustee nor the City will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to owners of the Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information above concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Trustee or the Underwriter. The City, the Trustee and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Limited Obligations; Sources of Payment

The Bonds and the interest thereon shall be special, limited obligations of the City payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof solely out of the Incremental Tax Revenues, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Bondowners, as provided in the Indenture.

THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A GENERAL DEBT OR LIABILITY OF THE CITY, THE STATE OF KANSAS OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OF KANSAS OR OF ANY POLITICAL SUBDIVISION THEREOF, but shall be payable solely from the funds provided for in the Redevelopment Agreement and in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Kansas, the City or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

Incremental Tax Revenues

Incremental Tax Revenues under the Indenture equal, when received by the City, the ad valorem taxes collected from real property located within the Project Area, that are in excess of the amount of real property taxes that were collected within the Project Area from the Base Year Assessed Valuation, determined in accordance with the Act and the laws of the State. Incremental Tax Revenues do not include property taxes not eligible for payment of the Bonds under State law, which currently consists of the state-mandated portion of local property taxes levied for schools pursuant to K.S.A. 72-6431 and amendments thereto (currently, 20 mills) and the state mill levy (currently, 1.5 mills). "Base Year Assessed Valuation" means the assessed valuation of all real property within the boundaries of the Project Area on the date the Redevelopment District was established.

Indenture Funds and Accounts

Tax Increment Fund. In the Indenture, the City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding under the Indenture, all of the Incremental Tax Revenues will as and when received be paid and deposited into the Tax Increment Fund. The Incremental Tax Revenues will be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and will not be commingled with any other moneys, revenues, funds and accounts of the City. The Tax Increment Fund will be administered and applied solely for the purposes and in the manner provided in the Indenture.

In the Indenture, the City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will, within 30 days after the City's receipt of any Incremental Tax Revenues from the Sedgwick County, Kansas Treasurer, transfer all Incremental Tax Revenues (including a reasonable allocation of all interest earnings on such amounts) then held in the Tax Increment Fund to the Trustee for deposit to the Revenue Fund.

Revenue Fund. Moneys in the Revenue Fund shall be applied by the Trustee, when received, as follows:

(a) *Rebate Fund.* There shall first be paid to the Trustee and credited to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City in accordance with the Tax Compliance Agreement.

(b) *Debt Service Fund -- Interest.* There shall next be paid to the Trustee and credited semi-annually to the Debt Service Fund, an amount equal to the interest becoming due on the Bonds on the next Interest Payment Date; provided, that any amounts on deposit in the Debt Service Fund as accrued interest, capitalized interest in accordance with the Indenture, or monies from any other sources deposited to the Debt Service Fund, shall be credited against the amount required to be deposited therein, and provided further that

amounts on deposit in the Redemption Account within the Debt Service Fund shall not be credited against the amount required to be deposited pursuant to this subparagraph.

(c) *Debt Service Fund -- Principal.* There shall next be paid to the Trustee and credited semi-annually to the Debt Service Fund, an amount equal to the principal becoming due on the Bonds on the next Interest Payment Date; provided, that any amounts on deposit in the Debt Service Fund from any other sources shall be credited against the amount required to be deposited therein, and provided further that amounts on deposit in the Redemption Account within the Debt Service Fund shall not be credited against the amount required to be deposited pursuant to this subparagraph.

(d) *Trustee Fees.* There shall next be paid to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts. In no event shall the sum of all fees and expenses due and owing to the Trustee and any Paying Agent exceed \$5,000 per year, excluding any extraordinary fees and expenses incurred by the Trustee in connection with the Bonds.

(e) *Debt Service Reserve Fund – Bond Proceeds Account.* There shall next be paid to the Trustee and credited semi-annually to the Debt Service Reserve Fund – Bond Proceeds Account, if the amount on deposit is less than the Debt Service Reserve Requirement for the Debt Service Reserve Fund – Bond Proceeds Account, such amounts as are necessary to restore any deficiency to the Debt Service Reserve Fund – Bond Proceeds Account.

(f) *Debt Service Reserve Fund – Business Interruption Reserve Account.* There shall next be paid to the Trustee and credited semi-annually to the Business Interruption Reserve Account, if the amount on deposit is less than the Debt Service Reserve Requirement for the Business Interruption Reserve Account, such amounts as are necessary to restore any deficiency to the Business Interruption Reserve Account.

(g) *Excess Incremental Tax Revenues.* After the deposits required in subparagraphs (a) through (f) above, the Trustee shall then determine the amount of Excess Incremental Tax Revenues and shall transfer such Excess Incremental Tax Revenues to the Redemption Account. The Trustee shall give written notice of the amount of such Excess Incremental Tax Revenues to the City and the Purchaser not less than 30 days prior to the redemption of Bonds in accordance with the special mandatory redemption provisions of the Indenture. See “**THE BONDS–Redemption Provisions–Special Mandatory Redemption**” herein.

Project Fund. Moneys in the Project Fund shall be used for the sole purpose of paying Redevelopment Project Costs, in accordance with the Redevelopment Agreement and the Act. Additionally, moneys in the Full Valuation Release Project Account shall be used to pay the cost of any rebate calculation required pursuant to the Tax Compliance Agreement and to pay for the rebate liability, if any, attributable to the funds on deposit in the Full Valuation Release Project Account as determined from such rebate computation. Withdrawals from the Project Fund will be made after receipt by the Trustee of written disbursement requests signed by the Authorized Developer Representative and approved by the Authorized City Representative provided, however, that withdrawals from the Full Valuation Release Account shall also require the Developer to certify that the actual assessed valuation of the Redevelopment Project exceeds \$2,233,600, as shown on the Notice of Appraised Value issued by the Sedgwick County, Kansas Appraiser, and shall only occur when the Trustee has further received a computation of rebate liability in accordance with the Tax Compliance Agreement, has paid for any expenses related to such computation and has transferred any rebate liability attributed to earnings on such account to the Rebate Fund. The amount to be disbursed from the Full Valuation Release Account shall equal the ratio that \$536,250 (the difference between the assessed valuation of \$2,769,850 and the assessed valuation of \$2,233,600) bears to the difference between the most recent assessed valuation of Developer’s Parcel (up to \$2,769,850) and \$2,233,600, multiplied by the amount on deposit in the Full Valuation Release Account. Any surplus remaining in the Project Fund on the Full Valuation Release Date shall be deposited in the Redemption Account of the Debt Service Fund. See “**PROJECTIONS – Estimated Incremental Tax Revenues and Projected Debt Service Coverage for the Bonds**” herein.

Debt Service Fund. The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided in the Indenture or in the Tax Compliance Agreement, moneys in the Debt Service Fund shall be expended solely as follows: (a) to pay interest on the Bonds as the same becomes due; (b) to pay principal of the Bonds as the same mature or become due and upon

mandatory sinking fund redemption thereof; and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption prior to maturity.

Debt Service Reserve Fund. Except as otherwise provided in the Indenture, moneys in the Debt Service Reserve Fund shall be used by the Trustee without further authorization solely for the payment of the principal of and interest on the Bonds if moneys otherwise available for such purpose as provided in the Indenture are insufficient to pay the same as they become due and payable. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, monies in Redemption Account which are not required for Bonds called for redemption pursuant to the special mandatory redemption provisions of the Indenture shall be made available to pay principal of and interest on the Bonds when due and payable, and if no such funds are available, then monies in the Debt Service Reserve Fund shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency, first using the moneys in the Business Interruption Reserve Account until all such money has been expended and then from moneys in the Bond Proceeds Reserve Account. The Trustee may use moneys in the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall also be used to pay the last Bonds becoming due (including redemption prior to maturity if otherwise permitted herein) unless such Bonds and all interest thereon be otherwise paid.

The amount on deposit in the Debt Service Reserve Fund shall be valued by the Trustee 45 days prior to each Interest Payment Date (or if such date is not a Business Day, the immediately preceding Business Day) and the Trustee shall give immediate written notice to the City and the Developer if such amount is less than the Debt Service Reserve Requirement. For the purpose of determining the amount on deposit in the Debt Service Reserve Fund, the value of any investments shall be valued at their fair market value on the date of valuation. Moneys in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Requirement shall be deposited by the Trustee without further authorization in the Revenue Fund.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt Service Reserve Fund shall be paid to the City for deposit into the Tax Increment Fund.

Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Compliance Agreement), for payment to the United States of America, and neither the City nor the Bondowner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and the Tax Compliance Agreement.

Costs of Issuance Fund. Moneys in the Costs of Issuance Fund shall be used to pay the Costs of Issuance after receipt by the Trustee of written disbursement requests signed by the Authorized City Representative. Any funds remaining in the Costs of Issuance Fund after payment of all Costs of Issuance, but not later than July 1, 2008, shall be transferred to the Project Fund.

Additional Bonds

Additional Bonds may be issued under the Indenture upon compliance with the conditions set forth in the Indenture for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of the Indenture, the City shall adopt an ordinance (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof, and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the City to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Additional Bonds, reserve funds or other credit enhancement which does not secure other Outstanding Bonds, and the form of such series of Additional Bonds, and (3) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the City, are not prejudicial to the owners of the Bonds previously issued.

Additional Bonds shall be titled “Special Obligation Tax Increment Revenue Bonds (Broadway Plaza Project)” with such appropriate series designation added to or incorporated in the title for the Additional Bonds as the City may determine. The Additional Bonds shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of **Article III**), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds may be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Bonds, and any other Additional Bonds issued on a parity with the Bonds, upon compliance with the terms of the Indenture.

Such Additional Bonds shall be executed in the manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

- (1) a copy, certified as true and correct by the City Clerk, of the ordinance adopted by the City authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture and supplements to any other documents as may be necessary;
- (2) an original executed counterpart of the Supplemental Indenture, executed by the City and the Trustee, authorizing the issuance of the Additional Bonds, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such Additional Bonds;
- (3) a certificate of the City (i) stating that no Event of Default under the Indenture has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an Event of Default, and (ii) stating the purpose or purposes for which such Additional Bonds are being issued;
- (4) a request and authorization to the Trustee executed by the City to authenticate the Additional Bonds and deliver the Additional Bonds to or upon the order of the purchasers therein identified upon payment to the Trustee, for the account of the City, of the purchase price thereof, as specified therein (the Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price); and
- (5) an Opinion of Bond Counsel to the effect that all requirements for the issuance of the Additional Bonds have been met, the Additional Bonds constitute valid and legally binding obligations of the City, the issuance of the Additional Bonds will not result in the interest on any Bonds then Outstanding and exempt from taxation for federal income tax purposes becoming subject to federal income taxes then in effect, and the Additional Bonds are authorized or permitted by the Act.

When the documents specified above have been filed with the Trustee, and when such Additional Bonds have been executed and authenticated as required by the Indenture, the Trustee shall deliver such Additional Bonds to or upon the order of the purchasers thereof, but only upon payment of the purchase price of such Additional Bonds, as specified in the request and authorization of the City. The proceeds of the sale of such Additional Bonds, including accrued interest and premium thereon, if any, paid over to the Trustee shall be deposited and applied by the Trustee as provided in the Indenture and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Additional Bonds may be issued on a parity with the Bonds only upon delivery to the Trustee of either (i) a certificate preceding the proposed date of issuance of the Additional Bonds of the City demonstrating that the Historical Pro Forma Debt Service Coverage Ratio for the most recent full **12** months preceding the proposed date of issuance of the Additional Bonds was not less than **1.30**; or (ii) a certificate of a planning consultant acceptable to the City and the Original Purchaser demonstrating that the Projected Debt Service Coverage Ratio for the **36** months succeeding the proposed date of issuance of the Additional Bonds will not be less than **1.30**.

Except as provided in the Indenture, the City will not otherwise issue any obligations on a parity with the Bonds, but the City may issue other obligations specifically subordinate and junior to the Bonds so that if at any time the City shall be in default in paying either principal of or interest on the Bonds or any Additional Bonds issued on a

parity with the Bonds, the City shall make no payments of either principal of or interest on said junior Bonds until such default or defaults are cured.

THE INCREMENTAL TAX REVENUES

General Information

Tax increment financing is a procedure whereby cities and counties encourage the redevelopment of designated areas. The theory of tax increment financing is that, by encouraging redevelopment projects, the value of real property in a project area should increase. When a redevelopment district is created, a base value assessed valuation is also established using the assessed value of real property in the redevelopment district as of the date the redevelopment district was established. As the property in a project area within a redevelopment district is improved, the assessed value of real property in the project area should increase above the base level. By applying the tax rate of all taxing districts having taxing power within the project area to the increase in assessed valuation of the improved property over the base level, a "tax increment" is produced. This tax increment is part of the regular ad valorem real property taxes paid by property owners, and the owners of property pay the tax increments in the same manner as regular property taxes. The tax increments are transferred by the county treasurer to the treasurer of the city and deposited in a special fund of the city to pay redevelopment project costs, including the payment of principal of or interest on any special obligation bonds issued to finance the redevelopment project costs.

The tax increment available to pay redevelopment project costs currently does not include taxes levied by school districts pursuant to K.S.A. 72-6431 or the state mill levy. Currently, the school levy is 20 mills and the state levy is 1.5 mills.

Property Valuations

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties under the direction of state statutes. The Sedgwick County Appraiser's office determines the appraised valuation that is to be used as a basis for calculation of the assessed value of the property located in the City.

Valuation of Real Property by County Appraiser. Kansas statutes require the county appraiser's office to maintain all real estate values within specified ranges of fair market value. Property is appraised at "fair market value" as it exists on January 1 of each year. Kansas statute (K.S.A. 79-503a) defines fair market value as "the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion." However, Kansas law provides that agricultural land is valued at its agricultural use value.

The Sedgwick County Appraiser's Office's current practice, typically, is to finish site visits in mid-November to inspect partially complete improvements to real property.

For properties with new construction that is partially complete on January 1, the appraiser develops a partial value. This partial value typically uses the CAMA system to apply a model driven cost approach value estimate for the improvements. Once the value estimates are calculated as if 100% complete, those values are multiplied by the actual percentage complete to come up with the partial value estimates for the improvements. The market value of the land is added to the partial improvement value at a final appraised value using the cost approach.

Classification of Taxable Property. All property in the state of Kansas has been reevaluated as a result of a bill passed by the 1985 session of the Kansas Legislature requiring county appraisers to reassess property for tax purposes, with an effective date of January 1, 1989. In conjunction with the November 1986 general election, Kansas voters approved a proposition to modify the state constitution with respect to classification of property for ad valorem taxation. For taxable years 1989 through 1992, real and personal property was divided into classes and assessed at different percentages of fair market value. Land devoted to agricultural use was valued on the basis of its agricultural income or productivity and assessed at 30% of the value so obtained; commercial and industrial machinery and equipment was assessed at 20% of its fair market value; residential property and vacant lots were assessed at 12% of

fair market value; and all other property was assessed at 30% of fair market value. Farm machinery and equipment, merchants' and manufacturers' inventories, and livestock were exempt from property taxation.

In conjunction with the November 1992 general election, Kansas voters approved a proposition to further modify the state constitution with respect to classification of property for ad valorem taxation. The modified classification provisions shall be effective for assessment and taxation of property on and after January 1, 1993 and each year thereafter. Property is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

The 2006 Kansas Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

Property Tax Levies and Collections

Tax Rates. All taxing jurisdictions may levy taxes in accordance with the requirements of their adopted budgets. Property tax levies are based on the adopted budget of the taxing jurisdiction and the preparation of the tax roll by the Sedgwick County, Kansas Department of Records and Tax Administration.

Tax Collections. Tax statements are mailed on or about November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at a per annum rate established by State law until paid or until the property is sold for taxes. Generally, such interest payments collected are credited to a county's general fund unless such county and city have entered into an interlocal agreement for the distribution of all or any portion of interest paid on delinquent amounts. The City has not entered into such an interlocal agreement.

Real estate bearing unpaid taxes for three consecutive years, as of June 20, may be advertised for sale on or before August 1 of each year and may be sold by the County for taxes and all legal charges on or after the first Tuesday in September. At the sale, the County treasurer bids in the name of the County on the property for the amount of all real estate taxes, including special assessments, and legal charges then due. No other bids are taken. The County bid is a paper transaction. The County does not pay delinquent taxes or assessments, nor does the County take title to the property. This sale begins a three year period during which a property owner is entitled to redeem the property by paying the taxes and

legal charges. Properties that are sold and not redeemed in full within three years after the tax sale can be subject to foreclosure sale.

If the real estate has not been redeemed in full by the expiration of the redemption period, the County can commence a foreclosure action in the district court of the County. Whenever the aggregate assessed valuation of the real estate subject to sale is less than \$300,000, or the aggregate amount of delinquent taxes, including special assessments, is less than \$10,000, the bringing of such action is within the discretion of the board of county commissioners. The City, by statute, may provide legal and other assistance to the County to secure the judicial foreclosure. If the County fails to initiate proceedings for a judicial tax foreclosure sale on property located within the corporate limits of the City and the taxes on such property have remained delinquent for at least three years after such property becomes eligible for sale by the County, the City may initiate a judicial tax foreclosure sale. In a successful foreclosure action, the court will enter a foreclosure decree authorizing the sale of the real estate subject to a first and prior lien of real estate taxes, including special assessments. The real estate subject to such lien is then sold at a judicial foreclosure sale.

The proceeds from the foreclosure sale are apportioned among the various taxing entities, if practicable, based on each entity's proportionate interest in the entire lien for taxes and interest included in the foreclosure action. If the court finds such proration impracticable, distribution is made among the various taxing entities as the court directs. If the proceeds from the foreclosure sale are insufficient to pay the entire lien for taxes and interest, then the court deducts sale cost and apportions the balance among the various taxing entities.

The County is not required to foreclose and sell property that has delinquent taxes and may, in lieu of a tax foreclosure, sell the real estate for certain purposes permitted by law and elect to abate any delinquent taxes. Further, state law provides some statutory thresholds relating to the value of the property and the amount of delinquency required before the County may initiate foreclosure proceedings.

Appeals Procedure. Pursuant to Kansas law, a property owner has two avenues to choose from when applying for a hearing to reduce the property's tax assessment: (1) equalization appeal process and (2) payment-under-protest process. Each of these two hearing processes has different and specific timeframes. A parcel of real property or items of personal property cannot have an equalization appeal and a payment-under-protest in the same tax year unless one of two things occurs: (1) the property sold in that year to a different owner, or (2) the appraised value was changed by the Property Valuation Division of the Kansas Department of Revenue after the equalization hearing. Property owners must file a written application with the appropriate county appraiser's office within which the property is located, in the form prescribed by the Property Valuation Division.

In Sedgwick County (the "County"), a property owner desiring to reduce the appraised value of such owner's property in any one year must submit an application to the Sedgwick County Appraisers Office. Applications for any tax year must be timely submitted. Upon receiving the application, the county appraiser's office will send the property owner a confirmation letter setting the time, date and location of the informal hearing. In Kansas, the county has the burden of proof unless the property is a leased property, in which case the property owner must supply the county appraiser with complete income and expense information for the three years preceding the year of the appeal or protest in order to place the burden of proof on the county. At the hearing, the Appraiser's Office may offer to the property owner a reduction of the appraised value or may uphold the appraised value. If no agreement is reached, and the applicant elects to pursue the appeal, the matter is brought before the State Board of Tax Appeals for a hearing and decision. The property owner has 30 days to file with the Board of Tax Appeals, in the form prescribed by the Board, in order for a formal hearing to be scheduled.

The State Board of Tax Appeals is divided into two divisions: (1) Small Claims Division and (2) Regular Division. All single-family residential properties must file with the Small Claims Division. Furthermore, the Small Claims Division has the statutory authority to conduct hearings on properties valued by counties under \$2,000,000 with the exception of land classified as agricultural. Appeals of properties valued \$2,000,000 or more and land classified as agricultural must be filed with the Regular Division. If the applicant elects to appeal the results of the Small Claims Division to the Regular Division, it must be filed within 30 days. The State Board of Tax Appeals generally is required to timely determine the outcome of appeals. Any parcel of real property whose appraised valuation was reduced in a hearing at any level cannot be increased for the next taxable year following the taxable year that the valuation was reduced unless substantial and compelling reasons to increase the valuation are provided by the county appraiser. To the extent appraised values are reduced through the appraisal appeal process, Incremental Tax Revenues securing the Bonds will be reduced. A reduction in taxable values within the Project Area and the refund of taxes which may arise

out of successful appeals by property owners will affect the amount of Incremental Tax Revenues available for payment on the Bonds.

Allocation and Distribution of Incremental Property Tax Revenues

Under Kansas law, property owners within a redevelopment district are assessed and taxed for ad valorem tax purposes in the same manner that the property would be assessed and taxed if the property were located outside the redevelopment district. All ad valorem taxes are paid to and collected by the county treasurer in the same manner as other taxes are paid and collected. From the ad valorem taxes levied each year on property within the redevelopment district, the county treasurer allocates the real property taxes as follows: first, the county treasurer allocates and pays to each taxing subdivision within the redevelopment district all of the real property taxes collected which are produced from the base year assessed valuation; then, the county treasurer allocates and pays to the city treasurer, to be deposited in a special fund of the city, the real property taxes produced from that portion of the current assessed valuation of real property within the redevelopment district in excess of the base year assessed valuation.

Projected Incremental Tax Revenues

Canyon Research Southwest, Inc., Tempe, Arizona, has prepared the Projections for the Incremental Tax Revenues. The Projections are attached hereto as **Appendix A**. The Developer has also obtained estimates of the Assessed Value of certain aspects of the Redevelopment Project from the Sedgwick County, Kansas Appraiser’s Office. See “**ESTIMATED INCREMENTAL TAX REVENUES AND PROJECTED DEBT SERVICE COVERAGE OF THE BONDS**” herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following is a summary of the anticipated sources and uses of funds in connection with the issuance of the Bonds (exclusive of accrued interest):

Sources of Funds:

| | | |
|---------------------------|---------------------------------|-----------------------|
| Net Proceeds of the Bonds | | \$2,368,764.25 |
| | Total Sources of Funds = | \$2,368,764.25 |

Uses of Funds:

| | | |
|--|------------------------------|-----------------------|
| Deposit to the Project Fund | | \$1,459,648.23 |
| Deposit to the Project Fund – Full Valuation Release Account | | 340,351.77 |
| Deposit to the Debt Service Fund (accrued and capitalized interest) | | 241,108.26 |
| Deposit to Debt Service Reserve Fund – Bond Proceeds Reserve Account | | 236,148.93 |
| Costs of Issuance, including Underwriter’s Discount | | \$91,507.06 |
| | Total Uses of Funds = | \$2,368,764.25 |

THE REDEVELOPMENT DISTRICT AND THE PROJECT AREA

On April 25, 2006, the governing body of the City adopted Ordinance Number 47-017 establishing a redevelopment district consisting of approximately 18.1 acres bounded by 47th Street to the north, 48th Street to the south, Broadway Street to the east, and Water Street to the west (the “Redevelopment District”). The Redevelopment District contains a single project area. The Redevelopment Project will be located within the Redevelopment District. Maps of the Redevelopment District are attached hereto as **Appendix E**.

On March 27, 2007, the governing body of the City adopted Ordinance Number 47-450 adopting a redevelopment project plan (the “Redevelopment Plan”), outlining the Project to be undertaken within the Redevelopment District, and setting forth the costs of the Project (the “Project Costs”). The Redevelopment Plan and the Project Costs were amended by Ordinance Number 47-490 adopted by the governing body of the City on June 12, 2007.

THE REDEVELOPMENT AGREEMENT

On April 4, 2007, the City and Developer entered into a Redevelopment Agreement, which was subsequently amended by action of the City Council on June 5, 2007. The Redevelopment Agreement provides for implementation of the Redevelopment Plan. The Redevelopment Agreement addresses, in part, the Developer's responsibilities regarding construction of the Redevelopment Project, provides for certain restrictions on the Developer's ability to transfer the Redevelopment Project to a third party, sets forth the City's obligation to issue tax increment financing bonds, establishes certain conditions on the Developer's ability to obtain reimbursement of eligible Redevelopment Project Costs from the proceeds of such bonds, and establishes certain expenses to be paid to the City in connection with the Redevelopment Project.

Pursuant to the Redevelopment Agreement, the Developer will construct and improve retail space located within the Redevelopment District. The Redevelopment Agreement provides that, upon completion, the Redevelopment District will consist of approximately 165,000 square feet of retail space, including a 135,000 square foot Home Depot, and related site and public improvements. The retail shopping center is known as Broadway Plaza. See "**THE BROADWAY PLAZA**" herein.

BROADWAY PLAZA AND THE REDEVELOPMENT PROJECT

Overview

The Broadway Plaza shopping center is an existing retail development that currently consists of an existing strip center with approximately 13,911 square feet; and five free-standing buildings occupied by various retailers and a financial institution. The Developer has demolished a vacant building containing approximately 90,000 square feet.

The Redevelopment Agreement and the Redevelopment Plan provide that upon completion of the Redevelopment Project, Broadway Plaza will consist of the following improvements:

- an approximately 135,000 The Home Depot home improvement store (the "Home Depot Store"), including a 30,000 square foot garden center and an approximately 3,000 square foot tool rental shop;
- remodel of the existing 13,911 square foot strip center;
- one new free-standing building on each of two one-acre out parcels;
- a new 16,800 square foot strip center;
- the existing five free-standing buildings occupied by various retailers and a financial institution; and
- related site and public improvements

A map of the site plan is attached hereto as **Appendix D**.

The Developer expects to construct the improvements within Broadway Plaza in three phases. Phase I will consist of remodeling the existing 13,911 square foot strip center and construction of the Home Depot Store. Phase II will consist of constructing improvements on the two one-acre out-parcels. Phase III will consist of constructing the new approximately 16,800 square foot strip center.

The Developer has purchased all of the real estate within the Redevelopment District, with the exception of the five out-parcels currently owned and occupied by various retailers and a financial institution. The Developer has entered into a Real Property Purchase Agreement (the "Purchase Agreement") with Home Depot U.S.A., Inc. ("Home Depot") for the purchase by Home Depot of an approximately 10.32 acre tract (the "Home Depot Parcel") located within the Redevelopment District, and construction of the Home Depot Store thereon. The Developer's agreements with Home Depot are further described in "**HOME DEPOT AND DEVELOPMENT OF THE HOME DEPOT PARCEL**" herein.

The Developer may sell the two out-parcels within the Redevelopment District to specific retailers or financial institutions. The Developer currently plans to lease the remaining real property owned by the Developer within the Redevelopment District as further described in “**SUMMARY OF LEASES; OTHER OCCUPANTS IN THE REDEVELOPMENT DISTRICT.**”

Phase I Schedule. The Developer completed demolition of the existing 90,000 square foot vacant store on the Home Depot Parcel in December 2007. The Developer anticipates that The Home Depot store will be complete by fourth quarter 2008. The Developer expects to begin remodeling the existing strip center on January 7, 2008, and anticipates completing the remodel by second quarter 2008. The City has issued building permits for the remodel of the existing strip shops and construction of the Home Depot Store.

Phase II Schedule. The Developer expects that construction will be complete and businesses open on the out-parcels by second quarter 2009.

Phase III Schedule. Construction of the new strip center in Broadway Plaza and the related site and public improvements is expected to begin as soon as the Developer has resolved environmental issues related to the approximately two-acre tract on which the new strip center is planned to be constructed. See “**ENVIRONMENTAL MATTERS**” herein.

The Developer

The Developer is Broadway 47, LLC, a Kansas limited liability company. The Developer was formed for the sole purpose of developing Broadway Plaza. A majority of the Developer’s members are affiliated with D.J. Christie Inc., the entity that has been selected by the Developer to manage and act as leasing agent for the Redevelopment Project.

D.J. Christie, Inc. through its various related entities has developed numerous commercial/retail shopping centers throughout Missouri and Kansas. These projects include the following: an approximately 39,000 square foot retail shopping center in Junction City, Kansas; an approximately 350,000 square foot retail center in Belton, Missouri; an approximately 235,000 square foot retail shopping center in Pittsburg, Kansas; an approximately 80,000 square foot retail shopping center in Maryville, Missouri; an approximately 175,000 square foot shopping center in Hays, Kansas; and an approximately 165,000 square foot retail shopping center in Harrisonville, Missouri.

Construction Lending

Construction lending is currently being provided by Signature Bank KC, Spring Hill, Kansas. At closing for the Home Depot Parcel, the Developer expects to refinance the construction loan with M&I Bank, Kansas City, Missouri (the “Construction Lender”). The construction loan will be secured by a mortgage of certain property within the Redevelopment District, granted to the Construction Lender. An additional source of construction funding is equity contributed by the Developer and certain funds that will be placed in escrow by Home Depot at closing on the Home Depot Parcel.

The Construction Lender will obtain a personal guaranty for the loan from the members of the Developer. The guaranty is for the benefit of the Construction Lender and is not for the benefit of the Trustee or the owners of the Bonds.

The Engineer, the Architect and the General Contractor

Home Depot has engaged Kaw Valley Engineering to prepare all engineering plans relating to the Home Depot Parcel, the Home Depot store and related site work improvements. Home Depot has engaged Terracon, Inc., Wichita, Kansas (“Terracon”) to prepare all geotechnical recommendations, specifications and reports relating to the soils and other surface and subsurface materials within the Redevelopment District, including the Home Depot Parcel.

Home Depot has engaged WD Partners, Columbus, Ohio, to provide architectural services for the Home Depot building. WD Partners was founded in 1968. WD Partners is a design and development partner for multi-unit retail and restaurant businesses. Clients include many national big-box retailers and restaurant chains.

The Developer has engaged Russ Ehnen, Overland Park, Kansas, to provide architectural services for remodel of the existing strip center. Recent projects include various retail, restaurants, office and residential projects primarily in Kansas and Missouri.

The Developer has entered into a stipulated sum contract with Larkin Excavating, Inc., Lansing, Kansas, for the site work required for the Home Depot store, construction of related common area improvements within the Redevelopment District and certain aspects of the remodel of the existing strip center. The construction contract does not include construction of the Home Depot building, installation of a new roof or new HVAC for the existing strip center, construction of any new buildings in the Redevelopment District, or construction of common area improvements related to anything other than the Home Depot building.

Larkin Excavating, Inc. was founded in 1989. Recent projects include other site development projects for Home Depot; residential developments in Fort Leavenworth, Kansas and Junction City, Kansas; and various public improvements for governmental entities in the greater Kansas City metropolitan area.

A contract for construction of the Home Depot building is currently out for bid. Home Depot expects to award the bid and enter into a contract for construction of the Home Depot building in second quarter, 2008.

The Manager; Leasing Agent

The Developer has selected D.J. Christie, Inc. for management and leasing of Broadway Plaza. D.J. Christie, Inc. currently manages approximately 50,000 square feet of office space in the Wichita, Kansas area. D.J. Christie, Inc. does not manage any retail space in the Wichita, Kansas area other than the existing 13,911 square foot strip center. D.J. Christie, Inc. manages approximately 375,000 square feet of retail space, primarily in the Midwest.

Easements, Covenants and Restrictions Affecting the Redevelopment District

All property within the Redevelopment District is currently subject to a Declaration of Easements with Covenants and Restrictions Affecting Land (the "ECR"), dated as of May 5, 1998. The Developer and Home Depot plan to amend the ECR at closing for the Home Depot Parcel. The amended ECR will provide for the general operational control of Broadway Plaza including, but not limited to, cross easements, restrictions of negative uses, development standards, provisions for maintenance of the parking lot and other common areas and all other typical operational standards. All other property owners within the Redevelopment District have already agreed to the amended ECR.

Use of the Home Depot Parcel will also be governed by Environmental Use Control Agreement (the "EUC") filed of record against such real property. See "**ENVIRONMENTAL MATTERS**" herein for a summary of the restrictions imposed by the EUC.

ENVIRONMENTAL MATTERS

Existing Retail Shops and Undeveloped Out-Parcels. Terracon performed two separate Phase I Environmental Site Assessments, each dated December 1, 2006, related to the approximately one acre of real estate in the Redevelopment District, on which the existing 13,911 square foot retail shops are located and the approximately two acres of real estate in the Redevelopment District, comprising the two out-parcels to be developed in Phase II of the Redevelopment Project. These Phase I Assessments did not identify any conditions which warrant additional investigation.

The New Strip Center. Terracon performed a Phase I Environmental Site Assessment, dated June 7, 2006, related to the approximately two acres of real estate in the Redevelopment District, on which the Developer plans to construct the approximately 16,800 square foot new strip center. The Phase I Assessment identified the existence of historic oil wells and oil field activities, onsite monitoring wells, and ground water contamination on adjacent property. The Developer intends to enter into an agreement with KDHE related to remediation of the known contaminant on the property.

Home Depot Parcel. The Home Depot Parcel has known environmental issues that have been investigated and are proposed to be remedied through a voluntary cleanup plan (the “VCP”) administered by the Kansas Department of Health & Environment (“KDHE”). Historically, the property had been used for agricultural purposes and for oil and gas exploration/production activities. Investigations revealed that at least two oil wells and related storage facilities were located on the site. Those activities concluded in approximately 1968. During the property’s use for oil and gas production, oil or sludges related to oil production were located on the property. In advance of Home Depot’s commitment to build a store on the property, substantial investigations were undertaken cooperatively by the owner, the Developer and Home Depot. A number of borings were done, and subsequently monitoring wells were installed to evaluate the condition of soils and shallow groundwater at the property. The investigation revealed the presence of hydrocarbons on top of the water table which, under KDHE’s statutory requirements, necessitated remedial activities, intended to ultimately remove the buried hydrocarbons from the site.

The hydrocarbons that are the primary focus of the investigation and cleanup activities are referred to as “free product”. These hydrocarbons have moved through the soils and now rest on top of shallow groundwater. On July 21, 2007, Terracon Consultants, Inc., the environmental consultants engaged by the Developer and Home Depot, submitted the final VCP to KDHE for its approval. The VCP was approved by KDHE, after the opportunity for public comment on September 4, 2007. It contains extensive detail about the investigation and the planned remedial activities. It provides that free product will be partially mitigated by excavation work, which will be done as part of the construction of the Home Depot facility. The remaining free product in the soil and contaminated groundwater will be addressed through the installation of a remediation system known as a funnel and gate system, which will be installed by the Developer. The funnel and gate system is expected to be installed by February 22, 2008. This system is not intended to immediately remediate the groundwater contamination, and may be operational for more than twenty years. A central aspect of the funnel and gate system is to contain the contamination at the Home Depot location and to direct the groundwater contamination to the gate for eventual recovery and/or remediation. A bioremediation technology will be utilized to enhance biodegradation of the hydrocarbons by increasing oxygen levels in the subsurface in and around the funnel and gate system. In addition, several monitoring wells will be installed by the Developer, which will be used to remove free product from the groundwater. The use of this system is the result of several months of investigation and is the recommendation of Terracon, a nationally recognized environmental consulting firm that has employed similar systems in the past.

In addition to the installation of the funnel and gate system and recovery wells intended to remove the free product, a plan for monitoring the groundwater over time is contained both within the VCP and in agreements between the Developer and Home Depot. The VCP includes a number of contractual obligations of the Developer that are intended to ensure that the remedial activities are accomplished. These contractual obligations are described below:

1) Long-Term Care Agreement between Developer and KDHE. The Long-Term Care Agreement (the “LTCA”) expressly provides that Developer will assume all of the environmental remedial obligations that are to be undertaken consistent with the VCP. The LTCA terminates upon written notice from KDHE that the terms of the LTCA have been satisfactorily completed. The LTCA will be filed of record against the Home Depot Parcel at closing on the Home Depot Parcel, and will be binding on the current owner and any subsequent owners.

The Long Term Care Agreement specifies that the Developer will:

- a) complete whatever remedial actions are required to achieve KDHE Tier 2 clean up standards pursuant to the June 2007 *Risk-Based Standards for Kansas RSK Manual - 4th Version*;
- b) in the event that the escrowed funds are insufficient, KDHE and Developer will negotiate in good faith to secure financial assurances to secure Developer’s obligations under the LTCA;
- c) fully implement the VCP, including performing limited source area excavation, operate and maintain approved funnel and gate systems, contain and remove free product, treat dissolved phase groundwater contamination and conduct performance groundwater monitoring to assess remedial efforts;
- d) on or before March 31 of each calendar year, submit to KDHE a revised written estimate of the amount of escrowed funds available for implementation of the VCP;
- e) maintain all Environmental Use Controls on the property in accordance with the Environmental Use Control Agreement;
- f) allow KDHE to conduct annual inspections to ensure compliance.

The Developer has the right to sell property which is subject to the LTCA, but the Developer may only transfer its obligations under the LTCA with the written approval of KDHE.

2) Environmental Use Control Agreement between Developer and KDHE. The Environmental Use Control Agreement (the "EUC") restricts and controls activities on the property that might disrupt the remedial activities or exacerbate the known environmental conditions. The EUC lasts in perpetuity until rescinded by KDHE. The EUC was filed of record against the Home Depot Parcel on November 6, 2007, and therefore is binding on the current owner and any subsequent owners.

Key provisions of the EUC are as follows:

- a) the property may not be used for residential or public use (i.e., park) purposes;
- b) no water wells may be drilled, constructed or used (except as required by the remediation);
- c) no use or operation may take place that may jeopardize the remedial system;
- d) no petition for rezoning may be filed without notification of KDHE;
- e) no soil more than 10 feet below ground may be excavated or otherwise disturbed without KDHE authorization;
- f) in the event that such excavation is authorized, any contractors must be notified of the potential hazards;
- g) in the event that such excavation is authorized, KDHE must have 10 days prior notice of the excavation, and the soil excavated must be tested to determine proper method of disposal;
- h) the owner must preserve, protect and replace all permanent survey markers and benchmarks and all environmental monitoring stations that may be installed;
- i) the owner must consult with KDHE during planning of improvements (except improvements related to the Home Depot store, which have already been approved) and must obtain KDHE prior approval of the following:
 - i) performing work on any monitoring devices or systems (except for emergency and routine maintenance);
 - ii) constructing any improvements on the Property in the vicinity of the monitoring devices or remedial systems;
 - iii) undertaking any excavation or construction of permanent structures or drainage ditches on the property at depths greater than 10 feet; or
 - iv) removing any security fencing, signs or devices to restrict public access to the property.

Costs associated with current compliance with the EUC have been funded pursuant to the LTCA.

3) Development Agreement by and between the Developer and Home Depot. The Developer and Home Depot have entered into a Development Agreement which requires funds to be escrowed to secure the Developer's obligation to comply with the VCP. These funds include the following:

- a) \$100,000 for the purposes of paying costs associated with removal and disposal of any free product that is captured by the funnel and gate system;
- b) \$60,000 for the purposes of paying costs incurred by KDHE for oversight of the environmental remediation under the VCP;
- c) \$194,340 as payment to Terracon to perform operation, maintenance and monitoring requirements of the VCP for a ten (10) year period.

The funds required by the Development Agreement between the Developer and Home Depot will be escrowed on the Home Depot Closing Date. See "**HOME DEPOT AND DEVELOPMENT OF THE HOME DEPOT PARCEL**" herein.

4) Indemnity Agreement from Developer and Developer's Principal to Home Depot. The Developer and DJ Christie, Inc., a principal of Developer, have agreed to enter into an Indemnity Agreement that requires the Developer to comply with all obligations under the VCP, all applicable laws and regulations and any reasonable requests from KDHE related to the VCP. In addition, the Developer and its principal agree to indemnify Home Depot from any claims related to the environmental condition of the property following Home Depot's purchase of the Home Depot Parcel.

The KDHE Comfort Letter to Home Depot. KDHE provided a comfort letter (the “Comfort Letter”) addressed only to Home Depot in connection with Home Depot’s proposed purchase of the Home Depot Parcel from the Developer. The Comfort Letter specifies that KDHE acknowledges and is satisfied that the Developer is committed to perform under the VCP, and has provided adequate financial assurances of its ability to do so.

The Comfort Letter states that, provided Home Depot complies with its agreements to i) cooperate with the remediation; ii) comply with the land use restrictions in the EUC; iii) comply with reasonable information requests from KDHE; and iv) provide required notices related to future releases, then KDHE will only look to the Developer in matters of enforcement, payment, litigation or any other claim of whatever nature related to the contamination. The letter is specific to Home Depot, and does not apply to future purchasers of the Home Depot Parcel from Home Depot.

The various documents described in this section are on file with the Developer and are available upon request to the Underwriter during the underwriting period, and thereafter, upon request to the Developer.

HOME DEPOT AND DEVELOPMENT OF THE HOME DEPOT PARCEL

Home Depot, Generally. The Home Depot, Inc. is the world’s largest home improvement retailer and the second largest retailer in the United States, based on net sales for the fiscal year ended January 28, 2007 (“fiscal 2006”). As of the end of fiscal 2006, Home Depot, Inc. operated 2,147 stores, most of which are The Home Depot stores. The Home Depot stores sell a wide assortment of building materials, home improvement and lawn and garden products and provide a number of services. The Home Depot stores average approximately 105,000 square feet of enclosed space, with approximately 23,000 additional square feet of outside garden area.

As of the end of fiscal 2006, The Home Depot, Inc. had 2,100 The Home Depot stores located throughout the U.S. (including the territories of Puerto Rico and the Virgin Islands), Canada, China and Mexico. In addition, at the end of fiscal 2006, The Home Depot, Inc. operated 34 EXPO Design Center stores, 11 The Home Depot Landscape Supply stores and two The Home Depot Floor stores.

Agreements between Home Depot and the Developer. Home Depot and the Developer entered into the Purchase Agreement dated as of July 6, 2006. Pursuant to the Purchase Agreement, Home Depot will purchase the Home Depot Parcel from the Developer. The Purchase Agreement acknowledges that Home Depot expects to construct on the Home Depot Parcel an approximately 102,000 square foot home improvement store, together with an approximately 3,000 square foot tool rental center and an approximately 30,000 square foot garden center facility, and all parking facilities and other necessary appurtenances. The Purchase Agreement, as amended, provides that Home Depot must close on the purchase of the Home Depot Parcel within five business days after the issuance of the Bonds. The Developer’s sole remedy for Home Depot’s failure to perform its obligations under the Purchase Contract, including Home Depot’s failure to consummate the purchase of the Home Depot Parcel, is the right to retain Home Depot’s \$50,000.00 escrow deposit as liquidated damages.

Home Depot has provided to the City a letter acknowledging the covenant and guarantee of Home Depot to construct, stock, staff, and open a Home Depot Home Improvement Store at the Broadway 47 Development in Wichita, Kansas. The letter confirms Home Depot’s expectations regarding the store size, and states that Home Depot expects the Home Depot Home Improvement Store to open in November 2008. Home Depot has provided to the City an additional letter confirming that, except for issuance of the Bonds by the City, all conditions precedent to the Purchase Agreement have been satisfied or waived by Home Depot. The letter also confirms that Home Depot plans to close the sale of the Home Depot Parcel within two business days following the date of issuance of the Bonds (the “Home Depot Closing Date”). Neither of these letters contain an ability of the City to enforce such agreements against Home Depot or the Developer.

On the Home Depot Closing Date, Home Depot plans to execute and deliver to the Developer a Development Agreement and Amended Easements with Covenants and Restrictions Affecting the Land. The Development Agreement between the Developer and Home Depot (the “Home Depot Development Agreement”) sets forth the duties of the Developer to provide all site work for the entire Broadway Plaza. The site work includes the demolition, grading, utilities, paving, lighting, landscaping and signing of the site, and removal and remediation of all hazardous substances in accordance with the requirements of the Kansas Department of Health and Environment (“KDHE”). For a summary

of the KDHE requirements, see “ENVIRONMENTAL MATTERS” herein. The Home Depot Development Agreement provides that the Home Depot building pad will be delivered to Home Depot on May 1, 2008. Home Depot will begin construction of the Home Depot Store under the supervision of a Home Depot project manager, and expects to open the store six months from Home Depot’s acceptance of the building pad from the Developer.

The Home Depot Development Agreement contains several provisions that insure that the Developer will maintain the Home Depot schedule. These include a self-help clause that allows Home Depot to perform construction that has not been completed according to schedule, upon 10 days’ notice from Home Depot to the Developer. Upon execution of the Home Depot Development Agreement, Home Depot and the Developer established certain cash escrows to guarantee payment of the sitework contract and certain environmental costs as more fully described in the section entitled “ENVIRONMENTAL MATTERS,” herein. Also, if the Developer does not complete the sitework according to schedule, Developer will pay to Home Depot liquidated damages of \$1,500 per day for failure to meet certain milestone dates, and \$5,000 per day for failure to meet key milestone dates.

SUMMARY OF LEASES; OTHER OCCUPANTS IN THE REDEVELOPMENT DISTRICT

General Information

The Developer has entered into five lease agreements for space within the Redevelopment District, covering approximately 11,686 square feet. The remaining 2,225 square feet within the existing strips shops is vacant. Five tracts of land within the Redevelopment District are owned by various retailers and a financial institutions, and buildings are located on each tract.

Lease Agreements – Existing Strip Center

The Developer has entered into five leases for the existing retail shops located at the southeast corner of the Redevelopment District, and four leases for the existing out-parcels. The Developer and D.J. Christie, Inc. are currently marketing the remaining out-parcels and the vacant space in the existing retail shops. The Developer expects the two out-parcels and the new strip center will be leased for development for retail or commercial uses.

The following summaries of the existing leases are not intended to be complete summaries of all potentially material terms of such documents.

Each of the leases provides, and the Developer anticipates that future leases will provide, that the tenants shall pay their proportionate share of real estate taxes and assessments levied against the leased premises. The leases also require, and the Developer anticipates that future leases will require, the tenants to maintain varying levels of public liability and property damage insurance, although self-insurance is permitted under certain circumstances. Certain tenants may assign their interests in their leases without and with the consent of the Developer.

| <u>Tenant</u> | <u>Rental Commencement Date</u> | <u>Term</u> | <u>Approximate Square Footage</u> | <u>Permitted Uses</u> |
|--------------------------------------|---------------------------------|---|-----------------------------------|--|
| H&R Block Enterprises, Inc. | September 11, 1998 | 3 year extension commencing May 1, 2007 (including one three-year renewal option) | 3,331 | Conducting financial services business, including but not limited to tax preparation, electronic tax filing and refund anticipation loans, and for selling such other products and services as are offered in any H&R Block office |
| Jean Darrah d/b/a Mr. Goodcent’s | January 1, 2007 | 5 years | 1,900 | Sandwich shop |
| Julie Lang d/b/a T&A Nails | January 1, 2007 | 5 years | 987 | Nail salon |
| Great Plains Specialty Finance, Inc. | November 27, 2006 | 5 years | 1,343 | Financial services including refund anticipation loans, insurance |

| | | | | |
|--------------------------|------------------|---------|--|--|
| d/b/a Check 'N Go | | | | products, mortgage lending, small loans and primarily deferred deposit loans |
| Rent A Center West, Inc. | February 1, 2007 | 5 years | 3,125 retail space and 1,000 storage space | Operation of a store which (i) offers, markets, provides, leases, rents with the option to own, and occasionally sells, consumer durable goods (including but not limited to electronics, furniture, appliances, computers, jewelry, and items related to any of the foregoing), and/or (ii) offers, markets, provides or sells financial products and services (including, but not limited to, payday loans and check cashing), ISP, telecommunications equipment and services, or products and services related to any of the foregoing, or for any other legal purpose which does not violate any existing tenant's exclusive |

Other Businesses within the Redevelopment District

Five out-parcels within the Redevelopment District are not owned by the Developer. There are buildings on each of these out-parcels, and they are occupied by the following businesses: Dollar General (approximately 8,000 square feet), Burger King (approximately 4,700 square feet), Hollywood Video (approximately 6,500 square feet), Phillips 66/Presto gas and convenience store (square footage unknown), and Emprise Bank (approximately 5,600 square feet).

COMPETITION

Broadway Plaza will face competition from a variety of shopping centers in the greater Wichita, Kansas area. The Projections included in **Appendix A** describe competition within the Wichita, Kansas retail market. In addition, the Developer expects that Broadway Plaza, and particularly Home Depot, will face competition from the following nearby home improvement centers and hardware stores:

| <u>RETAILER</u> | <u>ADDRESS</u> | <u>DISTANCE FROM BROADWAY PLAZA</u> |
|-----------------------|---|-------------------------------------|
| Lowe's | 424 W. 63 rd Street, Derby, Kansas | 2.44 |
| Sutherlands Lumber | 3426 E. MacArthur | 3.15 |
| Westlake Ace Hardware | 2225 S. Seneca | 4.52 |
| Ace Hardware | 4183 E. Harry | 6.39 |
| Westlake Ace Hardware | 3113 E. Douglas | 7.35 |
| Lowe's | 333 S. Ridge | 9.67 |
| Home Depot | 8444 W. McCormick | 10.28 |
| Lowe's | 11959 E. Kellogg | 10.71 |
| Sutherlands Lumber | 2273 N. Amidon | 13.94 |
| Home Depot | 3350 N. Woodlawn | 14.28 |

**ESTIMATED INCREMENTAL TAX REVENUES AND PROJECTED DEBT SERVICE
COVERAGE OF THE BONDS**

The following table contains the debt service schedule for the Bonds and the resulting projected debt service coverage ratio. The projected Incremental Tax Revenues have been derived from the Projections contained in **Appendix A** and estimates provided by the Sedgwick County, Kansas Appraiser’s Office.

| <u>Date</u> | <u>Projected Incremental Tax Revenues⁽¹⁾</u> | <u>Debt Service⁽²⁾</u> | <u>Projected Debt Service Coverage</u> |
|-------------|---|-----------------------------------|--|
| 12/01/2008 | 102,759.38 | 102,759.38 | 1.0000000x |
| 12/01/2009 | 167,123.43 | 163,687.50 | 1.0209908x |
| 12/01/2010 | 182,705.25 | 163,687.50 | 1.1161833x |
| 12/01/2011 | 239,242.42 | 197,506.25 | 1.2113157x |
| 12/01/2012 | 245,999.38 | 204,806.25 | 1.2011322x |
| 12/01/2013 | 252,925.26 | 211,431.25 | 1.1962530x |
| 12/01/2014 | 260,024.30 | 217,381.25 | 1.1961671x |
| 12/01/2015 | 267,300.80 | 222,656.25 | 1.2005089x |
| 12/01/2016 | 274,759.22 | 227,256.25 | 1.2090282x |
| 12/01/2017 | 282,404.10 | 231,181.25 | 1.2215701x |
| 12/01/2018 | 290,240.11 | 239,262.50 | 1.2130614x |
| 12/01/2019 | 298,272.01 | 246,331.25 | 1.2108574x |
| 12/01/2020 | 306,504.71 | 252,387.50 | 1.2144211x |
| 12/01/2021 | 314,943.23 | 262,262.50 | 1.2008702x |
| 12/01/2022 | 323,592.71 | 265,956.25 | 1.2167141x |
| 12/01/2023 | 332,458.43 | 273,468.75 | 1.2157090x |
| 12/01/2024 | 341,545.79 | 284,462.50 | 1.2006707x |
| 12/01/2025 | 350,860.33 | 288,937.50 | 1.2143122x |
| 12/01/2026 | 360,407.74 | 296,893.75 | 1.2139283x |
| 12/01/2027 | 421,245.85 | 351,475.00 | 1.1985087x |

⁽¹⁾ Includes projected Incremental Tax Revenues (as set forth in the Projections contained in **Appendix A**) plus earnings on the Debt Service Reserve Fund, plus capitalized interest deposited in the Debt Service Fund.

⁽²⁾ Assumes an interest rate of 6.75% on the Bonds.

FUTURE FINANCINGS FOR THE REDEVELOPMENT DISTRICT

The City has no current plans for future financings with respect to the Redevelopment Project.

BONDOWNERS’ RISKS

An investment in the Bonds involves a high degree of risk, and prospective purchasers should carefully read this Section. The Bonds may not be suitable investments for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should confer with their own legal and financial advisors and should be able to bear the risk of loss of their investment in the Bonds before considering a purchase of the Bonds.

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

Suitability of Investment

An investment in the Bonds involves a substantial degree of risk. The interest rate borne by the Bonds (as compared to prevailing interest rates on more secure tax exempt bonds such as those which constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of risk. Furthermore, the tax exempt feature of the Bonds is obviously of more value to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with his or her applicable individual tax rate. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and consider their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment, and determine whether or not the Bonds are an appropriate investment.

Limited Sources of Debt Service

The Bonds are special, limited obligations of the City, payable solely and only from the Incremental Tax Revenues, amounts on deposit in the Debt Service Reserve Fund, and, in certain circumstances, Bond proceeds and income from the temporary investment thereof, and are secured by a pledge of the same to the Trustee in favor of the Bondowners, as provided in the Indenture. The realization of Incremental Tax Revenues is dependent upon, among other things, the capabilities of the Developer, future mill levies for taxing jurisdictions which levy taxes on the Project Area, and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. No assurance can be given that Incremental Tax Revenues will be realized by the City in amounts sufficient to pay the principal of and interest on the Bonds as such obligations become due.

Payment of the Bonds is not secured by any funds of the City, other than Incremental Tax Revenues and the City does not intend to use any other moneys available to make payment on the Bonds in the event the Incremental Tax Revenues are not sufficient to make such payments. *The Bonds and the interest thereon are not a general debt or general obligation of the City or the State of Kansas and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.*

Financial Feasibility of the Redevelopment Project

Home Depot has not yet purchased the Home Depot Parcel from the Developer, and is not obligated to close on the sale of the Home Depot Parcel until after the Bonds are issued. In the event that Home Depot does not complete the purchase of the Home Depot Parcel and subsequently construct the Home Depot store (or any material part thereof) for any reason, sufficient Incremental Tax Revenues will not be available to pay the principal of and interest on the Bonds.

Home Depot and the Developer have obtained a building permit for the Home Depot Store, and the Developer has obtained a building permit to remodel the existing retail strip shops. In the event that Home Depot and the Developer are unable to complete the construction of the Home Depot Store or the Developer is unable to complete the remodel of the existing strip retail shops (or any material part thereof) for any reason, sufficient Incremental Tax Revenues may not be available to pay the principal of and interest on the Bonds.

Delays in construction due to weather, strikes, shortages of materials, or other causes will also adversely impact the receipt of Incremental Tax Revenues.

The financial feasibility of the Redevelopment Project depends in large part upon the ability of the Developer to attract and maintain sufficient numbers of tenants to achieve and then to maintain substantial occupancy for the retail space throughout the term of the Bonds. As noted under the caption “**SUMMARY OF LEASES; OTHER OCCUPANTS IN THE REDEVELOPMENT DISTRICT**” the Developer there is currently vacant space in the existing strip center. If the Developer fails to achieve and maintain substantial occupancy for retail space at the Redevelopment Project, there may be insufficient Incremental Tax Revenues to pay the Bonds.

The Projections include assumptions relating to the completion and future occupancy and sale of portions of the Redevelopment Project and certain other significant assumptions. Some assumed events and circumstances inevitably will not materialize and unanticipated events and circumstances will occur subsequent to the date hereof.

Therefore, the actual results achieved during the forecast period will vary from the forecast and the variations may be material.

Factors to be Considered

The Incremental Tax Revenues allocated to the Redevelopment District Tax Increment Fund will be determined by the amount of incremental taxable value in the Redevelopment District and the current rate or rates at which property in the Redevelopment District is taxed. The reduction of taxable values of property in the Redevelopment District caused by economic factors beyond the City's control, such as relocation out of the Redevelopment District by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, tornado or other natural disaster, could cause a reduction in the Incremental Tax Revenues that secure the Bonds. Such reduction of Incremental Tax Revenues could have an adverse effect on the City's ability to make timely payments of principal of and interest on the Bonds.

In estimating that the total Incremental Tax Revenues to be received by the City will be sufficient to pay debt service on the Bonds, the Developer has made certain assumptions with regard to present and future assessed valuation in the Redevelopment District, future tax rates, retail sales in the Redevelopment District, percentage of taxes collected and the amount of funds available for investment.

The Developer believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation, the tax rates, or the amount of the funds available for investment are less than expected, the Incremental Tax Revenues available to pay debt service on the Bonds will be less than those projected and such reduced Incremental Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

Reliance on the Developer, Tenants and Subsequent Property Owners

The development of the Redevelopment Project has been undertaken by the Developer and those parties contracting with the Developer. The Developer may sell various parcels within the Redevelopment Project to third parties. With the City's consent, the Developer may transfer the Redevelopment Project, except that any subsequent owner must take an assignment of the Redevelopment Agreement and assume all obligations thereunder, for the term of the Bonds. Bondowners may be dependent upon a future, unidentified owner to complete the development and lease-up of the Redevelopment Project, which is necessary to generate Incremental Tax Revenues.

The Redevelopment Project will be managed by the Management Company, an entity related to the Developer. The Manager is under no obligation to continue to manage the Redevelopment Project. Bondowners will be dependent on current and future managers of the Redevelopment Project to maintain occupancy in order to assure that Incremental Tax Revenues are generated. There is no obligation of the Manager or the Developer to lease space in the Redevelopment District.

It is anticipated that leases for real estate within the Project Area will provide that each tenant is responsible for a share of real estate taxes and assessments and certain other common area expenses. If any tenant defaults in paying its share of such taxes or other common area expenses, the Developer or a subsequent owner(s) of such real estate will be responsible for such payments although the Developer would have the right to declare a default under the tenant's lease if the tenant failed to pay the same. There can be no assurance that the Developer will have the financial ability to make such payments.

It is contemplated that none of the leases will require the tenants to continuously operate a business at the leased premises. Thus, a tenant may cease operations but continue to pay rent to the Developer. Under such circumstances, the amount of the Incremental Tax Revenues could be impacted.

Home Depot is responsible for paying real estate taxes related to the Home Depot Parcel. There is no assurance that Home Depot will have the financial ability to make such payments. Home Depot is not obligated to continue to operate the Home Depot Store or any other business during the term of the Bonds, and thus may cease operations but continue to pay real estate taxes. Under such circumstances, the amount of Incremental Tax Revenues could be impacted.

Environmental Issues

Environmental contaminants have been identified on the Home Depot Parcel and the approximately two-acre tract on which the Developer plans to build the new strip center. These environmental contaminants have not been fully remediated. The presence of unremediated contaminate on the site may adversely affect assessed valuation of the property within the Redevelopment District, and consequently may reduce the amount of Incremental Tax Revenues available to pay debt service on the Bonds. Failure of the Developer or others to comply with the terms of the various agreements related to environmental issues on the Home Depot Parcel and the approximately two-acre tract on which the Developer plans to build the new strip center may adversely affect the assessed valuation of property within the Redevelopment District.

Limited Collateral; No Pledge of the Project

Neither Broadway Plaza nor the Project itself is pledged to the Trustee under the Indenture. Therefore, in the event of a default, the Trustee will not have the ability to sell Broadway Plaza or the Project to retire the Bonds nor look to the Developer or to any other asset or collateral to secure repayment of the Bonds. The Bonds are not the obligation of the Developer. The Bonds are payable solely from the Incremental Tax Revenues and other funds in the Trust Estate. See “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS” herein.

Risk of Failure to Maintain Levels of Assessed Valuations

There can be no assurance that the assessed value of property within the Project Area will equal or exceed the forecasted assessed value. Even if the assessed value is initially determined as forecasted in the Projections, there can be no assurance that such assessed value will be maintained throughout the term of the Bonds. If at any time during the term of the Bonds the actual assessed value is less than forecasted, the amount of the Incremental Tax Revenues will be less than forecasted and there may not be sufficient Incremental Tax Revenues to meet the obligations to the Bondowners.

Even if the County’s determination of the appraised value of property within the Project Area equals or exceeds the forecasted appraised value, the Developer, the other owners or successor owners of property within the Project Area have the right to appeal such determination. Additionally, pursuant to leases of portions of the Redevelopment Project owned by the Developer, certain tenants may also be granted the right to appeal such determination should the Developer or successor owners decline to do so. If any such appeal is not resolved prior to the time when real estate taxes are due, the taxpayer may pay the taxes under protest. In such event, that portion of taxes being protested will not be available for deposit into the Revenue Fund until the appeal has been concluded. If the appeal is resolved in favor of the taxpayer, the appraised value, and ultimately, the assessed value of such property within the Project Area will be reduced, in which event the Incremental Tax Revenues may be less than forecasted. See the caption “**Assessments and Collections of Ad Valorem Taxes**” herein.

Changes in State and Local Tax Laws

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

Tax Collection

The County is not required to foreclose and sell property that has delinquent taxes and may, in lieu of the tax foreclosure, sell the real estate for certain purposes permitted by law and elect to abate any delinquent taxes. In addition, the County has discretion on how quickly to pursue tax foreclosure actions and there are some state statutory thresholds relating to the value of the property and the amount of delinquencies required before the County may initiate

foreclosure proceedings. The City has no control over the foreclosure process unless the County has failed to initiate a proceeding to foreclose and the taxes have remained delinquent for at least three years after the property becomes eligible for sale by the County. All of these factors may impact whether or not there will be sufficient Incremental Taxes to pay the Bonds Outstanding. See “THE INCREMENTAL TAX REVENUES – Property Tax Levies and Collection.”

Reduction in State and Local Tax Rates

Any taxing district authorized to levy real property taxes on any real estate included within the Project Area could lower its tax rate, which would have the effect of reducing the Incremental Tax Revenues derived from the Project Area. Such a reduction in rates could be as a result of a desire of the governing body of the taxing district to lower tax rates, taxpayer initiative, or in response to state or local litigation or legislation affecting the broader taxing structure within the taxing district, such as litigation or legislation affecting the primary reliance on ad valorem property taxes to fund elementary and secondary education in the State.

Limitations on Remedies

The remedies available to the Bondowners upon a default under the Indenture are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code. The various legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles which shall limit the specific enforcement under laws of the State of Kansas as to certain remedies; to the exercise by the United States of America of the powers delegated to it by the United States Constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of Kansas and its governmental bodies, in the interest of serving an important public purpose.

Loss of Premium Upon Early Redemption

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

Changes in Market Conditions

The revenue estimates used in the Projections are based on the current status of the national and local business economy and assume a future performance of the real estate market similar to the historical performance of such market in the Sedgwick County, Kansas area. However, changes in the market conditions for the City, as well as changes in general economic conditions, could adversely effect the rate of appreciation and/or inflation of the property in the Project Area and, consequently, the amount of Incremental Tax Revenues.

The Projections

Included in **Appendix A** are the Projections. The Projections include forecasted annual Incremental Tax Revenues and are based on certain assumptions concerning facts that are believed to be reasonable, but are facts over which neither the City nor the Developer has control. Such projections are based on a variety of assumptions, as described in **Appendix A**, including (i) current real property rates, (ii) inflation, (iii) competition from other retail projects, and (iv) projected property tax valuations based in part upon the Developer’s estimated costs to construct the buildings within the Project Area and the projected construction schedule. Prospective purchasers of the Bonds should carefully review **Appendix A**, including particularly the assumptions underlying the forecasted Incremental Tax Revenues. There is no assurance that actual events will correspond with the assumptions made. Such assumptions by their nature involve facts that are extremely difficult to project. No guarantee or assurances can be made that actual results will be consistent with the Projections.

Risk of Damage or Destruction

The partial or complete destruction of improvements within the Project Area, as a result of fire, natural disaster or similar casualty event, would adversely impact the collection of Incremental Tax Revenues. While it is typical for owners of commercial property to purchase and maintain property and casualty insurance for the purpose of rebuilding or replacing damaged property in the event of a fire or other loss, the financing documents contain only limited requirements that the properties within the Redevelopment Project Area be insured. Even if such insurance is purchased, the proceeds of the insurance belong to the owner of the policy (or in certain cases the owner's lender), and the City does not have an interest therein.

The Developer, during the construction of the Project, is required to maintain comprehensive insurance, including fire, liability and extended coverage on the Project. It is anticipated that the Developer or any owner of a portion of the Project (such as Home Depot or the future owner of an out-parcel) would elect to and various tenants would be obligated to, provide like coverage during the terms of their respective leases. However, there are certain types of losses (generally of a catastrophic nature) which may be either uninsurable or not economically insurable. Such excluded risks generally include war, earthquakes and floods, as well as liability for any discrimination, sexual harassment and/or civil rights violations, in addition to awards for punitive damages. If an event occurs which is not covered by insurance, or if a loss occurs for which no coverage was in effect because the Developer, Home Depot or a tenant was without funds for premium payments, the Developer or Home Depot might suffer a loss that could have a material adverse impact on the financial condition of the Developer or Home Depot, respectively and prevent completion or reconstruction of the Project, or a tenant might suffer an interruption or cessation of business, resulting in either a reduction or cessation of the ability to pay ad valorem taxes.

No owner of any property within the Project Area is legally obligated to rebuild in the event of a fire, natural disaster or similar casualty.

Debt Service Reserve Fund

A Debt Service Reserve Fund will be established for the Bonds. Proceeds of the Bonds in the amount of \$[236,148.93] will be deposited in the Bond Proceeds Reserve Account of the Debt Service Reserve Fund on the date of issuance of the Bonds, and the amount of \$[236,148.93] will be funded over time with Incremental Tax Revenues to be deposited into the Business Interruption Reserve Account of the Debt Service Reserve Fund (the "Debt Service Reserve Requirement"). See **Appendix B-1 - "DEFINITIONS AND SUMMARY OF INDENTURE."** Moneys in the Debt Service Reserve Fund may be invested in Permitted Investments. Moneys, including Permitted Investments, may be applied by the City to prevent default in payment of the principal of and interest on the Bonds in accordance with the Indenture in the event funds on hand in the Debt Service Fund are insufficient to provide funds for payments due on any Payment Date. In the event the City is required to sell such Permitted Investments for such purpose, the price realized upon such sale may not equal the Debt Service Reserve Requirement. There can be no assurance that the amounts on deposit in the Debt Service Reserve Fund will be available if needed for payment of the Bonds in the full amount of the Debt Service Reserve Requirement because (a) of fluctuations in the market value of the securities deposited therein and/or (b) if funds are transferred to the Debt Service Fund, sufficient revenues may not be available in the Revenue Fund to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

There can be no assurance that any amounts will ever be deposited into the Business Interruption Reserve Account or that any amounts on deposit therein will be available if needed for payment of the Bonds in the full amount of the Business Interruption Reserve Requirement because (1) there may never be sufficient Incremental Tax Revenues to transfer to such fund, (2) of fluctuations in the market value of the securities deposited therein, and/or (3) if funds are transferred to the Bond Proceeds Reserve Account of the Debt Service Fund, sufficient revenues may not be available in the Revenue Fund to replenish the Business Interruption Reserve Account to the Business Interruption Reserve Requirement.

Redemption of Bonds

The Bonds are subject to redemption, in whole or in part, prior to maturity. If the Bonds are redeemed prior to their maturity, the Owners thereof will not receive the rate of interest indicated for the term of their initial investment, and, if so redeemed, the Owners may not be able to reinvest the proceeds thereof at comparable rates.

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

No Redemption of Bonds in the Event of Taxability

The Bonds are not subject to redemption prior to maturity upon the occurrence of an event which has the effect of rendering interest on the Bonds includable in the gross income of the owners of the Bonds for purposes of federal income taxation. No provision is made in the Indenture for any increase or other adjustment in the rate of interest payable on the Bonds in the event of such an occurrence.

Amendments, Changes and Modifications to the Principal Financing Documents

The principal financing documents can be amended, changed or modified with the written consent of less than 100% of the Owners (and in some cases without notice to or consent of any Owners), all as more fully described in **Appendix B - “DEFINITIONS AND SUMMARIES OF PRINCIPAL FINANCING DOCUMENTS - The Indenture.”**

Taxation of Interest on the Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Bonds is excludable from gross income for federal income tax purposes under current provisions of the Code and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Bonds includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Indenture and in other documents and certificates to be delivered in connection with the issuance of the Bonds to comply with the provisions of the Code, including those which require the Issuer to take or omit to take certain actions after the issuance of the Bonds. Because the existence and continuation of the excludability of the interest on the Bonds depends upon events occurring after the date of issuance of the Bonds, the opinion of Bond Counsel described under **“LEGAL MATTERS”** assumes the compliance by the Issuer with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Bonds in the event of noncompliance with such provisions. The failure of the Issuer to comply with the provisions described above may cause the interest on the Bonds to become includable in gross income as of the date of issuance.

Future Changes in the Law

There can be no assurance that the Kansas state legislature will not enact legislation that will amend the applicable state tax increment financing laws or other laws or the Constitution of the State of Kansas resulting in a reduction of tax revenues, and consequently, an adverse effect on the revenues otherwise available to pay the debt service on the Bonds. Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

Limitations on Remedies Available to Owners of Bonds

The enforceability of the rights and remedies of the owners of Bonds, the terms and conditions of the Indenture, and the obligations incurred by the Issuer in issuing the Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the power delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or

state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Exemption from Registration of the Bonds

The Bonds may be sold by the owners thereof only in compliance with the registration provisions, or certain exemptions therefrom, of the Securities Act of 1933 and applicable state securities laws (which may be prohibitively expensive if registration is required and may not be possible in any event). In some states, specific conditions must be met or approval of the state's securities administrator is required in order for the Bonds to qualify for an exemption from registration. In reliance on the availability of the exemption from registration requirements of tax exempt bonds, the bonds have not been registered with the Securities and Exchange Commission, the Securities Commissioner of the State of Kansas, or any other state securities administrative authority. If the interest on the Bonds for any reason becomes taxable, the exemption from registration on which the initial sale is premised may be unavailable to owners of the Bonds who desire to dispose of their Bonds subsequent to a determination of such taxability; and the burdens and associated cost of registration under applicable securities laws may be prohibitive and may require a holder to retain the Bonds indefinitely.

Market for the Bonds

Lack of Bond Ratings. The Bonds have not received any credit rating by any recognized rating agency. The absence of any such rating could adversely affect the ability of holders to sell the Bonds or the price at which the Bonds can be sold.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. It is the present practice of the Underwriter, however, to make a secondary market as dealers in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Bonds, but is not obligated to do so. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in the Bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Bonds are in default as to principal and interest payments, and other factors which in the opinion of the Underwriter may give rise to uncertainty concerning prudent secondary market practices.

General Economic Risks

The ability to make payments on the Bonds will be dependent upon the economic strength and vitality of the Project once it is constructed. The Project will be subject to all of the risks generally associated with urban real estate development projects. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. In addition, if there is a decline in the general economy of the area, the owner of the real property or their tenants may be less able or less willing to make timely payments of ad valorem taxes or may be predisposed to petition to reduce assessed valuations causing a delay in or even prevent the receipt of tax revenues by the City from the Project.

Competition

The Redevelopment District's proposed improvements are intended to be a shopping center. Broadway Plaza's future tenants will face competition for sales from other shopping centers, strip centers, and freestanding retailers located in greater Wichita area, including competition located within four miles from Broadway Plaza. While there is no assurance, the Developer believes that it will be able to attract suitable tenants, and in turn the tenant-retailers will be able to attract customers, on the basis of the location, building aesthetics, traffic patterns, retailer diversity and appeal, and the local demographics for potential retail customers located within the anticipated market area for the shopping center.

THE FOREGOING STATEMENTS REGARDING BONDOWNERS' RISKS SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN A DECISION TO PURCHASE THE BONDS. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement and additional information in the form of the complete documents summarized herein, copies of which are available and may be obtained from the Underwriter.

THE ISSUER

The Bonds are not a general obligation of the City and are payable solely from the revenues described herein. The following information regarding the City is provided as general background information only.

General

The City of Wichita, Kansas (the "City") is the largest city in Kansas, population 353,115, and is the county seat of Sedgwick County, Kansas. The City is located in south central Kansas. The total area of the City is approximately 150 square miles.

The City has a Council/City Manager form of government, consisting of a mayor elected at large and six wards which each elect one councilman. The Council is elected to four-year terms on a nonpartisan basis with staggered terms of office.

The current elected officials of the City are:

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--------------------|---|----------------------------|
| Carl Brewer | Mayor | April 2011 |
| Lavonta Williams | Councilmember, District 1 | April 2009 |
| Sue Schlapp | Councilmember, District 2 | April 2011 |
| Jim Skelton | Councilmember, District 3 | April 2009 |
| Paul Gray | Councilmember, District 4 and Vice Mayor | April 2011 |
| Jeff Longwell | Councilmember, District 5 | April 2011 |
| Sharon Fearey | Councilmember, District 6 | April 2009 |

In addition to the above-listed elected officials, the Council also appoints a City Manager. Dr. Edward Flentje was appointed by the Council to serve as interim City Manager beginning January 2, 2008. Dr. Flentje is expected to serve until the Council appoints a permanent City Manager, following a national search.

Demographic Statistics

| <u>Fiscal Year</u> | <u>Population</u> ¹ | <u>Per Capita Income</u> ² | <u>Median Age</u> ³ | <u>School Enrollment</u> ⁴ | <u>Percent Unemployment</u> ⁵ |
|--------------------|--------------------------------|---------------------------------------|--------------------------------|---------------------------------------|--|
| 2005 | 353,115 | \$ 32,298 | 34.2 | 48,865 | 5.6 % |
| 2004 | 353,832 | 31,443 | 34.0 | 48,818 | 6.2 |
| 2003 | 354,490 | 30,778 | 33.9 | 49,065 | 6.9 |
| 2002 | 354,306 | 30,669 | 33.7 | 48,962 | 6.0 |
| 2001 | 352,160 | 30,822 | 33.6 | 49,147 | 4.2 |
| 2000 | 344,284 | 28,447 | 33.4 | 49,100 | 4.2 |
| 1999 | 335,562 | 27,167 | 33.3 | 48,547 | 3.3 |
| 1998 | 333,680 | 27,271 | 33.1 | 48,454 | 3.3 |
| 1997 | 328,576 | 25,850 | 33.0 | 47,875 | 3.4 |
| 1996 | 324,991 | 24,978 | 32.9 | 47,423 | 4.3 |

¹1996-2004, Bureau of the Census; 2005 Center for Economic Development, Wichita State University (Estimated). Note the Census Bureau's estimates from 1995 through 1999 have not been re-benchmarked since the release of the 2000 census.

²1996-2003 Bureau of Economic Analysis; 2004-2005 Center for Economic Development, Wichita State University (Estimated).

³1996-1999, 2001 Center for Economic Development, Wichita State University (Estimated); 2000, Bureau of the Census; 2002-2005, Claritas (Estimated).

⁴Wichita School District, USD 259.

⁵Kansas Department of Human Resources, Wichita Metropolitan Statistical Area.

Employment

Listed below are the top 20 employers located in the greater Wichita area (comprised of Sedgwick, Butler, Harvey and Sumner Counties) and the approximate number of employees employed by each:

| <u>Employer</u> | <u>Type of Business</u> | <u>Number of Employees</u> |
|--|---|----------------------------|
| 1. Cessna Aircraft Co. | Aircraft Manufacturer | 8,000 |
| 2. Spirit Aerosystems Inc. | Aircraft Manufacturer | 7,400 |
| 3. Raytheon Aircraft Co. | Aircraft Designer and Manufacturer | 7,000 |
| 4. U.S. Government | Federal Government | 5,186 |
| 5. USD 259, Wichita Public Schools | Education | 4,955 |
| 6. State of Kansas | State Government | 4,800 |
| 7. Via Christi Health System | Health Care | 4,795 |
| 8. Boeing Integrated Defense Systems Wichita | Aircraft Modification and Development | 3,300 |
| 9. City of Wichita | Municipal Government | 3,200 |
| 10. Sedgwick County | County Government | 2,695 |
| 11. Bombardier Aerospace Learjet | Aircraft Manufacturing and Services | 2,500 |
| 12. Wichita State University | Education | 1,800 |
| 13. Koch Industries | Oil and Chemical Equipment Manufacturer | 1,700 |
| 14. Wesley Medical Center | Health Care | 1,372 |
| 15. Catholic Diocese of Wichita | Diocesan Services and Education | 1,153 |
| 16. York International | HVAC Equipment Manufacturer | 1,100 |
| 17. The Coleman Company | Recreational Products Manufacturer | 1,007 |
| 18. Bank of America | Banking | 997 |
| 19. Wichita Clinic PA | Health Care | 959 |
| 20. USD 260, Derby Public Schools | Education | 876 |

Source: Wichita Chamber of Commerce; Images of Greater Wichita

Income

The median household income and per capita income, as of 2003, for the Wichita Metropolitan Statistical Area, the State of Kansas, and the United States are as follows:

| | Median Household Income | Per Capita Income |
|-----------------|------------------------------------|------------------------------|
| Wichita MSA | \$ 43,215 | \$ 22,112 |
| State of Kansas | 41,075 | 22,089 |
| United States | 43,564 | 23,110 |

Source: U.S. Census Bureau.

LEGAL MATTERS

Certain legal matters relating to the issuance of the Bonds and with regard to, among other things, the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation thereon are subject to the approving legal opinion of Kutak Rock, LLP, Kansas City, Missouri, Bond Counsel. The form of the opinion to be delivered by Bond Counsel is attached hereto as **Appendix C**. A signed copy of the opinion, dated and speaking only as of the date of the original delivery of the Bonds, will be delivered to the City and the Underwriter at the time of such original delivery. Certain other matters will be passed upon for the City by Gary E. Rebenstorf, Esq., as City Attorney for the City of Wichita, Kansas.

In rendering its approving legal opinion, Bond Counsel will rely upon certifications and representations of fact to be contained in the transcript of proceedings for the Bonds, which Bond Counsel will not have independently verified.

TAX MATTERS

In General

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City and the Trustee with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City and the Trustee have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Bond Counsel is further of the opinion that the interest on the Bonds is excluded from computation of Kansas adjusted gross income.

Notwithstanding Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Not Bank Qualified

The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

The Bonds maturing in 2027 (the “Discount Bonds”) are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. An example of such litigation is the case of *Davis v. Kentucky Department of Revenue*, 197 S.W.3d 557 (2006), the oral argument for which was heard by the U.S. Supreme Court on November 5, 2007 with a decision expected to be rendered in the spring of 2008, challenging Kentucky’s taxation of bonds issued by other states and their political subdivisions differently than it taxes bond issued by Kentucky and its political subdivisions. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds

should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

NOTICE TO INVESTORS

The Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act of 1933, as amended. However, the transfer of the Bonds and beneficial ownership interests therein is restricted to Qualified Institutional Buyers and Accredited Investors, as defined under the Securities Act.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER, THE DEVELOPER, THE REDEVELOPMENT PROJECT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN REGISTERED FOR SALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS APPROVED OR RECOMMENDED THE BONDS FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR ANY SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

The Underwriter will offer the Bonds only to "qualified institutional buyers," as defined in Rule 144A under the Securities Act, and "accredited investors," as defined in Rule 501 of Regulation D under the Securities Act.

Purchasers of the Bonds may transfer those Bonds only persons whom the purchaser reasonably believes are either qualified institutional buyers or accredited investors.

The Bonds may be transferred only in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof or, in the case of Bonds in a principal amount of less than \$100,000 resulting from a mandatory sinking fund redemption, Bonds may only be transferred if the transfer results in a Bond in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

As a condition to the initial purchase of the Bonds, each initial purchaser must deliver to the Issuer and the Trustee an investor letter, signed by the investor, stating, among other things, that:

(a) The initial purchaser is a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act, with sufficient knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Bonds.

(b) The initial purchaser has received and read this Official Statement. The undersigned has had the opportunity to obtain such additional information relating to the Developer, the Redevelopment Project and the other matters described herein as it deems necessary to evaluate the merits and risks of an investment in the Bonds.

(c) The initial purchaser understands that the Bonds are special, limited obligations of the Issuer payable solely from the Trust Estate as described in the Official Statement.

(d) The initial purchaser considers that it has such knowledge and experience in financial and business matters as to be independently capable of evaluating the merits and risks of an investment in the Bonds.

(e) The initial purchaser is purchasing the Bonds for its own account and for investment in the ordinary course of its business, and has no present intention to reoffer, resell or otherwise distribute the Bonds.

Each subsequent purchaser of the Bonds will be deemed to have acknowledged and represented to, and agreed with, the Issuer and the Trustee that purchasers of the Bonds may reoffer, resell or otherwise transfer or distribute the Bonds only to persons whom the bondowner reasonably believes are either an accredited investor within the meaning of Section 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, or a qualified institutional buyer under Rule 144A promulgated under the Securities Act of 1933.

See **Appendix E** for the form of Investor Letter to be executed by each initial purchaser of the Bonds.

UNDERWRITING

Piper Jaffray & Co. (the “Underwriter”), pursuant to a purchase agreement among the Underwriter, the City and the Developer, has agreed, subject to certain conditions, to purchase the Bonds at the aggregate purchase price of \$2,327,539,25 plus accrued interest. The Underwriter will receive an underwriting fee in the amount of \$48,500. The obligation of the Underwriter to purchase the Bonds is subject to certain terms and conditions set forth in the purchase agreement between the Underwriter, the City and the Developer. The Bonds may be sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed, from time to time by the Underwriter. Under the purchase agreement, the Developer has agreed to indemnify the Underwriter under certain circumstances against certain liabilities, including liabilities under federal securities laws.

PROJECTIONS

Canyon Research Southwest, Inc., Tempe, Arizona, has prepared the Projections that are attached hereto as **Appendix A**. Certain financial and statistical data included in this Official Statement have been excerpted from the Projections. The City makes no representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Projections. No party assumes any responsibility to update such information after the delivery of the Bonds.

Appendix A must be read in its entirety to understand the assumptions upon which the forecasts are based and the qualifications which have been made. There is no assurance that the forecasts will be achieved. Actual future events may vary from the forecasts, and such variances may be material.

NO RATINGS

The City has not applied to Standard & Poor’s Ratings Services, Moody’s Investors Service, Inc. or any other similar rating service for a rating of the Bonds.

LITIGATION

There is no known pending, or, to the knowledge of the City, threatened litigation against the City, which in any way questions or materially affects the validity of the Ordinance or the Indenture, or any proceeding or transactions relating to the issuance, sale or delivery of the Bonds or which may materially affect the operation of the Project.

There is no pending, or, to the knowledge of the Developer, threatened litigation against the Developer, which in any way questions or materially affects the validity of the Redevelopment Agreement, the agreements between the Developer and Home Depot described in “**SUMMARY OF LEASES; OCCUPANTS**” herein, or any transactions related to the use of the proceeds of the Bonds or the construction or operation of Broadway Plaza or the Project.

CONTINUING DISCLOSURE

The City has covenanted, for the benefit of the Bondowners, to provide certain financial information and operating data relating to the Incremental Tax Revenues, and to provide notices of the occurrence of certain enumerated events relating to the City, if material. The City will file such financial information with each Nationally Recognized Municipal Securities Information Repository and with a State Depository, if any. The City will file the notices of material events with the Municipal Securities Rulemaking Board. The specific nature of the financial information to be provided and the information contained in such notices of material events is set forth in **Appendix B – The City’s Continuing Disclosure Agreement**. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The Developer has covenanted, for the benefit of the Bondowners, to provide certain financial information and operating data relating to the Redevelopment Project, and to provide notices of the occurrence of certain enumerated events relating to the Developer, Broadway Plaza, and the Redevelopment Project, if material. The Developer will file such financial information with each Nationally Recognized Municipal Securities Information Repository and with a State Depository, if any. The specific nature of the financial information to be provided and the information contained in such notices of material events is set forth in **Appendix B - The Developer’s Continuing Disclosure Agreement**.

CERTAIN RELATIONSHIPS

Kutak Rock, LLP, Bond Counsel, has represented the Underwriter in transactions unrelated to the issuance of the Bonds, but is not representing the Underwriter in connection with the issuance of the Bonds.

Gilmore & Bell, P.C., Underwriter’s Counsel, has represented the Issuer in transactions unrelated to the issuance of the Bonds, but is not representing the Issuer in connection with the issuance of the Bonds.

CONCLUDING STATEMENT

The foregoing summaries of the Bonds contained herein and in the Appendices hereto do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, purchasers are referred to the Bonds, the Indenture, the Redevelopment Agreement and the Bond Purchase Agreement. All documents referred to in this Official Statement may be reviewed during regular business hours at the office of the Underwriter.

The delivery of this Official Statement or any sale of the Bonds described herein shall not, under any circumstance, create an implication that there has been no change in the business affairs or financial condition of the City, the Project or the Developer since the date thereof.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

The information presented herein has been furnished by sources believed by the Underwriter to be reliable.

This Official Statement contains forward-looking statements and projections that refer to future matters, which necessarily are dependent on economic conditions and marketplace conditions. Please be aware that such forward-looking statements may differ from actual results and that past performance is not a guarantee of future results.

Any statements made in this Official Statement involving matters of opinion or of estimates or projections, whether or not expressly so stated, are set forth as such and not as representations of fact and no representation is made that any of the estimates or projections will be realized.

The delivery of this Official Statement has been duly authorized by the City and the Developer.

CITY OF WICHITA, KANSAS

BROADWAY 47, LLC

By: /s/ Carl Brewer
Mayor

By: /s/ David J. Christie
Managing Member

By: /s/ Karen Sublett
Clerk

APPENDIX A
PROJECTIONS

(THIS PAGE LEFT BLANK INTENTIONALLY)

**TAX INCREMENT FINANCING REVENUE STUDY
BROADWAY AND 47th STREET REDEVELOPMENT DISTRICT
47th STREET AND SOUTH BROADWAY STREET
WICHITA, KANSAS**

October 2007

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

TAX INCREMENT FINANCING REVENUE STUDY BROADWAY AND 47th STREET REDEVELOPMENT DISTRICT 47th STREET AND SOUTH BROADWAY STREET WICHITA, KANSAS

October 2007

Prepared for:

D.J. Christie, Inc.
9400 Reeds Road, Suite 100
Overland Park, Kansas 66207

Prepared by:

Canyon Research Southwest, Inc.
651 Delaware Avenue, Suite 139
Buffalo, NY 14202

PR# 07-10-07

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

October 22, 2007

David Christie
D.J. Christie, Inc.
9400 Reeds Road, Suite 100
Overland Park, KS 66207

Re: Tax Increment Financing (TIF) Revenue Study
Broadway and 47th Street Redevelopment District; Wichita, Kansas

Dear Mr. Christie;

Per our agreement, attached are the findings of the *Tax Increment Financing Revenue Study* that forecasts TIF revenues for the Broadway and 47th Street Redevelopment District located at the southwest corner of 47th and Broadway Streets in Wichita, Kansas. The 18.19-acre Redevelopment District is designed for the development of a 102,876 square foot Home Depot with a 34,760 square foot garden center, 30,711 square feet of shop space, and two out lots along 47th Street.

The objective of the study was to forecast TIF revenues generated by the Redevelopment District throughout the 20-year life of the Broadway and 47th Street Redevelopment Plan. The TIF Plan was adopted on May 25, 2006.

Permission is granted to incorporate the findings and conclusions of this report into any bond offering documents or reports that may deem necessary.

Upon review of the report, should any questions arise or additional information requested, contact me directly at (716) 362-1203.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

TABLE OF CONTENTS

| | <u>Page #</u> | <u>Tab #</u> |
|--|---------------|--------------|
| SUMMARY OF MAJOR FINDINGS | ii | 1 |
| INTRODUCTION | 1 | 2 |
| Study Objective and Organization | 1 | |
| Broadway and 47 th Street Redevelopment Plan..... | 1 | |
| RETAIL MARKET ANALYSIS | 3 | 3 |
| Community Shopping Center Concept | 3 | |
| Competitive Retail Market Conditions | 4 | |
| • Wichita, Kansas Retail Market Overview | 4 | |
| • Survey of Competitive Retail Space..... | 8 | |
| • Retail Space Demand Forecasts..... | 10 | |
| Shopping Center Site Evaluation | 11 | |
| TIF REVEVUE PROJECTIONS | 15 | 4 |
| Methodology for Forecasting TIF Revenues..... | 15 | |
| Timing of Revenue Flows..... | 16 | |
| TIF Revenue Forecasts..... | 16 | |
| • Base Year Assessed Value..... | 16 | |
| • Property Tax Rates..... | 18 | |
| • Estimated Real Property Tax Revenues | 18 | |
| ADDENDA | 24 | 5 |
| Exhibit A: Canyon Research Southwest, Inc. | 25 | |
| List of Public Financing Projects | | |
| Exhibit B: Canyon Research Southwest, Inc. Client Roster | 27 | |
| Exhibit C: Resume of Eric S. Lander, Principal | 30 | |
| Canyon Research Southwest, Inc. | | |

SUMMARY OF MAJOR FINDINGS

Tax Increment Financing (TIF) has been approved by the City of Wichita, Kansas to fund street and infrastructure improvements to the Broadway and 47th Street Redevelopment District located at the southwest corner of 47th and Broadway Streets in Wichita, Kansas. The redevelopment plan calls for razing most of the existing shopping center and constructing a 102,876 square foot Home Depot with a 34,760 square foot garden center, 16,800 square feet of shop space, and two out lots along 47th Street. Approximately 13,911 square feet of existing shops will remain. This report provides TIF revenue estimates for the Broadway and 47th Street Redevelopment District through expiration of the TIF Plan. The report's major findings are summarized below.

Competitive Retail Market Conditions

Wichita serves as a regional shopping destination for south central Kansas. The closest major shopping destinations are Kansas City 200 miles to the northeast; Denver 520 miles to the west; Tulsa, Oklahoma 180 miles to the southeast; and Oklahoma City, Oklahoma 165 miles to the south. The distance of these alternative shopping destinations allows Wichita to serve a retail trade area population of more than 1.0 million people within a 100-mile radius.

Taxable retail sales in Wichita have rebounded over the past three years, increasing 3.4 percent in 2004, 2.9 percent in 2005 and 3.3 percent in 2006. This recent upswing in retail sales is a result of an improving local economy and the opening of several new shopping centers and major retailers.

Over the past decade taxable retail sales in Wichita have increased 20.9 percent to \$6.4 billion by 2004. Annual retail sales grew steadily from 1995 to 2000. The national and local economic recession dampened retail sales during 2001. Retail sales have rebounded over the past three years resulting from an improved economy and the opening of several new shopping centers and retailers.

The Broadway and 47th Street Redevelopment District is located within the southern portion of Wichita. According to *Development Trends* published by the Wichita-Sedgwick County Metropolitan Area Planning Department, since 2000 new retail construction activity has remained modest within the Wichita South sub-market. From 2000 to 2006 a total of 33 permits for new construction were issued in the Wichita South sub-market amounting to over \$11.5 million in new retail construction. New retail construction peaked in 2001 with eight permits totaling \$3.95 million in new retail construction.

The Broadway and 47th Street Redevelopment District is located within one of the Wichita South sub-market's major retail hubs that parallels 47th Street from Interstate 135 west to Broadway Street. Two anchored shopping centers are located within this retail hub housing a Big Kmart, Dollar Tree, and Dillons Food & Pharmacy. National restaurant chains operating along 47th Street include Applebee's, Barron's Pizza, Carlos O'Kelly's, KFC, Long John Silvers, McDonalds, Pizza Hut, Subway, Taco Bell, and Quizno's. Presence within this major retail hub will assist in successful redevelopment of the Broadway and 47th Street Redevelopment District.

The Broadway and 47th Street Redevelopment District's primary trade area is defined as the geographic area within a 5-mile radius. According to the findings of the *RMP Opportunity Gap – Retail Stores Report* during 2005 a retail opportunity gap of \$67.5 million was reported for the primary trade area, suggesting considerable retail sales leakage occurred. During 2005, the primary trade area was forecast to support an additional \$14.7 million in annual home center sales.

A 102,876 square foot Home Depot store is planned for construction at the Broadway and 47th Street Redevelopment District. The only major home improvement store operating within the primary trade area is a Lowe's Home Improvement Warehouse located five miles to the southeast at 63rd Street and Highway 15 in Derby. Small hardware stores operating in south Wichita include a Sutherland's located four miles northeast at Highway 15 and MacArthur Road and United Building Centers two miles north at MacArthur Road and Interstate 235. The closest existing Home Depot stores are located 11 miles to the northwest at U.S. Highway 54 and Tyler Road in west Wichita and 15 miles to the northeast at Woodlawn Avenue and Highway 96 in northwest Wichita.

The study findings determined that the Broadway and 47th Street Redevelopment District is an excellent community shopping center site, possessing the necessary parcel size and orientation, visibility, exposure, accessibility, and trade area demographics. The commitment by Home Depot to construct a 102,876 square foot store affirms the site's desirability as a viable retail location. Competitive market conditions suggest short-term market entry of the Home Depot store is feasible.

Tax Increment Financing Revenues

On May 25, 2006 the Wichita, Kansas City Council approved Ordinance No. 47-017 establishing the Broadway and 47th Street Redevelopment District. The Redevelopment District encompasses approximately 18.19 acres generally bound by 47th Street to the north; 48th Street to the south; Broadway Street to the east; and Water Street to the west. The Redevelopment District authorizes the creation of Tax Increment Financing (TIF) for a term of 20 years to assist in the reimbursement of eligible project costs associated with necessary infrastructure improvements.

The Broadway and 47th Street Redevelopment District is currently occupied by a shopping center constructed in 1965 and approximately 9.0 acres of vacant land immediately to the west. Checkers Supermarket and Big Lots have vacated the shopping center. Only the small shops on the eastside of the shopping center are occupied. Remaining shop tenants include Rent-A-Center, H&R Block, Check 'N Go, Mr. Goodcents Subs & Pastas and T&A Nails. Out lots not included in the Redevelopment District include Emprise Bank, Phillips 66, Hollywood Video, Burger King and Dollar General.

In addition to the existing 13,911 square feet of retail shops, the Broadway and 47th Street Redevelopment District is planned for the development of a 102,867 square foot Home Depot, 16,800 square feet of shops and two out lots. As outlined in the table on page iv, through expiration of the TIF Plan on May 24, 2026 total real property tax revenues generated by the Broadway and 47th Street Redevelopment District are estimated at approximately \$6.4 million. Accounting for a one-year lag in receipts, actual real property tax revenues collected prior to maturity of the TIF Plan are estimated at \$6.0 million.

**Broadway and 47th Street Tax Increment Financing Plan
Forecast Real Property Taxes – Total TIF Revenue**

| Year | Base Year | New Assessed Value | | | | | Total New Assessed Value | Tax Rate | New Property Taxes | Incremental Property Taxes | Funds Available for Deposit |
|---------------|------------------|---------------------|--------------------|--------------------|-----------|-----------|--------------------------|----------|--------------------|----------------------------|-----------------------------|
| | Property Taxes | Home Depot | Retail Shops A | Retail Shops B | Outlot 3 | Outlot 4 | | | | | |
| 2006 | \$46,643 | | | | | | \$488,585 | 0.095466 | \$46,643 | \$0 | \$ - |
| 2007 | \$46,643 | | | | | | \$308,650 | 0.095466 | \$29,466 | \$0 | \$ - |
| 2008 | \$46,643 | | | | | | \$308,650 | 0.095466 | \$29,466 | \$0 | \$ - |
| 2009 | \$46,643 | \$2,098,949 | \$58,515 | \$330,386 | \$55,794 | \$300,625 | \$2,844,269 | 0.095466 | \$271,531 | \$224,888 | \$ - |
| 2010 | \$46,643 | \$2,151,423 | \$411,600 | \$338,646 | \$308,141 | \$308,141 | \$3,517,950 | 0.095466 | \$335,845 | \$289,202 | \$ 224,888 |
| 2011 | \$46,643 | \$2,205,208 | \$421,890 | \$347,112 | \$315,844 | \$315,844 | \$3,605,898 | 0.095466 | \$344,241 | \$297,598 | \$ 289,202 |
| 2012 | \$46,643 | \$2,260,339 | \$432,437 | \$355,790 | \$323,740 | \$323,740 | \$3,696,046 | 0.095466 | \$352,847 | \$306,204 | \$ 297,598 |
| 2013 | \$46,643 | \$2,316,847 | \$443,248 | \$364,684 | \$331,834 | \$331,834 | \$3,788,447 | 0.095466 | \$361,668 | \$315,025 | \$ 306,204 |
| 2014 | \$46,643 | \$2,374,768 | \$454,329 | \$373,801 | \$340,130 | \$340,130 | \$3,883,158 | 0.095466 | \$370,710 | \$324,067 | \$ 315,025 |
| 2015 | \$46,643 | \$2,434,137 | \$465,688 | \$383,146 | \$348,633 | \$348,633 | \$3,980,237 | 0.095466 | \$379,977 | \$333,334 | \$ 324,067 |
| 2016 | \$46,643 | \$2,494,991 | \$477,330 | \$392,725 | \$357,349 | \$357,349 | \$4,079,743 | 0.095466 | \$389,477 | \$342,834 | \$ 333,334 |
| 2017 | \$46,643 | \$2,557,366 | \$489,263 | \$402,543 | \$366,282 | \$366,282 | \$4,181,737 | 0.095466 | \$399,214 | \$352,571 | \$ 342,834 |
| 2018 | \$46,643 | \$2,621,300 | \$501,495 | \$412,607 | \$375,439 | \$375,439 | \$4,286,280 | 0.095466 | \$409,194 | \$362,551 | \$ 352,571 |
| 2019 | \$46,643 | \$2,686,832 | \$514,032 | \$422,922 | \$384,825 | \$384,825 | \$4,393,437 | 0.095466 | \$419,424 | \$372,781 | \$ 362,551 |
| 2020 | \$46,643 | \$2,754,003 | \$526,883 | \$433,495 | \$394,446 | \$394,446 | \$4,503,273 | 0.095466 | \$429,909 | \$383,266 | \$ 372,781 |
| 2021 | \$46,643 | \$2,822,853 | \$540,055 | \$444,332 | \$404,307 | \$404,307 | \$4,615,855 | 0.095466 | \$440,657 | \$394,014 | \$ 383,266 |
| 2022 | \$46,643 | \$2,893,424 | \$553,556 | \$455,441 | \$414,415 | \$414,415 | \$4,731,251 | 0.095466 | \$451,674 | \$405,031 | \$ 394,014 |
| 2023 | \$46,643 | \$2,965,760 | \$567,395 | \$466,827 | \$424,775 | \$424,775 | \$4,849,532 | 0.095466 | \$462,965 | \$416,322 | \$ 405,031 |
| 2024 | \$46,643 | \$3,039,904 | \$581,580 | \$478,497 | \$435,395 | \$435,395 | \$4,970,771 | 0.095466 | \$474,540 | \$427,897 | \$ 416,322 |
| 2025 | \$46,643 | \$3,115,902 | \$596,120 | \$490,460 | \$446,280 | \$446,280 | \$5,095,040 | 0.095466 | \$486,403 | \$439,760 | \$ 427,897 |
| 2026 | \$46,643 | \$3,193,799 | \$611,023 | \$502,721 | \$457,436 | \$457,436 | \$5,222,416 | 0.095466 | \$498,563 | \$451,920 | \$ 439,760 |
| TOTALS | \$979,503 | \$46,987,804 | \$8,646,438 | \$7,396,136 | | | \$77,351,225 | | | \$6,439,264 | \$5,987,343 |

Source: Canyon Research Southwest, Inc.; October 2007.

**TAX INCREMENT FINANCING REVENUE STUDY
BROADWAY AND 47th STREET REDEVELOPMENT DISTRICT
47th STREET AND SOUTH BROADWAY STREET
WICHITA, KANSAS**

October 2007

INTRODUCTION

Study Objective and Organization

Tax Increment Financing (TIF) has been approved by the City of Wichita, Kansas to fund street and infrastructure improvements to the Broadway and 47th Street Redevelopment District. The purpose of this report is to provide TIF revenue estimates for the Broadway and 47th Street Redevelopment District through expiration of the TIF Plan. In doing so, this report includes both a Retail Marketability Analysis and TIF Revenue Projections.

The study commences with a *Retail Marketability Analysis* that evaluates current competitive retail market trends impacting the Broadway and 47th Street Redevelopment District, including trade area retail sales activity, a survey of existing and planned competitive shopping centers, and retail space demand projections. A site evaluation determined the suitability of the Redevelopment District as a shopping center site. Based on the study findings, the market viability of shopping center development within the Redevelopment District was determined.

The *TIF Revenue Analysis* forecasts incremental real property tax revenues generated by the Redevelopment District throughout expiration of the TIF Plan. The incremental real property tax revenues are determined by projecting the annual tax revenues from this source and, then subtracting a certified base. The certified base revenues are established in the calendar year the TIF Plan was adopted or activated. These pre-TIF revenues continue to accrue to all taxing jurisdictions as before; they are not subject to capture for TIF.

Permission is granted to incorporate the findings and conclusions of this report into any bond offering documents.

Broadway & 47th Street Redevelopment Plan

On May 25, 2006 the Wichita, Kansas City Council approved Ordinance No. 47-017 establishing the Broadway and 47th Street Redevelopment District. The Redevelopment District encompasses approximately 18.19 acres generally bound by 47th Street to the north; 48th Street to the south; Broadway Street to the east; and Water Street to the west.

The Broadway and 47th Street Redevelopment District is currently occupied by a 105,660 square foot shopping center constructed in 1965 and approximately 9.0 acres of vacant land immediately to the west. Checkers Supermarket and Big Lots have vacated the shopping center. Only the small shops on the eastside of the shopping center are occupied. Remaining shop tenants include Rent-A-Center, H&R Block, Check 'N Go, Mr. Goodcents Subs & Pastas and T&A Nails. Out lots not included in the Redevelopment District include Emprise Bank, Phillips 66, Hollywood Video, Burger King and Dollar General.

The Redevelopment Plan calls for razing all but the eastern portion of the existing shopping center and constructing a 102,876 square foot Home Depot with a 34,760 square foot garden center, 16,800 square feet of new shop space, and two out lots along 47th Street. The 13,911 square feet of shops on the eastside of the shopping center will remain and be renovated to be compatible with the new construction. Some of the existing tenants occupying the shops will remain following redevelopment of the property. The initial phase of development will include the Home Depot and shops. Phase 2 includes construction of the out lots along 47th Street. The project components are summarized in the table below.

Broadway & 47th Street Redevelopment Plan

| Lot # | # of Acres | Project Component | Building Area Sq. Ft. |
|---------------|-------------------|---------------------------|------------------------------|
| Lot 1 | 11.19 | Home Depot | 102,876 |
| Lot 2A & 2B | 3.74 | Retail Shops A | 16,800 |
| Lot 3 | 1.07 | Out Lot | |
| Lot 4 | 1.05 | Out Lot | |
| Lot 5 | 1.14 | Retail Shops B (existing) | 13,911 |
| Totals | 18.19 | | 133,587 |

RETAIL MARKET ANALYSIS

This section of the report focuses on evaluating the marketability of the Broadway and 47th Street Redevelopment District as a retail development site. The project site plan calls for a 102,876 square foot Home Depot with a 34,760 square foot garden center, 30,711 square feet of shop space and two out lots along 47th Street. The *Retail Market Analysis* evaluates the directly competitive retail market conditions.

Community Shopping Center Concept

The Broadway and 47th Street Redevelopment District totals approximately 18.2 acres designed for 133,587 square feet of retail space. By definition, the Broadway and 47th Street Redevelopment District is designed to support development of a community shopping center.

According to the *Urban Land Institute*, in addition to the convenience goods and personal services provided by the neighborhood center, a community center provides a wider range of facilities for the sale of soft lines (i.e., apparel for men, women and children) and hard lines (i.e., hardware and appliances). The community center makes available a greater variety of merchandise. It is built around a hardware store, variety store or discount department store as the anchor tenant, in addition to a supermarket. Community centers typically occupy a 15- to 50-acre site and range in size from 100,000 to 450,000 square feet. Community shopping centers are typically built at the intersection of two major streets.

Within a shopping center's trade area, customers closest to the site will affect the center most strongly, with customer influence diminishing gradually as the distance increases. Trade areas are usually divided into three categories or zones of influence, each of which is defined below.

Primary Trade Area: A shopping center's primary trade area is the geographical area from which the largest share of repeat sales are derived, as much as 70 to 80 percent. A community shopping center's primary trade area extends in all directions up to five miles in major markets and up to ten miles in smaller markets.

Secondary Trade Area: The secondary trade area generates about 15 to 20 percent of a shopping center's total sales. For community shopping centers drive-time limits can be set at 15 to 20 minutes, or 7 to 10 miles in major markets, increasing to 10 to 15 miles in smaller markets.

Tertiary Trade Area: The tertiary trade area forms the broadest area from which customers may be drawn. For community shopping centers drive-time from this area to the site can be set at roughly 25 to 30 minutes, extending 10 to 15 miles in major markets and 20 to 25 miles in smaller markets.

Given the Broadway and 47th Street Redevelopment District's highway location, proximity to a K-Mart store, and presence of several freeways in the southern portion of Wichita, the primary retail trade area has been defined as the geographic area within a 5-mile radius of the site.

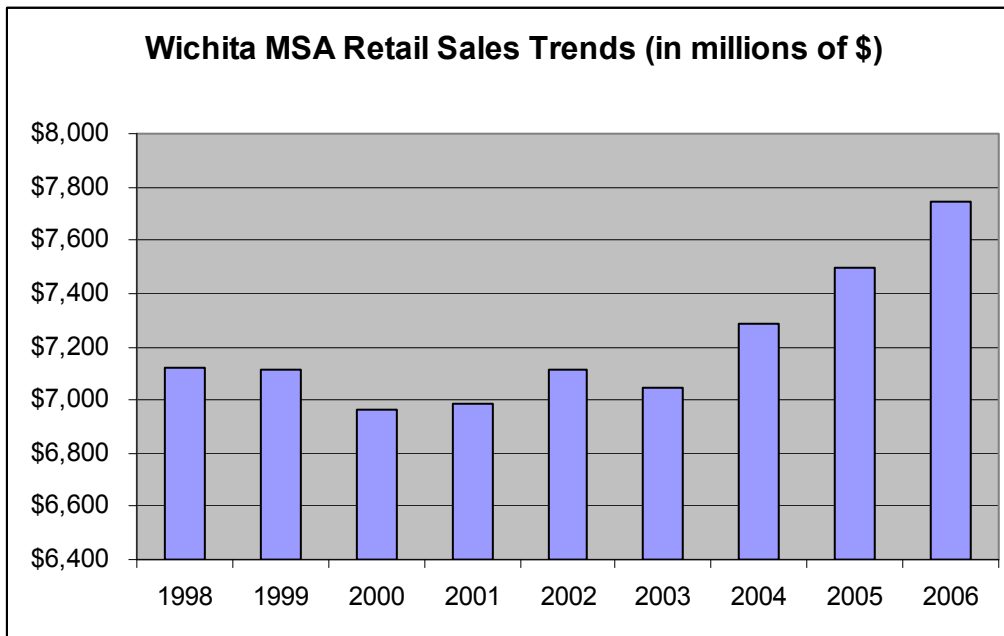
Competitive Retail Market Analysis

The *Competitive Retail Market Analysis* provides overviews of the Wichita and primary trade area retail markets in an effort to gauge directly competitive retail market conditions impacting the Broadway and 47th Street Redevelopment District.

Wichita, Kansas Retail Market Overview

Wichita serves as a regional shopping destination for south central Kansas. The closest major shopping destinations are Kansas City 200 miles to the northeast; Denver 520 miles to the west; Tulsa, Oklahoma 180 miles to the southeast and Oklahoma City, Oklahoma 165 miles to the south. The distance to these alternative shopping destinations allows Wichita to serve a retail trade area population of more than 1.0 million people within a 100-mile radius.

Taxable retail sales in Wichita peaked in 1998 at \$7.12 billion. The national and local economic recession dampened retail sales starting in 1999. From that point annual retail sales declined steadily and didn't regain pre-recession levels until 2004. Retail sales have rebounded over the past three years, increasing 3.4 percent in 2004, 2.9 percent in 2005 and 3.3 percent in 2006. This recent upswing in retail sales is a result of an improving local economy and the opening of several new shopping centers and major retailers. The bar chart below illustrates taxable retail sales trends for the Wichita MSA from 1998 to 2006.



The *County Trade Pull Factors for Fiscal Year 2003* published by Kansas State University evaluates the retail draw of various Kansas communities. A pull factor is a measure of retail capture minus leakage, with a measure of 1.0 representing a perfect balance. Wichita's pull factor of 1.28 supports its status as a regional shopping destination, capturing retail sales at a rate 28 percent above the statewide average. Wichita captures over 80 percent of retail sales activity in Sedgwick County. This strong retail pull stems from Wichita's distance to other major shopping destinations (i.e., Kansas City and Oklahoma City), growing number of big-box retailers that draw from a regional trade area and high visitor counts. The Redevelopment Project Area's highway access and high growth suburban location is well positioned to capitalize on Wichita's status as a regional shopping destination.

Given the size of the Wichita MSA (546,308 residents) and its status as the largest city in Kansas and a regional shopping destination, many major big-box retailers maintain a presence. National and regional retailers operating stores in the Wichita, Kansas market are listed in the table below.

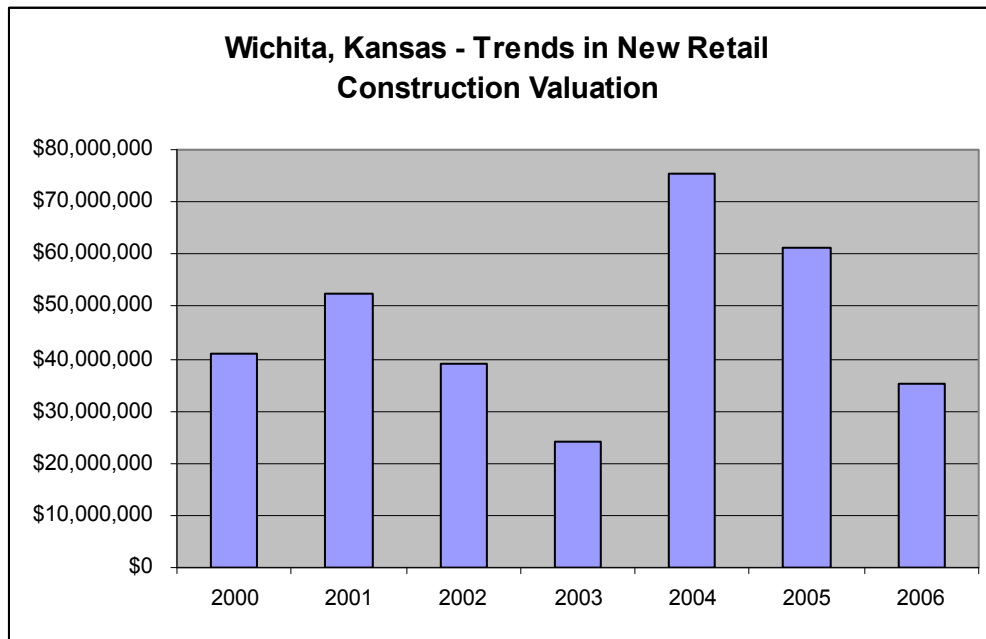
Major Retailers Operating in Wichita MSA

| | | |
|---|--|--|
| <p><u>Discount Department Stores</u> Kmart Target Wal-Mart</p> | <p><u>Electronics</u> Best Buy Circuit City</p> | <p><u>Movie Theaters</u> Dickinson Theatres Warren Theatres</p> |
| <p><u>Department Stores</u> Dillard's J. C. Penney Kohl's Sears Von Maur</p> | <p><u>Office Supply</u> Office Depot Office Max</p> | <p><u>Sporting Goods</u> Dick's Sporting Goods Gander Mountain Sports Authority</p> |
| <p><u>Home Improvement</u> Ace Hardware Home Depot Lowe's</p> | <p><u>Linens/Home Store</u> Bed, Bath & Beyond Linens 'N Things</p> | <p><u>Hobby/Craft</u> Hobby Lobby Michaels</p> |
| <p><u>Warehouse Clubs</u> Sam's Club</p> | <p><u>Book Stores</u> Barnes & Noble Borders</p> | <p><u>Clothing</u> Old Navy Gap Talbots TJ Maxx Dress Barn</p> |
| | <p><u>Pet Supply</u> Petco PetsMart</p> | |

Most national big-box retailers operate within the Wichita market. Notable exceptions include Costco, Stein Mart and MC Sports.

The Wichita retail market has recently experienced the loss of a few major retailers. Kmart, Target, Builders Square and Circuit City have closed stores in Wichita. Meanwhile, recent new retailers into the local market include a 46,000 square foot CarMax store and service center on East Kellogg and Gander Mountain within the WaterWalk development. New shopping center development has resulted in the expansion of such national retail chains as Wal-Mart, Supercenter, Super Target, Lowe's, Borders Books, Bed Bath & Beyond, Old Navy, Dress Barn and Warren Theater.

From 2000 through 2006, 382 new retail facilities were permitted for construction in Wichita, Kansas valued at approximately \$330.4 million. New retail construction peaked in 2004 and 2005 with 121 building permits issued valued at \$136.8 million. New retail construction declined in 2006 with the issuance of 52 building permits valued at \$35.2 million. Major new retail facilities constructed from 2004 to 2006 included Super Target East, Warren East Theater, Gander Mountain, Sportsman’s Warehouse and two Dillon’s stores. The City of Wichita’s historical annual trends in the value of new retail construction is illustrated by the bar chart below.



According to the *Wichita Retail Market Insight* published by Grubb & Ellis, by year-end 2006 the Wichita MSA supported a total inventory of 10.1 million square feet of shopping center space operating at a cumulative vacancy rate of 10.2 percent. Several big-box retailers made announcements in 2006 with Wal-Mart opening a store at 53rd Street and Meridian, Target opening at 71st Street South and Rock Road and Kohl’s will open a store next to Lowe’s at 63rd Street South and K-15. Dillon’s is expanding to stores in west Wichita. Retail development for 2007 is expected to occur at 53rd Street North and Meridian in Derby, the Maize Road corridor in west Wichita and the 13th Street and 21st Street corridors in east Wichita.

Kellogg Drive serves as Wichita’s primary retail corridor housing two regional shopping malls, power centers, big-box retailers and national restaurant chains. Simon Properties owns two regional malls along Kellogg Drive, including Towne East Square in east Wichita and Towne West Square in west Wichita. Anchored by Dillard’s, JC Penney, Sears and Van Maur, Towne East Square houses more than 150 specialty retailers. Big-box retailers operating stores adjacent to the mall include Barnes & Noble, Office Max, TJ Maxx, Hancock Fabrics, Luxury Linens, and Toys ‘R Us. Meanwhile, the 945,784 square foot Towne West Square houses Dillard’s, JC Penney, Sears, Dick’s Sporting Goods and more than 95 specialty retailers. PetsMart, Pier 1 and Babies ‘R Us operate stores adjacent to the mall. Other big-box retailers operating stores along Kellogg Drive include Wal-Mart, Home Depot, Lowe’s, Sam’s Club, Kohl’s, TJ Maxx, Best Buy, Circuit City, Office Max, Toys ‘R Us, Barnes & Noble and Gander Mountain.

Prompted by continued population growth, recent retail development has concentrated in two suburban locations including the intersections of Highway 96 and Rock Road in northeast Wichita and Maize Road and 21st Street in northwest Wichita. Big-box retailers now operating stores at the intersection of Highway 96 and Rock Road include Wal-Mart Supercenter, Sam's Club, Kohl's, PetSmart, Petco, Linens 'N Things, Comp USA, Office Max, Barnes & Noble, Shoe Carnival and World Market. New Market Square at Maize Road and 21st Street is anchored by Wal-Mart Supercenter, Super Target, Borders Books, Bed Bath & Beyond, Old Navy and Sports Authority.

The *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. attempts to identify opportunities for additional retail store types in Wichita metropolitan area. The report data is derived from two major sources. The demand data is derived from the Consumer Expenditure Survey published by the U.S. Bureau of Labor Statistics while the supply data is provided by the Census of Retail trade. The difference between demand and supply represents the opportunity gap or surplus available for each retail category in the specified reporting geography. When the demand is greater than the supply there is an opportunity gap for that retail category. A positive value signifies an opportunity gap, while a negative value signifies a surplus.

For 2006, based on actual retail sales of \$8.5 billion and consumer demand of \$9.15 billion the *RMP Opportunity Gap – Retail Stores Report* estimated the Wichita MSA is under retail and capable of supporting an additional \$628.1 million in retail sales. The most under serviced retail categories possessing the greatest opportunity to support additional sales include clothing stores, supermarkets, pharmacies and drug stores, sporting goods stores, furniture stores and home improvement centers. Forecast retail sales opportunity gaps are quantified by major retail category by the table below.

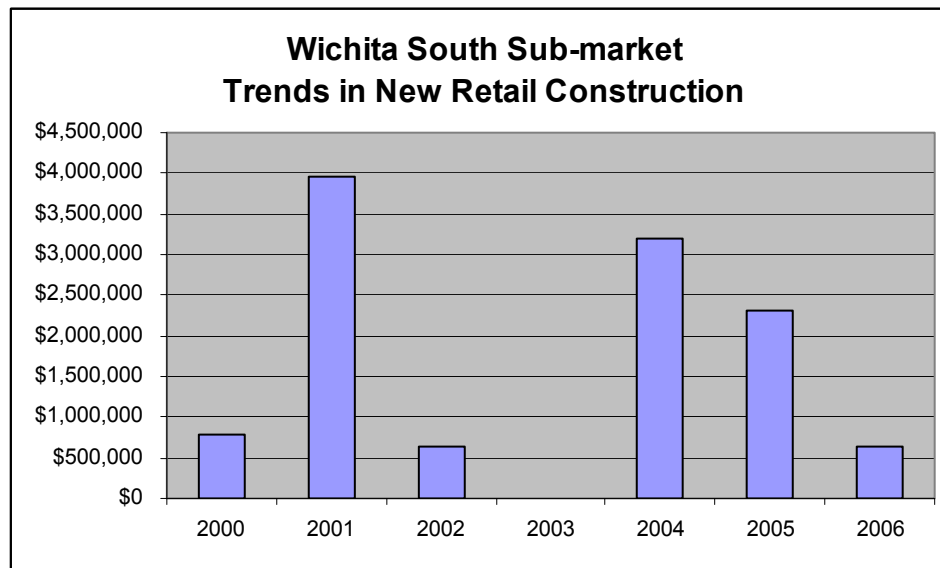
RMP Opportunity Gap by Retail Category – Wichita MSA

| Retail Categories | Demand Consumer Expenditures | Supply Retail Sales | Opportunity Gap/(Surplus) |
|---------------------------------|---------------------------------|------------------------|------------------------------|
| Total MSA Retail Sales | \$9,150,527,942 | \$8,522,475,878 | \$628,052,064 |
| Clothing Stores | \$295,775,809 | \$196,112,921 | \$99,662,888 |
| Supermarkets | \$890,032,463 | \$827,209,992 | \$62,822,471 |
| Pharmacies & Drug Stores | \$381,743,798 | \$346,631,007 | \$35,112,791 |
| Sporting Goods Stores | \$64,528,561 | \$29,970,022 | \$34,558,539 |
| Furniture Stores | \$124,028,860 | \$89,962,009 | \$34,066,851 |
| Home Improvement Centers | \$360,446,402 | \$336,885,017 | \$23,561,385 |
| Lawn & Garden Stores | \$93,550,277 | \$75,859,029 | \$17,691,248 |
| Home Furnishing Stores | \$108,606,487 | \$91,927,024 | \$16,679,463 |
| Specialty Food Stores | \$30,801,292 | \$17,643,990 | \$13,157,302 |
| Shoe Stores | \$55,740,865 | \$43,534,996 | \$12,205,869 |
| Gift, Novelty & Souvenir Stores | \$41,437,409 | \$31,965,982 | \$9,471,427 |
| Book and Music Stores | \$53,875,013 | \$45,553,987 | \$8,321,026 |
| Jewelry Stores | \$52,286,606 | \$44,227,005 | \$8,059,601 |
| Drinking Places | \$29,545,355 | \$21,826,988 | \$7,718,367 |

Source: Claritas, Inc.

Survey of Competitive Retail Space

The Broadway and 47th Street Redevelopment District is located within the southern portion of Wichita. According to *Development Trends* published by the Wichita-Sedgwick County Metropolitan Area Planning Department, since 2000 new retail construction activity has remained modest within the Wichita South sub-market. From 2000 to 2006 a total of 33 building permits were issued for new construction in the Wichita South sub-market amounting to over \$11.5 million in new retail construction. New retail construction peaked in 2001 with eight permits totaling \$3.95 million in new retail construction.



Pawnee Street represents the Wichita South sub-market's northern boundary and the principal retail corridor. Pawnee Street is located four miles north of the Broadway and 47th Street Redevelopment District. Major retailers operating along Pawnee Street include Wal-Mart Supercenter, Dollar General, Family Dollar, Ace Hardware, and Osco Drug. Pawnee Place opened in fall 2005 anchored by a Wal-Mart Supercenter and Dollar General.

The Broadway and 47th Street Redevelopment District is located within another major retail hub in Wichita South that parallels 47th Street from Interstate 135 west to Broadway Street. Two anchored shopping centers are located within this retail hub housing a Big Kmart, Dollar Tree, and Dillons Food & Pharmacy. National restaurant chains operating along 47th Street include Applebee's, Barron's Pizza, Carlos O'Kelly's, KFC, Long John Silvers, McDonalds, Pizza Hut, Subway, Taco Bell, and Quizno's. Presence within this major retail hub will assist in successful redevelopment of the Broadway and 47th Street Redevelopment District.

Recent retail construction just south of Wichita includes a new Lowe's Home Improvement Warehouse located at 63rd Street and K-15 Highway in Derby, Kansas. This new store is located approximately five miles southeast of the Broadway and 47th Street Redevelopment District and will compete with the planned Home Depot.

According to City of Wichita Planning Department staff no major shopping centers or big-box retailers are approved for future development within the Wichita South sub-market.

A Home Depot will anchor the new shopping center being constructed within the Broadway and 47th Street Redevelopment District. The Home Depot store will serve a retail trade area defined as the geographic area within a 5-mile radius.

The *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. attempts to identify opportunities for additional retail store types within a 5-mile radius from the Broadway and 47th Street Redevelopment District. The report data is derived from two major sources. The demand data is derived from the Consumer Expenditure Survey published by the U.S. Bureau of Labor Statistics while the supply data is provided by the Census of Retail trade. The difference between demand and supply represents the opportunity gap or surplus available for each retail category in the specified reporting geography. When the demand is greater than the supply there is an opportunity gap for that retail category. A positive value signifies an opportunity gap, while a negative value signifies a surplus.

According to the findings of the *RMP Opportunity Gap – Retail Stores Report* during 2005 a retail opportunity gap of \$67.5 million was reported for the 5-mile radius surrounding the Broadway and 47th Street Redevelopment District, suggesting considerable retail sales leakage occurred. The table below outlines retail categories providing the greatest opportunities for capturing additional retail sales. Retail categories most under-supplied within a 5-mile radius of the 47th Street Redevelopment District include clothing and accessories, eating and drinking places, furniture stores, home centers, and lawn and garden supplies. The significant leakage of sales for home centers, lawn and garden supplies, and eating and drinking places bodes well for the market acceptance of the proposed Home Depot store and the marketability of the two out lots to restaurants.

**RMP Opportunity Gap by Retail Category
5-Mile Radius from the Broadway and 47th Street Redevelopment District**

| Retail Categories | Demand Consumer Expenditures | Supply Retail Sales | Opportunity Gap |
|------------------------------------|---|--------------------------------|----------------------------|
| Clothing & Accessories Stores | \$68,866,210 | \$18,460,651 | \$50,405,559 |
| Eating & Drinking Places | \$143,605,343 | \$109,917,554 | \$33,687,789 |
| Furniture Stores | \$20,129,491 | \$5,362,987 | \$14,766,504 |
| Home Centers | \$55,722,029 | \$41,027,479 | \$14,694,550 |
| Lawn and Garden Supplies Stores | \$14,792,453 | \$5,401,320 | \$9,391,133 |
| Gift & Novelty Stores | \$10,169,186 | \$3,092,732 | \$7,076,454 |
| Convenience Stores | \$8,036,450 | \$27,105 | \$8,009,345 |
| Office Supplies Stores | \$17,819,957 | \$11,743,800 | \$6,076,157 |
| Pharmacy & Drug Stores | \$73,246,559 | \$68,998,066 | \$4,248,493 |
| Hobbies, Toys & Games Stores | \$7,191,404 | \$3,616,896 | \$3,574,508 |
| Cosmetics & Beauty Supplies Stores | \$3,661,906 | \$276,879 | \$3,385,027 |

Source: RMP Opportunity Gap - Retail Stores 2005; Claritas, Inc.

Retail Space Demand Forecasts

A *Retail Market Analysis* is designed to quantify a particular trade area's potential to increase its inventory of occupied shop space over a specified period of time. Retail space demand through 2011 has been forecast for the primary trade area (5-mile radius) to provide an understanding of future competitive market conditions impacting the Broadway and 47th Street Redevelopment District.

Net demand for retail floor space is a direct function of consumer population and income levels. Claritas, Inc. provided 2006 estimates and 2011 forecasts for population and per capita income levels within the primary trade area.

Retail expenditures for Kansas, exclusive of automobile sales, amount to 46 percent of total household income. Given Wichita's status as a regional shopping destination a retail pull factor of 1.20 was applied to arrive at potential non-automobile retail sales. Actual retail sales for the primary trade area, exclusive of automobile sales, were estimated at \$1.27 billion in 2005. Based on *Dollars & Cents of Shopping Centers 2004*, an average retail sales rate of \$220 per square foot was used to quantify the current demand for retail space and \$240 per square foot for retail space demand in the year 2011. Based on these market-driven assumptions, the table below provides retail sales and space demand forecasts for the primary trade area through 2011.

Projected Retail Space Demand Primary Trade Area; 2006 – 2011

| | 2006 | 2006- 2010 Change |
|---|-----------------|------------------------------|
| Population | 121,148 | 2,333 |
| Per Capita Income | \$19,084 | \$20,843 |
| Total Personal Income | \$2,311,988,432 | \$48,626,719 |
| % Income Spent on Goods & Services | 46% | 46% |
| Retail Pull Factor | 1.20 | 1.20 |
| Total Potential Non-Automotive Retail Sales | \$1,276,217,615 | \$26,841,949 |
| Less: Actual 2005 Trade Area Non-Automotive Retail Sales | \$1,269,531,917 | |
| Potential Capture of Additional Non-Automotive Retail Sales | \$6,685,698 | \$26,841,949 |
| Average Retail Sales Per Square Foot | \$220 | \$240 |
| Supportable Additional Retail Space (Sq. Ft.) | 30,390 | 111,841 |
| Required Land Area (FAR of 0.20) | 3.5 | 12.8 |

Source: Canyon Research Southwest, Inc.; October 2007.

During 2005, total retail sales for the primary trade area, exclusive of automobile sales, were estimated at \$1.27 billion. Meanwhile, based on current population and income levels, potential retail sales in 2006 for the primary trade area are estimated at \$1.27 billion, suggesting a potential to capture an additional \$6.7 million in retail sales. At average retail sales of \$220 per square foot, an estimated additional 30,390 square feet of retail space is currently supportable in the primary trade area.

By the year 2011, the primary trade area is forecast to support an additional 111,841 square feet of retail space. The Broadway and 47th Street Redevelopment District involves razing the majority of an existing 104,000 square foot shopping center (13,680 square feet of shops will remain) and constructing a 102,876 square foot Home Depot and 16,800 square feet of new shop space. The net gain in new retail space is estimated at 29,356 square feet. Therefore, the primary trade area supports sufficient pent-up demand for retail space to accommodate feasible near-term development of the Broadway and 47th Street Redevelopment District.

Shopping Center Site Evaluation

The Broadway and 47th Street Redevelopment District was evaluated for the ability to support anchored shopping center development based on the following site selection criteria: visibility; accessibility; traffic volumes; parcel size requirements; level of direct competition; and trade area demographics.

Visibility

Visibility and exposure have a significant influence on a shopping center's achievable retail sales volumes. All shopping center types should possess major arterial frontage with power centers and regional malls preferring a freeway location. National and regional big-box retailer, restaurant, convenience store and bank chains also require major arterial frontage. The Broadway and 47th Street Redevelopment District offers adequate visibility via the major arterial streets of 47th Street and Broadway Street, satisfying the site exposure requirement of potential big-box retailers and out lot retailers such as sit-down restaurants, fast food restaurants, and bank branches.

Accessibility

The larger the shopping center formats the larger the serviced trade area. Therefore, while strip and neighborhood shopping centers require adequate local and on-site accessibility, larger community and power centers rely on an efficient regional transportation network that typically includes a mix of major arterial streets and freeways. The Broadway and 47th Street Redevelopment District Area is located adjacent to U.S. Highway 81 and ½-mile west of Interstate 135, which also provides direct access to Interstate 35 located less than one-half mile to the south. Therefore, site access is sufficient to facilitate big-box retailer and community shopping center development.

Traffic Counts

The vehicular traffic counts on arterial streets that flow past the site are important when evaluating a potential shopping center retailer site. Average daily traffic counts for 2005 past the 47th Street Redevelopment District were reported by the City of Wichita at 14,670 vehicles on 47th Street and 22,307 vehicles on Broadway Street. These traffic volumes provide sufficient exposure for big-box retailers, small shops, and freestanding out lots.

Parcel Size and Dimensions

The Broadway and 47th Street Redevelopment District occupies an 18.19-acre site. Neighborhood shopping center sites typically range in size from 3 to 15 acres; 10 to 40 acres for community centers; and 25 to 80 acres for power and lifestyle centers. Freestanding big-box retailer sites generally range in size from 2 to 25 acres. Freestanding pads sites capable of accommodating restaurant, convenience store and bank branch uses generally occupy 1.0+ acres.

Each retail development format also requires a rectangular shape and an orientation towards the most prominent adjacent arterial. The Broadway and 47th Street Redevelopment District possesses sufficient parcel size, shape and major arterial street orientation to accommodate development of a community shopping center.

Potential Shopping Center Formats Broadway and 47th Street Redevelopment District

| Center Type | Building Area Sq. Ft. | Land Area Acres | Anchor Ratio* | Primary Trade Area** |
|--|----------------------------------|----------------------------|--------------------------|---------------------------------|
| Strip Center | 5,000 – 25,000 | 1 – 5 | 0% | 1-2 miles |
| Neighborhood Center | 30,000 – 150,000 | 3 – 15 | 30-50% | 2-3 miles |
| Community Center | 100,000 – 350,000 | 10 – 40 | 40-60% | 3-6 miles |
| Super Community | 250,000 – 500,000 | 25 – 50 | 50-70% | 5-7 miles |
| Power Center | 250,000 – 600,000 | 25 – 80 | 75-90% | 5-10 miles |
| Lifestyle Center | 300,000-700,000 | 30 – 80 | 75-90% | 5-10 miles |
| Notes: * Denotes the share of a center's total space occupied by anchor tenants. | | | | |
| ** The area from which 60 – 80% of the center's sales originate. | | | | |
| Source: International Council of Shopping Centers. | | | | |

Trade Area Demographics

The primary trade area for the Broadway and 47th Street Redevelopment District is defined as the region within a 5-mile radius of the site. Demographic characteristics and trends for the primary trade area population provided by Claritas, Inc. are summarized in the table on page 13.

The primary trade area's large adolescent population is sufficient for supporting the sales of apparel and accessories; groceries; sporting goods; music; home electronics; eating and drinking places; and general merchandise. The large population ages 25 to 44 are in their principal consumer years, favors hardware; furniture and home furnishings; home electronics; department stores; and eating and drinking places. These retail consumption patterns and a large number of households earning from \$35,000 to \$74,999 per year favor for big-box retailers. The primary trade area demographics are favorable for supporting the planned 102,876 square foot Home Depot as well as freestanding sit-down restaurants.

Primary Trade Area Demographic Trends

| Demographic Characteristic | 2000 Census | 2006 Estimate |
|--------------------------------------|----------------|------------------|
| Population | 121,148 | 119,567 |
| Households | 48,052 | 47,518 |
| Income | | |
| Per Capita | \$19,084 | \$20,843 |
| Average Household | \$47,876 | \$52,221 |
| Median Household | \$40,665 | \$43,709 |
| Household Income Distribution | | |
| Less than \$15,000 | 13.81% | 12.69% |
| \$15,000 - \$24,999 | 13.92% | 12.56% |
| \$25,000 - \$34,999 | 14.82% | 13.69% |
| \$35,000 - \$49,999 | 19.74% | 19.06% |
| \$50,000 - \$74,999 | 21.33% | 21.67% |
| \$75,000 - \$99,999 | 9.24% | 10.45% |
| \$100,000 - \$149,999 | 5.86% | 7.93% |
| \$150,000 - \$249,999 | 1.00% | 1.58% |
| \$250,000 - \$499,999 | 0.25% | 0.30% |
| \$500,000+ | 0.04% | 0.08% |
| Population Age Distribution | | |
| 0-4 Years | 8.41% | 8.28% |
| 5-9 Years | 7.90% | 7.89% |
| 10-17 Years | 11.68% | 11.83% |
| 18-24 Years | 9.19% | 9.00% |
| 25-34 Years | 15.09% | 13.60% |
| 35-44 Years | 14.15% | 14.11% |
| 45-54 Years | 13.41% | 13.25% |
| 55-64 Years | 8.82% | 10.46% |
| 65+ Years | 11.34% | 11.59% |
| Median Age | 33.49 | 34.57 |
| Average Age | 35.19 | 35.80 |

Source: Claritas, Inc.

Direct Competition

A 102,876 square foot Home Depot store is planned for construction at the Broadway and 47th Street Redevelopment District. The only major home improvement store operating within the primary trade area is a Lowe's Home Improvement Warehouse located five miles to the southeast at 63rd Street and Highway 15 in Derby. Small hardware stores operating in south Wichita include a Sutherland's located four miles northeast at Highway 15 and MacArthur Road and United Building Centers two miles north at MacArthur Road and Interstate 235. The closest existing Home Depot stores are located 11 miles to the northwest at U.S. Highway 54 and Tyler Road in west Wichita and 15 miles to the northeast at Woodlawn Avenue and Highway 96 in northwest Wichita.

According to the findings of the *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc., during 2005 the 5-mile radius surrounding the Broadway and 47th Street Redevelopment District generated a potential \$55.7 million in home center sales. Of these potential home center sales the primary trade area captured \$41.0 million. This discrepancy suggests that the primary trade area is capable of supporting an additional \$14.7 million in annual home center sales. Competitive market conditions suggest short-term market entry of the proposed Home Depot store is feasible.

Conclusions

Based on standard site evaluation criteria, it has been determined that the Broadway and 47th Street Redevelopment District is an excellent community shopping center site, possessing the necessary parcel size and orientation, visibility, exposure, accessibility, and trade area demographics. The commitment by Home Depot to construct a 102,876 square foot store affirms the site's desirability as a viable retail location. Competitive market conditions suggest short-term market entry of the Home Depot store is feasible.

TIF REVENUE PROJECTIONS

Tax Increment Financing (TIF) will be available to fund necessary streets and infrastructure improvements to the Broadway and 47th Street Redevelopment District located at the southwest corner of Broadway and 47th Streets in Wichita, Kansas. This section of the report provides TIF revenue forecasts for the 133,587 square foot shopping center being developed within the Broadway and 47th Street Redevelopment District.

Methodology for Forecasting TIF Revenues

The Kansas Tax Increment Financing Act permits cities to establish Redevelopment Districts and carry out redevelopment projects within such districts. Sections 12-1770 through 12-1780a of the Kansas Statutes provide a means for cities to finance infrastructure improvements and land acquisition costs with incremental real estate taxes and sales tax revenues. These TIF-eligible costs can be reimbursed one of two ways: (1) with “pay-as-you-go” reimbursement as the additional tax revenues come in from year to year or (2) from bonds sold at the beginning of the project and paid off using annual tax revenues.

The purpose of the TIF Act is to “promote, stimulate and develop the general and economic welfare of the State of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of this state.” The TIF Act requires projects to be completed within 20 years from the date of the approval of a project plan.

The Broadway and 47th Street Redevelopment District provides for the redevelopment of an 18.19-acre property at the southwest corner of 47th and Broadway Streets in Wichita, Kansas. Total project costs are estimated at \$14.8 million, inclusive of land, site work and buildings. The Developer is to be reimbursed for TIF-related costs up to the reimbursement cap amount of \$1.8 million plus actual interest and financing costs. TIF-eligible costs include land acquisition, demolition, site preparation, paving, parking, access, utilities and landscaping. When the reimbursement cap is met, captured tax revenues will be declared surplus and the TIF Plan will terminate.

The TIF Act defines the types of revenues that can be captured to pay for TIF-eligible costs. TIF revenues available to the Broadway and 47th Street Redevelopment District are:

- 100 percent of incremental real property taxes generated by the tax rates of all property tax jurisdictions within the Redevelopment District (State 1.5 mills and School District 20 mills are excluded from capture for TIF) and

The incremental revenues from real property taxes are determined by projecting the annual tax revenues from this source and, then, subtracting a certified base amount of revenues that were generated within the Redevelopment District in the calendar year the TIF Plan was approved. These pre-TIF revenues continue to accrue to all jurisdictions as before; they are not subject to capture for TIF.

Timing of TIF Revenues

On May 25, 2006 the City of Wichita, Kansas adopted the Broadway and 47th Street Tax Increment Financing Redevelopment Plan to fund eligible project costs associated with the Redevelopment District. The TIF Act requires all projects to be completed within 20 years from the date of the approval of the project plan. This report forecast TIF revenues generated within the Broadway and 47th Street Redevelopment District from May 25, 2006 through May 24, 2026.

TIF Revenue Forecasts

Tax Increment Financing revenues for the Broadway and 47th Street Redevelopment District will be generated by real property taxes. The Broadway and 47th Street TIF Plan excludes the collection of retail sales taxes. This section of the report provides TIF revenue forecasts generated by the Broadway and 47th Street Redevelopment District throughout the statutory 20-year life of the TIF Plan.

Base Year Assessed Value

Tax increment financing involves the creation of an increment (increase over a base year) in the real estate taxes that are generated from a defined geographic area of a community. Upon establishment of a redevelopment district, the total assessed value of all taxable real estate within the district is determined. This valuation is referred to as the district's base year "Original Assessed Value." Property taxes attributable to the district's Original Assessed Value are annually collected and distributed by the county treasurer to the appropriate city, county, school district, and all other taxing subdivisions in the same manner as other property taxes.

As new development occurs within the redevelopment district, the total assessed valuation of the district in any given year will presumably exceed its base year Original Assessed Value. Property tax revenue generated by applying the sum of the property tax rates of all TIF-eligible taxing subdivisions to the increase in assessed value over and above the base year Original Assessed Value is referred to as the "tax increment." All tax increment is collected by the county and distributed to the city to be deposited in a tax increment fund.

Tax increment funds may only be used to pay specified eligible project costs, including principal and interest on debt used, in whole or in part, to finance projects within a redevelopment district. Such debt includes notes, special obligation bonds, full faith and credit tax increment bonds, and other debt instruments. Tax increment funds also may be paid to a developer/owner over time as reimbursement for eligible costs incurred up-front. This payment mechanism is commonly referred to as pay-as-you-go financing and may include not only the principal amount of such costs but also all or a portion of the interest accrued thereon.

The Sedgwick County Appraisers Office values real property for local ad valorem tax purposes. Kansas law requires that real property be appraised at its market value on January 1st of each year. The law defines market value as the cash price a property would sell for when it is on the market for a reasonable time; neither party is under pressure to sell or buy; both parties know all the relevant facts about the property; and each party seeks to make the best possible deal. The

Sedgwick County Appraisers Office arrives at its opinion of market value through the use of generally accepted appraisal methods.

The Kansas constitution sets the framework for the ad valorem taxation system. Article 11, Section 1 of the Kansas constitution provides for the various classes of property and the assessment rates applicable to each class. Class 1 consists of real property. Real property is further classified into seven subclasses. The Broadway and 47th Street Redevelopment District currently consists of vacant land with an assessment ration of 12 percent and improved commercial property with an assessment ration of 25 percent. Upon execution of the Broadway and 47th Street Redevelopment Plan an assessment ratio of 25 percent will apply to the entire Redevelopment District. Therefore, the assessed valuation of real property in the Redevelopment District will be calculated by applying a 25 percent assessment ratio for improved commercial property to the appraised value.

To calculate incremental real property tax revenues, the assessed value of the real property prior to approval of the TIF Plan is subtracted from the adjusted assessed value of the new development. According to the Sedgwick County Appraiser’s Office, the Broadway and 47th Street Redevelopment District consists of two parcels with total reported year 2006 real property taxes of \$57,148. The base year real property taxes were estimated by applying the TIF-eligible tax rate of 95.466 Mills per \$1,000 of assessed valuation, yielding a TIF base of \$46,643. Therefore, for the purpose of calculating real property tax revenues the incremental increase for the Broadway and 47th Street Redevelopment District was established by subtracting the TIF-eligible basis year real property taxes of \$46,643 from the estimated real property taxes of the new improvements.

The base year (2006) appraised and assessed valuations as well as levied real property taxes for the Broadway and 47th Street Redevelopment District as reported by the Sedgwick County Appraiser are outlined by individual parcel in the table below.

**Broadway and 47th Street Redevelopment District
Base Year Appraised and Assessed Values**

| Parcel ID # | Land Use | Appraised Value | Assessment Ratio | Assessed Value - 2006 | 2006 Taxes |
|--------------------|-----------------|------------------------|-------------------------|------------------------------|-------------------|
| 214200110100300A | Shopping Center | \$1,684,100 | 25% | \$421,025 | \$49,246 |
| 214200110100200A | Vacant Land | \$563,000 | 12% | \$67,560 | \$7,902 |
| Totals | | \$2,247,100 | | \$488,585 | \$57,148 |

Source: Sedgwick County Appraiser

Property Tax Rates

Property tax rates may be adjusted every year. Because any future adjustments that may occur are unknown, including an increase or decrease in tax levies due to voter approval, to remain conservative the 2006 ad valorem property tax rates are used to project future property tax revenues.

The 2006 ad valorem property tax rate levy assessed properties within the Broadway and 47th Street Redevelopment District is 116.966 Mills per \$1,000 of assessed valuation. The 1.500 Mill Levy for the State of Kansas and the 20.000 Mill Levy for the Unified School District are not subject to TIF-capture. Therefore, the Mill Levies subject to TIF-capture are 95.466 per \$1,000 of assessed valuation.

Real Property Taxing Districts Rates; 2006 Broadway & 47th Street Redevelopment District

| Taxing District | Tax Rate | TIF | Not TIF |
|------------------------------|----------------|---------------|---------------|
| | | Captured | Eligible |
| State of Kansas | 1.500 | 0.000 | 1.500 |
| Sedgwick County | 31.315 | 31.315 | 0.000 |
| City of Wichita | 31.953 | 31.953 | 0.000 |
| Unified School District #259 | 51.296 | 31.296 | 20.000 |
| Riverside Drainage District | 0.902 | 0.902 | 0.000 |
| Totals | 116.966 | 95.466 | 21.500 |

Source: Sedgwick County Clerk.

Property tax bills are mailed in early to mid November. Taxpayers have the option of paying the full or half amount taxes by December 20th. Delinquent real property taxes may still be paid by half plus any interest due until May 10th. After May 10th the full amount plus interest must be paid.

Estimated Real Property Tax Revenues

The TIF revenue streams generated by the Broadway and 47th Street Redevelopment District is forecast to generate TIF revenues through construction of the Home Depot, retail shops and out parcels. The initial phase of development will be completed by the fourth quarter 2008 consisting of the 102,876 square foot Home Depot and one out parcel. By the first quarter 2009 construction of the 16,800 square feet of new shops and remaining out parcel are anticipated to be completed. The 13,911 square feet of existing shops on the eastern portion of the site will remain and be renovated to be consistent with the balance of the shopping center.

For the January 1, 2007 assessment the Broadway and 47th Street Redevelopment District was combined into one tax parcel number and the Sedgwick County Appraiser re-appraised it for \$1,234,600, yielding an assessed valuation of \$308,650.

A portion of the existing shopping center occupying the 47th Street Redevelopment District is scheduled to be razed to make way for the Home Depot. For the purpose of this report the January 1, 2008 appraised value reported by the Sedgwick County Appraiser for the prior year will remain.

By January 1, 2009 both the Home Depot store and Lot 4 are scheduled to be completed and the Sedgwick County Appraiser will re-assess the Broadway and 47th Street Redevelopment District to account for the new improvements. The appraised value for the Home Depot was estimated based on the developer's construction budget, actual appraised values for existing Wichita area Home Depot and Lowe's stores, and by consulting Marshall Valuation Services.

The developer has estimated the cost to construct the Home Depot and 30,480 square feet of shops at approximately \$12.6 million, including \$5.6 million for the Home Depot, \$3.0 million for the shops, and \$4.0 million for the land. These development cost estimates equate to approximately \$94.49 per square foot of building area. Marshall Valuation Services published market values of approximately \$45 to \$74 per square foot for community shopping centers, depending on the quality of construction.

Five Home Depot and Lowe's stores currently operate within the Wichita area. As summarized in the table below, 2007 appraised values for these five comparable home improvement centers ranged from \$6,175,500 to \$8,641,000. Variations in appraised value were based on the size of the store, age of improvements and location. The appraised values translate into per square foot values of \$49.88 to \$58.37. The newest store built in 2004 was valued at \$56.37 per square foot.

Comparable Home Improvement Centers - 2007 Appraised Values

| Store | Location | Year Built | Size Sq. Ft. | Appraised Value | Value Per Sq. Ft. | # of Acres |
|-----------------|--------------------|-------------------|---------------------|------------------------|--------------------------|-------------------|
| Home Depot | 3350 N. Woodlawn | 1998 | 112,024 | \$6,175,500 | \$55.13 | 12.22 |
| Home Depot | 8444 W. McCormick | 1999 | 127,969 | \$6,383,000 | \$49.88 | 11.06 |
| Lowe's | 333 S. Ridge | 1998 | 124,936 | \$6,747,570 | \$54.01 | 17.69 |
| Lowe's | 11959 E. Kellogg | 2001 | 148,588 | \$8,641,000 | \$58.15 | 13.35 |
| Lowe's | 424 W. 63rd Street | 2004 | 135,941 | \$7,662,800 | \$56.37 | 15.11 |
| Averages | | | | \$7,121,974 | \$54.83 | 13.89 |

Based on the development cost budget and findings of the appraised value comparables and Marshall Valuation Services, the January 1, 2009 appraised value for the 102,876 square foot Home Depot store inclusive of the garden center is estimated at \$61 per square foot, or \$8,395,796. Applying an assessment ratio of 25 percent for commercial property yields an assessed valuation of \$2,098,949.

Lot 4 fronts 47th Street and totals 1.05 acres. A 6,500 square foot sit-down restaurant is anticipated to be built on Lot 4 with completion during the fourth quarter 2008. The appraised value for Lot 4 was estimated consulting both the developer's construction budget and Marshall Valuation Services. The developer has estimated development costs for Lot 4 excluding land at

\$1.1 million, or \$169.23 per square foot of building area. Marshall Valuation Services published market values for good to excellent Class A and B restaurants of approximately \$137 to \$184 per square foot under roof. The January 1, 2009 appraised value for the 6,500 square foot sit-down restaurant is estimated at \$185 per square foot, or \$1,202,500. Applying an assessment ratio of 25 percent for commercial property yields an assessed valuation of \$300,625. The 2009 appraised valuation for Lot 3 as vacant land is estimated at \$10.00 per square foot, equating to \$464,950. Applying an assessment ratio of 12 percent for vacant land yields an assessed valuation of \$55,794.

The 13,911 square feet of existing retail shops fronting onto Broadway Street will be renovated to be consistent with the balance of the shopping center. Marshall Valuation Services published market values for average to excellent Class A and B retail stores of approximately \$69 to \$120 per square foot under roof. Therefore, the January 1, 2009 appraised value for the 13,911 square feet of existing retail shops is estimated at \$95 per square foot, or \$1,321,545. Applying an assessment ratio of 25 percent for commercial property yields an assessed valuation of \$330,386.

Lots 2A and 2B designed for the construction of 16,800 square feet of retail shops will remain as vacant land for the January 1, 2009 re-assessment. At a market value of \$3.00 per square foot and an assessment ratio of 12 percent the January 1, 2009 assessed valuation for Lots 2A and 2B is estimated at \$58,515.

The total 2009 appraised valuation of the Broadway and 47th Street Redevelopment District is estimated at \$11.9 million, translating into an assessed valuation of \$2.8 million. At a TIF-eligible Mill Levy of \$95.466 per \$1,000 in assessed valuation and TIF-eligible base year real property taxes of \$46,643, the incremental real property taxes are estimated at \$224,888.

Broadway & 47th Street Redevelopment District Estimated Incremental Property Tax Revenue – 2009

| Shopping Center Component | Space Sq. Ft. | Value Per Sq. Ft. | Appraised Value | Assessed Value |
|----------------------------------|--------------------------|------------------------------|----------------------------|---------------------------|
| Home Depot | 137,636 | \$61 | \$8,395,796 | \$2,098,949 |
| Retail Shops A (vacant land) | 16,800 | | \$487,625 | \$58,515 |
| Retail Shops B (existing shops) | 13,911 | \$95 | \$1,321,545 | \$330,386 |
| Lot 3 - Restaurant (vacant land) | 6,500 | | \$464,950 | \$55,794 |
| Lot 4 - Restaurant | 6,500 | \$185 | \$1,202,500 | \$300,625 |
| Totals | | | \$11,872,416 | \$2,844,269 |
| Estimated Property Taxes | | | | \$271,531 |
| Less: Base Year Taxes | | | | -46,643 |
| Incremental Tax Increase | | | | \$224,888 |

Source: Canyon Research Southwest, Inc.; October 2007.

The Broadway and 47th Street Redevelopment District is scheduled to achieve build-out by the first quarter 2009 with the completion of the 16,800 square feet of new retail shops and a 6,500 square foot restaurant on Lot 3. The Sedgwick County Appraiser will re-assess the district as of January 1, 2010 to account for the new improvements.

Marshall Valuation Services published market values for average to excellent Class A and B retail stores of approximately \$69 to \$120 per square foot under roof. Therefore, the January 1, 2010 appraised value for the 16,800 square feet of new retail shops is estimated at \$98 per square foot, or \$1,646,400. Applying an assessment ratio of 25 percent for commercial property yields an assessed valuation of \$411,600.

A 6,500 sit-down restaurant is anticipated to open at Lot 3 in early 2009. The January 1, 2010 appraised value for the sit-down restaurant is estimated at approximately \$189.63 per square foot, or \$1,232,563. Applying an assessment ratio of 25 percent for commercial property yields an assessed valuation of \$308,141.

The total 2010 appraised valuation of the Broadway and 47th Street Redevelopment District is estimated at \$14.1 million, translating into an assessed valuation of \$3.5 million. At a TIF-eligible Mill Levy of \$95.466 per \$1,000 in assessed valuation and TIF-eligible base year real property taxes of \$46,643, the incremental real property taxes are estimated at \$289,202.

Broadway & 47th Street Redevelopment District Estimated Incremental Property Tax Revenue at Build-out (2010)

| Shopping Center Component | Space Sq. Ft. | Value Per Sq. Ft. | Appraised Value | Assessed Value |
|----------------------------------|--------------------------|------------------------------|----------------------------|---------------------------|
| Home Depot | 137,636 | \$62.53 | \$8,605,691 | \$2,151,423 |
| Retail Shops A | 16,800 | \$98.00 | \$1,646,400 | \$411,600 |
| Retail Shops B (existing shops) | 13,911 | \$97.38 | \$1,354,584 | \$338,646 |
| Lot 3 - Restaurant | 6,500 | \$189.63 | \$1,232,563 | \$308,141 |
| Lot 4 - Restaurant | 6,500 | \$189.63 | \$1,232,563 | \$308,141 |
| Totals | | | \$14,071,801 | \$3,517,950 |
| Estimated Property Taxes | | | | \$335,845 |
| Less: Base Year Taxes | | | | -46,643 |
| Incremental Tax Increase | | | | \$289,202 |

Source: Canyon Research Southwest, Inc.; October 2007.

Real property in Kansas is appraised every year. From 1997 through 2006 the Consumer Price Index (CPI) rose at an average annual rate of 2.45 percent. This report assumes that the Broadway and 47th Street Redevelopment District's assessed valuation will appreciate at an annualized rate of 2.5 percent through maturity of the TIF Plan on May 24, 2026. A property's assessed value can only be determined by the Sedgwick County Appraiser, therefore, the estimates of future assessed valuation concluded to in this report will likely vary from actual future assessments.

Total TIF Revenues

A 102,867 square foot Home Depot, 30,711 square feet of shops and two out lots are planned for development within the Broadway and 47th Street Redevelopment District. As outlined in the table on page 23, through expiration of the TIF Plan on May 24, 2026 total real property tax revenues generated by the Broadway and 47th Street Redevelopment District are estimated at approximately \$6.4 million. Accounting for a one-year lag in real property tax receipts, actual TIF revenues collected prior to maturity of the TIF Plan are estimated at \$6.0 million.

**Broadway and 47th Street Tax Increment Financing Plan
Forecast Real Property Taxes – (Home Depot, Shops and Out Parcels)**

| Year | Base Year | New Assessed Value | | | | | Total New Assessed Value | Tax Rate | New Property Taxes | Incremental Property Taxes | Funds Available for Deposit |
|---------------|------------------|---------------------|--------------------|--------------------|-----------|-----------|--------------------------|----------|--------------------|----------------------------|-----------------------------|
| | Property Taxes | Home Depot | Retail Shops A | Retail Shops B | Outlot 3 | Outlot 4 | | | | | |
| 2006 | \$46,643 | | | | | | \$488,585 | 0.095466 | \$46,643 | \$0 | \$ - |
| 2007 | \$46,643 | | | | | | \$308,650 | 0.095466 | \$29,466 | \$0 | \$ - |
| 2008 | \$46,643 | | | | | | \$308,650 | 0.095466 | \$29,466 | \$0 | \$ - |
| 2009 | \$46,643 | \$2,098,949 | \$58,515 | \$330,386 | \$55,794 | \$300,625 | \$2,844,269 | 0.095466 | \$271,531 | \$224,888 | \$ - |
| 2010 | \$46,643 | \$2,151,423 | \$411,600 | \$338,646 | \$308,141 | \$308,141 | \$3,517,950 | 0.095466 | \$335,845 | \$289,202 | \$ 224,888 |
| 2011 | \$46,643 | \$2,205,208 | \$421,890 | \$347,112 | \$315,844 | \$315,844 | \$3,605,898 | 0.095466 | \$344,241 | \$297,598 | \$ 289,202 |
| 2012 | \$46,643 | \$2,260,339 | \$432,437 | \$355,790 | \$323,740 | \$323,740 | \$3,696,046 | 0.095466 | \$352,847 | \$306,204 | \$ 297,598 |
| 2013 | \$46,643 | \$2,316,847 | \$443,248 | \$364,684 | \$331,834 | \$331,834 | \$3,788,447 | 0.095466 | \$361,668 | \$315,025 | \$ 306,204 |
| 2014 | \$46,643 | \$2,374,768 | \$454,329 | \$373,801 | \$340,130 | \$340,130 | \$3,883,158 | 0.095466 | \$370,710 | \$324,067 | \$ 315,025 |
| 2015 | \$46,643 | \$2,434,137 | \$465,688 | \$383,146 | \$348,633 | \$348,633 | \$3,980,237 | 0.095466 | \$379,977 | \$333,334 | \$ 324,067 |
| 2016 | \$46,643 | \$2,494,991 | \$477,330 | \$392,725 | \$357,349 | \$357,349 | \$4,079,743 | 0.095466 | \$389,477 | \$342,834 | \$ 333,334 |
| 2017 | \$46,643 | \$2,557,366 | \$489,263 | \$402,543 | \$366,282 | \$366,282 | \$4,181,737 | 0.095466 | \$399,214 | \$352,571 | \$ 342,834 |
| 2018 | \$46,643 | \$2,621,300 | \$501,495 | \$412,607 | \$375,439 | \$375,439 | \$4,286,280 | 0.095466 | \$409,194 | \$362,551 | \$ 352,571 |
| 2019 | \$46,643 | \$2,686,832 | \$514,032 | \$422,922 | \$384,825 | \$384,825 | \$4,393,437 | 0.095466 | \$419,424 | \$372,781 | \$ 362,551 |
| 2020 | \$46,643 | \$2,754,003 | \$526,883 | \$433,495 | \$394,446 | \$394,446 | \$4,503,273 | 0.095466 | \$429,909 | \$383,266 | \$ 372,781 |
| 2021 | \$46,643 | \$2,822,853 | \$540,055 | \$444,332 | \$404,307 | \$404,307 | \$4,615,855 | 0.095466 | \$440,657 | \$394,014 | \$ 383,266 |
| 2022 | \$46,643 | \$2,893,424 | \$553,556 | \$455,441 | \$414,415 | \$414,415 | \$4,731,251 | 0.095466 | \$451,674 | \$405,031 | \$ 394,014 |
| 2023 | \$46,643 | \$2,965,760 | \$567,395 | \$466,827 | \$424,775 | \$424,775 | \$4,849,532 | 0.095466 | \$462,965 | \$416,322 | \$ 405,031 |
| 2024 | \$46,643 | \$3,039,904 | \$581,580 | \$478,497 | \$435,395 | \$435,395 | \$4,970,771 | 0.095466 | \$474,540 | \$427,897 | \$ 416,322 |
| 2025 | \$46,643 | \$3,115,902 | \$596,120 | \$490,460 | \$446,280 | \$446,280 | \$5,095,040 | 0.095466 | \$486,403 | \$439,760 | \$ 427,897 |
| 2026 | \$46,643 | \$3,193,799 | \$611,023 | \$502,721 | \$457,436 | \$457,436 | \$5,222,416 | 0.095466 | \$498,563 | \$451,920 | \$ 439,760 |
| TOTALS | \$979,503 | \$46,987,804 | \$8,646,438 | \$7,396,136 | | | \$77,351,225 | | | \$6,439,264 | \$5,987,343 |

Source: Canyon Research Southwest, Inc.; October 2007.

ADDENDA

EXHIBIT A

Canyon Research Southwest, Inc.
List of Public Financing Projects

Canyon Research Southwest, Inc. has performed market studies and revenue projections for several TIF, TDD and STAR bond redevelopment areas within Kansas and Missouri, including:

Tax Increment Financing

- 718,406 square foot SummitWoods Crossing in Lee's Summit, Missouri;
- 457,250 square foot Antioch Center in Kansas City, Missouri;
- 579,980 square foot Blue Ridge Mall Redevelopment in Kansas City, Missouri;
- Old Orchard TIF District in Webster Groves, Missouri;
- 724,333 square foot Gravois Bluffs East & West in Fenton, Missouri;
- 519,295 square foot Prewitt Point in Osage Beach, Missouri;
- Strother Road TIF District; Lee's Summit, Missouri;
- 1,073,743 square foot Branson Hills Shopping Center in Branson, Missouri;
- 398,100 square foot Belton Town Centre in Belton, Missouri;
- Highway 7 Corridor TIF District in Blue Springs, Missouri;
- Liberty Triangle in Liberty, Missouri;
- 106-acre Tuscan Village mixed-use development in St. Joseph, Missouri;
- 675,960 square foot Shoppes at North Village in St. Joseph, Missouri;
- 29th Street & Highway 69 Bypass TIF District in Pittsburg, Kansas;
- North Southgate Center in Olathe, Kansas;
- 230,860 square foot Venture Shopping Center in Roeland Park, Kansas;
- 89,850 square foot Maryville Town Center in Maryville, Missouri;
- 119,390 square foot Harrisonville Center in Harrisonville, Missouri;
- Highway 61 Redevelopment Area in Moscow Mills, Missouri; and
- 435-acre West 370 TIF District in St. Charles, Missouri

Transportation Development Districts

- 39th Street Corridor in Independence, Missouri;
- 398,100 square foot Belton Town Centre in Belton, Missouri;
- US 71 & MO 58 TDD District in Cass County, Missouri;
- 718,406 square foot SummitWoods Crossing in Lee's Summit, Missouri;
- 93-acre mixed-use Zona Rosa project in Kansas City, Missouri;
- Wal-Mart Supercenter in Manhattan, Kansas;
- Centerstate Crossing in Columbia, Missouri; and
- 372,010 square foot Dardenne Town Center in Dardenne Prairie, Missouri

STAR Bonds

- 571,400 square foot The Legends at Village West in Kansas City, Kansas;
- 400-acre Kansas City Tourism District in Kansas City, Kansas;
- Downtown Manhattan, Kansas Redevelopment Area;
- Kansas University Medical Center STAR Bond Redevelopment in Kansas City, Kansas; and
- Overland Park Sports Arena and Entertainment District in Overland Park, Kansas

EXHIBIT B

Canyon Research Southwest, Inc., Client Roster

CLIENT ROSTER

Abigail Properties
Appraisal Technology, Inc.
Arizona State Land Department
Aspen Enterprises
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Belz-Burrow (Jonesboro, Arkansas)
Bridgeview Bank Group
Browning-Ferris Industries
Burch & Cracchiolo PA
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
Circle G Development
City of Belton, Missouri
City of St. Charles, Missouri
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Grain Valley, Missouri
City of Independence, Missouri
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of Pittsburg, Kansas
City of Osage Beach, Missouri
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
Danny's Family Car Wash
Diamond Ventures (Tucson, Arizona)
DMB Associates
DMJM Arizona Inc.
EDAW, Inc. (Denver, Colorado)
Engle Homes
Frontera Development, Inc.
Gilded Age (St. Louis, Missouri)
W.M. Grace Development
Greystone Group (Newport Beach, California)
Hanford/Healy Advisory Company
Heritage Bank (Louisville, Colorado)
Holiday Hospitality Corporation (Atlanta, Georgia)

Jorden & Bischoff, PLC
JPI Development
Kaiser Permanente (Oakland, California)
Landmark Organization (Austin, Texas)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lewis and Roca
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
MCO Properties
McGowan Brothers Development (St. Louis, Missouri)
McGowan/Walsh (St. Louis, Missouri)
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Pivotal Group
Pulte Home Corporation
Pyramid Development (St. Louis, Missouri)
Ralph J. Brekan & Company
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
River Run Development (Boise, Idaho)
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
USBancorp Piper Jaffray (Kansas City, Missouri)
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Weststone Properties
Wolfswinkel Group
Yavapai-Apache Nation (Camp Verde, Arizona)
Zaremba Group (Atlanta, Georgia)

EXHIBIT C

Resume of Eric S. Lander, Principal
Canyon Research Southwest, Inc.

EDUCATION

In May, 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration. He attended Arizona State University from September 1977 to May 1981, and received honors status for his superior cumulative grade point average. During this time, he was an active member of the Marketing Club and National AMA as well as a participant in several research projects involving both local and national firms. In May, 1992, Mr. Lander received a Masters in Real Estate Development and Investment from New York University, graduating with honors.

BUSINESS EXPERIENCE

Canyon Research Southwest, Inc.
President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed in excess of 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

Mountain West Research

Associate (December 1988 to January 1990)
Senior Consultant (October 1983 to October 1984)

Mr. Lander assisted in managing the Commercial Real Estate Services Division of Mountain West, Arizona's largest real estate and economic development consulting firm. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

Iloff, Thorn & Company

Marketing Assistant (January 1982 to December 1983)

Joined Iloff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

RANGE OF EXPERIENCE

In 1987, Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "*Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities.*" The working paper was evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their Masters program in Real Estate, City and Regional Planning, and Business. Using the criteria outlined in the working paper, Mr. Lander has evaluated large-scale, master planned communities in Arizona, California, Florida, Hawaii, Idaho, Montana, Nevada, New Mexico, and Texas.

Mr. Lander is an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Developed a model designed to evaluate and rank the development potential of freeway interchanges. The methodology for ranking freeway properties is based on a list of 25 criteria which provide a framework to efficiently compare the strengths and weaknesses of various freeway sites. Seven (7) criteria have been established which apply to metropolitan area economic base and real estate market, five (5) criteria evaluate the region influenced by the presence of the freeway in question, and thirteen (13) interchange and site-specific criteria are aimed at determining future real estate development opportunities. This model has been utilized in evaluating freeway-oriented, mixed-use projects anchored by regional malls, business parks, office complexes, and hotels.

Mr. Lander has provided consulting services on downtown redevelopment and historic preservation efforts. Recent examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plan for the 24 Highway Corridor in Independence, Missouri.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funding is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several proposed developments in Kansas, including the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, and Rosedale Station Shopping Center. The *Market Study* evaluates the market positioning, market demand, short-term development potential, and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.

APPENDIX B-1
DEFINITIONS AND SUMMARIES OF INDENTURE

(THIS PAGE LEFT BLANK INTENTIONALLY)

APPENDIX B-1

DEFINITIONS AND SUMMARY OF INDENTURE

The following is a summary of certain provisions of the Indenture. The summary of the Indenture does not purport to be complete and reference is made to the full text of the Indenture which is on file with the Trustee for a complete recital of its terms.

DEFINITIONS

In addition to the words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms as used in this Official Statement and the Indenture.

“Additional Bonds” means any additional Bonds issued by the City pursuant to the Indenture.

“Authorized City Representative” means the Mayor, the City Manager or such other person at the time designated to act on behalf of the City as evidenced by a written certificate furnished to the Developer and the Trustee containing the specimen signature of such person and signed on behalf of the City by its Mayor. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized City Representative.

“Authorized Denominations” means \$100,000 or any integral multiple of \$5,000 in excess thereof except as otherwise provided in the Indenture.

“Authorized Developer Representative” means David J. Christie or Andrew Mitchell and such other person or persons at the time designated to act on behalf of the Developer in matters relating to the Indenture as evidenced by a written certificate furnished to the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Developer by a partner of the Developer if the Developer is a partnership, president or vice president, if the Developer is a corporation or member, if the Developer is a limited liability company.

“Base Year Assessed Valuation” means the assessed valuation of all real property within the boundaries of the Project Area on the date the Redevelopment District was established.

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such Person's subrogee.

“Bond Proceeds Reserve Account” means the account by that name created by the Indenture to be held within the Debt Service Reserve Fund.

“Bond Register” means the books for the registration, transfer and exchange of the Bonds kept at the office of the Trustee.

“Bondowner” when used with respect to any Bond means the person in whose name such Bond is registered on the Bond Register.

“Bonds” means the Series 2008A Bonds and any Additional Bonds authorized and issued pursuant to the Indenture.

“Business Day” means a day other than a Saturday, Sunday or holiday on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“Business Interruption Reserve Account” means the account by that name created by the Indenture to be held within the Debt Service Reserve Fund.

“Certification of Expenditures” means those Redevelopment Costs approved by the City in accordance with the Redevelopment Agreement and the Act.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations proposed or promulgated thereunder of the United States Department of the Treasury.

“Costs of Issuance” means all costs of issuing the Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

“Costs of Issuance Fund” means the account by that name created by the Indenture.

“Debt Service Fund” means the account by that name created by the Indenture.

“Debt Service Requirements” means (a) with respect to any Series 2008A Bonds for any period of time for which calculated, the aggregate of the payments to be made during such period in respect of principal (whether at maturity or otherwise) and interest on such Series 2008A Bonds; provided that such payments are excluded from Debt Service Requirements to the extent that cash or non-callable Government Obligations are on deposit in an irrevocable escrow or trust account in accordance with the Indenture hereof and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay principal or interest and are sufficient to pay such principal or interest; and provided, further, that the Debt Service Requirements applicable to the Series 2008A Bonds shall be deemed to be as set forth in the Indenture; and (b) with respect to any Additional Bonds for any period of time for which calculated, the aggregate of the principal (whether at maturity or otherwise) and interest on such Bonds; provided that such payments are excluded from Debt Service Requirements to the extent that cash or non-callable Government Obligations are on deposit in an irrevocable escrow or trust account in accordance with the Indenture and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal or interest and are sufficient to pay such principal or interest; and provided, further, that the Debt Service Requirements for any Additional Bonds which are not serial bonds and which are not subject to mandatory sinking fund redemption shall be the amounts, as set forth in a certificate of the underwriter of such Additional Bonds delivered to the Trustee and the City, which shall achieve annual substantially level debt service (including both principal and interest) for all remaining periods ending each year on March 1 (commencing on the first March 1 occurring at least 6 months after the proposed date of issuance of Additional Bonds) through and including the maturity date thereof, and to the extent such annual level debt service cannot be exactly achieved due to the Authorized Denomination of the Additional Bonds of such maturity, such annual level debt service shall be achieved by rounding down all principal amounts to the next \$100,000 denomination or any integral multiple thereof and rounding up the last principal payment.

“Debt Service Reserve Fund” means the fund by that name created by the Indenture.

“Debt Service Reserve Requirement” means, collectively, (i) the amount specified under the caption “INTRODUCTION, Security for the Bonds” in the Official Statement to be deposited in the Bond Proceeds Reserve Account on the date of issuance of the Series 2008A Bonds, plus (ii) the amount specified under the caption “INTRODUCTION, Security for the Bonds” in the Official Statement to be deposited over time in the Business Interruption Reserve Account for the Series 2008A Bonds, plus (iii) with respect to any Additional Bonds, the amounts, specified in the Supplemental Indenture authorizing the Additional Bonds, of the least of (1) 10% of the stated principal amount of the Additional Bonds, (2) the maximum annual principal and interest requirements on the Additional Bonds, or (3) 125% of the average annual principal and interest requirements on the Additional Bonds

(the amounts in clauses (2) and (3) to be determined as of the issue date of the Additional Bonds), to be deposited on the date of issuance of the Additional Bonds in the Bond Proceeds Reserve Account and (iv) any amount specified in the Supplemental Indenture authorizing the Additional Bonds for any Business Interruption Reserve Account for such Additional Bonds.

“Defaulted Interest” means interest on any Bond that is payable but not paid on any Interest Payment Date.

“Developer” means Broadway 47, LLC, a Kansas limited liability company, and its successors and assigns.

“Developer’s Parcel” means Lots 1 through 5, Block 1, The Home Depot Addition, a subdivision in the City of Wichita, County of Sedgwick, Kansas.

“Event of Default” means any event or occurrence as defined in the Indenture.

“Excess Incremental Tax Revenues” means the Incremental Tax Revenues in the Revenue Fund after application of the Incremental Tax Revenues pursuant to subsection (a) through (f) of the portion of this Appendix captioned “COLLECTION AND APPLICATION OF REVENUES, Application of Moneys in the Revenue Fund.”

“Financing Documents” means the Indenture, the Bonds, the Tax Compliance Agreement, the Redevelopment Agreement, the Bond Purchase Agreement, the Official Statement relating to the Bonds, the City’s Continuing Disclosure Agreement, the Developer’s Continuing Disclosure Agreement, any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Redevelopment Agreement, or the Official Statement or contemplated by the Indenture, the Redevelopment Agreement or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Financing Documents” are used in the context of the authorization, execution, delivery, approval or performance of Financing Documents by a particular party, the same shall mean only those Financing Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“Full Valuation Release Date” means (a) May 1, 2010, or (b) if a request has been submitted for disbursement from the Full Valuation Release Project Account, the later of May 1, 2010, or the date when the Trustee has (i) received a computation of rebate liability (which, in accordance with the Tax Compliance Agreement must be received within 45 days after a request for disbursement from the Full Valuation Release Project Account), (ii) paid any expenses related to such rebate computation and (iii) transferred to the Rebate Fund an amount equal to the rebate liability, if any, attributable to the funds on deposit in the Full Valuation Release Project Account.

“Full Valuation Release Account” means the account by that name created by the Indenture to be held within the Project Fund.

“Government Obligations” means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America and backed by the full faith and credit thereof.

“Incremental Tax Revenues” means, when received by the City, the ad valorem taxes collected from real property located within the Project Area that are in excess of the amount of real property taxes which were collected from the Base Year Assessed Valuation for such property, as determined in accordance with the Act and the laws of the State.

“Indenture” means the Trust Indenture as originally executed by the City and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2008.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and in the Indenture, whether at the Stated Maturity thereof or at a call for redemption or otherwise.

“Officer’s Certificate” means a written certificate of the Developer signed by the Authorized Developer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Developer with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Trustee.

“Opinion of Bond Counsel” means a written opinion of any legal counsel acceptable to the City and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“Opinion of Counsel” means a written opinion of any legal counsel acceptable to the recipients thereof, who may be an employee of or counsel to the City, the Developer or the Trustee.

“Ordinance” means the Ordinance of the City authorizing the issuance of the Bonds.

“Outstanding” means, when used with respect to Bonds, as of any particular date, the Bonds theretofore issued and delivered under the Indenture, except

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of the Indenture; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered under the Indenture.

“Participant” shall mean any broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as securities depository.

“Paying Agent” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable to the extent such entity is permitted under the laws of the State to act as a paying agent for the Bonds.

“Permitted Investments” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the City’s moneys:

- (a) Government Obligations;
- (b) bonds or other obligations of the State of Kansas, or any political subdivision of the State of Kansas, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;
- (c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state (including the Trustee and its affiliates), that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

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

(e) certificates of deposit, time deposits or other deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state (including the Trustee and its affiliates), provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a), (b) or (d), which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits;

(f) money market mutual funds that are registered with the Securities and Exchange Commission meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940 and which invest in securities as are described above in (a), (b) or (d); and

(g) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Kansas.

“Principal Payment Date” means each date on which the principal of any Bonds is payable.

“Project Area” means the Project Area described in the recitals at the beginning of the Indenture.

“Project Fund” means the account by that name created by the Indenture.

“Project Plan” means the Project Plan defined in the recitals at the beginning of the Indenture.

“Projected Debt Service Coverage Ratio” means, for any future period, the ratio determined by dividing (a) a numerator equal to the projected Incremental Tax Revenues for that period, by (b) a denominator equal to the average Debt Service Requirement for the Bonds expected to be Outstanding for the remaining term of all Bonds.

“Rebate Fund” means the fund by that name created by the Indenture.

“Record Date” for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Redemption Account” means the account by that name created by the Indenture to be held within the Debt Service Fund.

“Redemption Date” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Indenture.

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of the Indenture, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Redevelopment Agreement” means the Redevelopment Agreement dated as of April 4, 2007, between the Developer, and the City, as amended and supplemented from time to time.

“Redevelopment District” means the Redevelopment District described in the recitals at the beginning of the Indenture.

“Redevelopment Project Costs” means those costs as defined in K.S.A. 12-1770a(q), as amended, that may be paid through tax increment financing and which the City has agreed to pay as eligible expenses under the Redevelopment Agreement.

“Redevelopment Project” means the redevelopment project, as described in the Project Plan.

“Representation Letter” shall mean the Blanket Letter of Representation from the City to the Securities Depository with respect to the Bonds.

“Revenue Fund” means the fund by that name created by the Indenture.

“SEC Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.

“Securities Depository” shall mean The Depository Trust Company, New York, New York.

“Series 2008A Bonds” means the City's Special Obligation Tax Increment Revenue Bonds (City Center East Project I), Series 2008A.

“Series 2008A Term Bonds” means the Series 2008A Bonds described under the caption “The Bonds, Redemption Provisions, *Mandatory Sinking Fund Redemption*”, in the Official Statement.

“State” means the State of Kansas.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Indenture as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Supplemental Indenture” means any indenture supplemental or amendatory to the Indenture entered into by the City and the Trustee pursuant to terms of the Indenture.

“Tax Compliance Agreement” means the Tax Compliance Agreement, between the City and the Trustee, as from time to time amended in accordance with the provisions thereof.

“Tax Increment Fund” means the Broadway 47 Tax Increment Fund created by the Ordinance and ratified and confirmed by the Indenture.

“Trust Estate” means the Trust Estate described in the Granting Clauses of the Indenture.

“Trustee” means Security Bank of Kansas City, Kansas City, Kansas, and its successors or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

“Underwriter” means Piper Jaffray & Co., Leawood, Kansas.

“Value” as of any particular time of determination, means, (a) with respect to cash the face value thereof and (b) with respect to any investments, the lower of the cost of the investment or the market price of the investment on the date of valuation.

THE INDENTURE

PLEDGE OF TRUST ESTATE

To determine the terms and conditions upon which Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under the Indenture from time to time according to their tenor and effect and to secure the performance and observance by the City of all the covenants, agreements and conditions contained in the Indenture and in the Bonds, and in consideration of the promises, the acceptance by the Trustee of the trusts created by the Indenture, and the purchase and acceptance of the Bonds by the Bondowners, the City transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b), (c) and (d) below (said property referred to in the Indenture as the "Trust Estate"):

- (a) All moneys and securities from time to time held by the Trustee under the terms of the Indenture; and
- (b) Incremental Tax Revenues; and
- (c) Any and all other money or securities pledged, assigned or transferred as and for additional security under the Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is authorized by the Indenture to receive any and all such money or securities at any and all times and to hold and apply the same subject to the terms of the Indenture.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every Bondowner, without preference, priority or distinction as to participation in the lieu, benefit and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided in the Indenture.

AUTHORIZATION OF BONDS

Authorization, Issuance and Terms of Bonds

The City may issue Bonds in one or more series from time to time under the Indenture, but subject to provisions of the Indenture and any Supplemental Indenture authorizing a series of Bonds. No Bonds may be issued under the Indenture except in accordance with the provisions of the Indenture. The several series of Bonds may differ as between series in any respect not in conflict with the provisions of the Indenture and as may be prescribed in the Supplemental Indenture authorizing such series.

Payments Due on Saturdays, Sundays and Holidays

In any case where a Interest Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Interest Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, and no interest shall accrue for the period after such Interest Payment Date.

Registration, Transfer and Exchange of Bonds

The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Trustee as provided in the Indenture. Each Bond when issued shall be registered in the name of the Bondowner thereof on the Bond Register. Bonds may be transferred and exchanged only on the Bond Register as provided in the Indenture. Upon surrender of any Bond at the principal corporate trust office of the Trustee, the Trustee shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or

authorization for exchange, in a form and with guarantee of signature satisfactory to the Trustee, duly executed by the Bondowner thereof or by the Bondowner's duly authorized agent. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. The proceeds of the Bonds and the Incremental Tax Revenues shall be used to pay the fees and expenses of the Trustee for the registration, transfer and exchange of Bonds provided for by the Indenture and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Trustee, are the responsibility of the Bondowners of the Bonds. In the event any Bondowner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may make a charge against such Bondowner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Trustee from amounts otherwise payable to such Bondowner under the Indenture or under the Bonds.

The City and the Trustee shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Trustee pursuant to the Indenture and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to the Indenture. The City and the Trustee may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Bondowner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Bondowner or upon the Bondowner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Trustee shall be affected by any notice to the contrary. At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by the Bondowners (or a designated representative thereof) of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Bondowners whose authority is evidenced to the satisfaction of the Trustee.

Mutilated, Lost, Stolen or Destroyed Bonds

If (a) any mutilated Bond is surrendered to the Trustee or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the City and the Trustee such security or indemnity as may be required by each of them, then, in the absence of notice to the City or the Trustee that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon the City's request, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City, in its discretion, may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond under the Indenture, the City may require the payment by the Bondowner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. Every new Bond issued pursuant to the Indenture shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of the Indenture equally and ratably with all other Outstanding Bonds.

Nonpresentment of Bonds

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Trustee all liability of the City to the Bondowner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Bondowner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, said Bond. If any Bond is not presented for payment within five years following the date when such Bond becomes due at Maturity, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Bondowner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Trustee, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

CREATION AND RATIFICATION OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF BOND PROCEEDS

Creation and Ratification of Funds and Accounts

Ratification of Tax Increment Fund. Under the terms of the Indenture, the creation and ratification of the Tax Increment Fund in the treasury of the City is ratified and confirmed. Such fund shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The Tax Increment Fund shall be maintained and administered in accordance with the Act and the Indenture so long as any Bonds remain Outstanding under the Indenture; provided, however, such Fund may survive the defeasance and payment of the Bonds in accordance with the provisions of the Act.

Creation of Indenture Funds and Accounts. Under the terms of the Indenture there are created and ordered to be established with the Trustee the following separate funds and accounts, which funds and accounts shall be held in the custody of the Trustee: (1) Revenue Fund; (2) Project Fund and within such fund a separate and segregated trust account designated the "Full Valuation Release Project Account;" (3) Cost of Issuance Fund; (4) Debt Service Fund and within such fund a separate and segregated trust account designated the "Redemption Account;" (5) Debt Service Reserve Fund and within such fund separate and segregated trust accounts designated the "Bond Proceeds Reserve Account;" and the "Business Interruption Reserve Account;"

Said funds and accounts shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the Trustee and shall not be commingled with any other moneys, revenues, funds and accounts of the Trustee. The funds and accounts referred to above shall be maintained and administered in the manner provided in the Indenture so long as any of the Bonds remain Outstanding under the Indenture.

The Trustee shall maintain separate accounts for funds and securities attributable to each series of Bonds so that the calculations required by the Tax Compliance Agreement for each series of Bonds can be made separately for such series. Any transfer of funds or securities or earnings thereon from one fund or account to another shall be made to the appropriate account or subaccount for the same series of Bonds to which such funds or securities are attributed. If, at any time, a payment is made to any such fund that is less than the amount due and payable to such fund, the amount paid shall be credited *pro rata* to each separate account within such fund, based on the amount owed to each such account.

Deposit of Series 2008A Bond Proceeds

The net proceeds received from the sale of the Series 2008A Bonds shall be deposited, simultaneously with the delivery of the Series 2008A Bonds, into the Bond Proceeds Account within the Debt Service Fund, the Costs of Issuance Fund, the Debt Service Reserve Fund, the Full Valuation Release Project Account and the Project Fund as provided in the Indenture.

Application of Moneys in the Project Fund

Moneys in the Project Fund including the Full Valuation Release Project Account shall be used for the sole purpose of paying Redevelopment Project Costs, in accordance with the Redevelopment Agreement, the Project Plan and the Act. Additionally, moneys in the Full Valuation Release Project Account shall be used to pay the cost of any rebate calculation required pursuant to the Tax Compliance Agreement and to pay for the rebate liability, if any, attributable to the funds on deposit in the Full Valuation Release Project Account as determined from such rebate computation in accordance with the Tax Compliance Agreement. Withdrawals from the Project Fund shall be made after receipt by the Trustee of written disbursement requests signed by the Authorized Developer Representative in substantially the form of provided in the Indenture and only when approved in writing by the Authorized City Representative; provided, however that withdrawals from the Full Valuation Release Project Account shall be in the amount calculated in accordance with the Developer's Certificate Relating to Disbursement from Full Valuation Release Project Account provided in the Indenture and that such funds shall only be disbursed when the Trustee (i) receives a completed Developer's Certificate Relating to Disbursement from Full Valuation Release Project Account executed by an Authorized Developer Representative and approved in writing by the Authorized City Representative, (ii) receives a computation of rebate liability in accordance with the Tax Compliance Agreement, (iii) pays any expenses related to such rebate computation, and (iv) transfers to the Rebate Fund of an amount equal to the rebate liability, if any, attributable to the funds on deposit in the Full Valuation Release Project Account as determined from such rebate computation. On the Full Valuation Release Date, any surplus remaining in the Project Fund shall be deposited in the Redemption Account.

Application of Moneys in the Costs of Issuance Fund

Moneys in the Costs of Issuance Fund shall be used to pay the Costs of Issuance after receipt by the Trustee of written disbursement requests signed by the Authorized City Representative in substantially the form of provided in the Indenture. Any funds remaining in the Costs of Issuance Fund on July 1, 2008, shall be transferred to the Project Fund.

Debt Service Fund

The Trustee shall make deposits and credits to the Debt Service Fund, as and when received, as follows: (1) The amounts required to be deposited therein by the Indenture including accrued interest and amounts representing capitalized interest on the Bonds from the sale of the Bonds, any surplus remaining in the Project Fund after completion of the Redevelopment Project (which amount shall be deposited to the Redemption Account of the Debt Service Fund), moneys from the Revenue Fund as described un the caption "Application of Moneys in the Revenue Fund" in this Appendix (including amounts to be deposited to the Redemption Account of the Debt Service Fund) and any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in such Fund.; and (2) Any amounts required by a Supplemental Bond Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Bond Indenture.

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided in the Indenture or in the Tax Compliance Agreement, moneys in the Debt Service Fund shall be expended solely as follows: (a) to pay interest on the Bonds as the same becomes due; (b) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption prior to maturity.

Under the Indenture, the City authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest. The Trustee shall make any transfers from the Debt Service Fund to the Rebate Fund to the extent required to do so by the Tax Compliance Agreement. After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), all arbitrage rebate to the United States and the fees, charges and expenses of the Trustee and any Paying Agent and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt Service Fund shall be paid to the City for deposit into the Tax Increment Fund.

Debt Service Reserve Fund

Except as otherwise provided in the Indenture, moneys in the Debt Service Reserve Fund shall be used by the Trustee without further authorization solely for the payment of the principal of and interest on the Bonds if moneys otherwise available for such purpose in the Debt Service Fund are insufficient to pay the same as they become due and payable. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, moneys in the Redemption Account not required for any Bonds called for redemption pursuant to the special mandatory redemption provisions of the Indenture shall be made available to pay principal of or interest on the Bonds when due and payable, then moneys in the Debt Service Reserve Fund shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency first using the moneys in the Business Interruption Reserve Account until all such money has been expended and then from the moneys in the Bond Proceeds Reserve Account. The Trustee may use moneys in the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall also be used to pay the last Bonds becoming due (including redemption prior to maturity if otherwise permitted in the Indenture) unless such Bonds and all interest thereon be otherwise paid.

The amount on deposit in each account in the Debt Service Reserve Fund shall be valued by the Trustee 45 days prior to each Interest Payment Date (or if such date is not a Business Day, the immediately preceding Business Day) and the Trustee shall give immediate written notice to the City and the Developer if such amount is less than the Debt Service Reserve Requirement. For the purpose of determining the amount on deposit in the Debt Service Reserve Fund, the value of any investments shall be valued at their fair market value on the date of valuation. Moneys in any account within the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Requirement for such account shall be deposited by the Trustee without further authorization in the Revenue Fund.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges and expenses of the Trustee and any Paying Agent and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt Service Reserve Fund shall be paid to the City for deposit into the Tax Increment Fund.

Application of Moneys in the Rebate Fund

The Indenture provides that there shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to pay any required rebate amount to the United States of America under the Tax Compliance Agreement, and neither the City nor the Bondowner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and the Tax Compliance Agreement (which is incorporated in the Indenture by reference).

The Trustee shall periodically determine the amount of any arbitrage rebate under Section 148(f) of the Code in accordance with the Tax Compliance Agreement, and the Trustee shall make payments to the United States of America at the times and in the amounts determined under the Tax Compliance Agreement. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebate amount due on the Series 2008A Bonds, or provision made therefor, shall be deposited into the Tax Increment Fund.

Notwithstanding any other provision of the Indenture, the obligation to pay arbitrage rebate to the United States of America and to comply with all other requirements of the Indenture and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds.

COLLECTION AND APPLICATION OF REVENUES

Tax Increment Fund; Application of Moneys in Tax Increment Fund

The City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding under the Indenture, all of the Incremental Tax Revenues shall be paid and deposited into the Tax Increment Fund in accordance with the provisions of the Indenture.

The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will transfer all Incremental Tax Revenues, including a reasonable allocation of all interest earnings on such amounts, held in the Tax Increment Fund to the Trustee within 30 days after the City's receipt of such Incremental Tax Revenues for deposit by the Trustee into the Revenue Fund.

Application of Moneys in the Revenue Fund

Moneys in the Revenue Fund shall be applied by the Trustee, when received, as follows:

(a) *Rebate Fund.* There shall first be paid to the Trustee and credited to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City in accordance with the Tax Compliance Agreement.

(b) *Debt Service Fund -- Interest.* There shall next be paid to the Trustee and credited semi-annually to the Debt Service Fund, an amount equal to the interest becoming due on the Bonds on the next Interest Payment Date; provided, that any amounts on deposit in the Debt Service Fund as accrued interest, capitalized interest or from other sources shall be credited against the amount required to be deposited pursuant to this subparagraph, and provided further that amounts on deposit in the Redemption Account within the Debt Service Fund shall not be credited against the amount required to be deposited pursuant to this subparagraph.

(c) *Debt Service Fund -- Principal.* There shall next be paid to the Trustee and credited semi-annually to the Debt Service Fund, an amount equal to the principal becoming due on the Bonds on the next Interest Payment Date; provided, that any amounts on deposit in the Debt Service Fund as accrued interest or from other sources shall be credited against the amount required to be deposited pursuant to this subparagraph, and provided further that amounts on deposit in the Redemption Account within the Debt Service Fund shall not be credited against the amount required to be deposited pursuant to this subparagraph.

(d) *Trustee Fees.* There shall next be paid to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts. In no event shall the sum of all fees and expenses due and owing to the Trustee and any Paying Agent exceed \$5,000.00 per year, excluding any extraordinary fees and expenses incurred by the Trustee in connection with the Bonds.

(e) *Debt Service Reserve Fund.* There shall next be paid to the Trustee and credited semi-annually to the Debt Service Reserve Fund, if the amount on deposit is less than the Debt Service Reserve Requirement for the Debt Service Reserve Fund, such amounts as are necessary to restore any deficiency to the Debt Service Reserve Fund.

(f) *Business Interruption Reserve Account in Debt Service Reserve Fund.* There shall next be paid to the Trustee and credited semi-annually to the Business Interruption Reserve Account, if the amount on deposit is less than the Debt Service Reserve Requirement for the Business Interruption Reserve Account, such amounts as are necessary to restore any deficiency to the Business Interruption Reserve Account.

(g) *Excess Incremental Tax Revenues.* After the deposits required in subsections (a) through (f) of this section, commencing on September 1, 2014, the Trustee shall then determine the amount of Excess

Incremental Tax Revenues and shall transfer such Excess Incremental Tax Revenues to the Redemption Account.

Quarterly Report

The Trustee shall provide to the Underwriter, not later than 30 days after the end of each calendar quarter (ending March 31, June 30, September 30 and December 31) commencing with the quarter ending March 31, 2008, a report of the Incremental Tax Revenues received by the City and transferred to the Trustee, which report shall be substantially in the form provided in the Indenture.

DEPOSIT AND INVESTMENT OF MONEYS

Deposits of Moneys

Moneys in each of the funds and accounts created by and referred to in the Indenture shall be continuously and adequately secured as provided by the laws of the State and invested in Permitted Investments. All moneys deposited with or paid to the Trustee for the account of the various funds established under the Indenture shall be held in trust and shall be applied only in accordance with the Indenture and, until used or applied as provided in the Indenture, shall constitute part of the Trust Estate (except for the Rebate Fund) and be subject to the lien of the Indenture.

Investment of Moneys

Moneys held under the Indenture in any fund or account referred to in the Indenture shall be invested at the direction of the City in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund was created. After the Trustee has notice pursuant to the terms of the Indenture of the existence of an Event of Default, the Trustee shall direct the investment of moneys in Permitted Investments. All earnings on any investments held in any fund by the Trustee shall be deposited into the Debt Service Fund, except the earnings on the Rebate Fund shall be retained in the Rebate Fund and earnings on the Project Fund shall be retained in the Project Fund (except as otherwise provided in the Indenture for earnings on the Full Valuation Release Project Account).

ADDITIONAL BONDS

Additional Bonds

Additional Bonds may be issued under the Indenture upon compliance with the conditions set forth in this Section for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of the Indenture, the City shall adopt an ordinance (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof, and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the City to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Additional Bonds, reserve funds or other credit enhancement which does not secure other Outstanding Bonds, and the form of such series of Additional Bonds, and (3) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the City, are not prejudicial to the owners of the Bonds previously issued.

Additional Bonds shall be titled "Special Obligation Tax Increment Revenue Bonds (Broadway & 47th Street Redevelopment Project)" with such appropriate series designation added to or incorporated in the title for the Additional Bonds as the City may determine. The Additional Bonds shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of the Indenture relating to redemption), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such

Additional Bonds may be on a parity with and shall be entitled to the same benefit and security of this Indenture as the Series 2008A Bonds, and any other Additional Bonds issued on a parity with the Series 2008A Bonds, upon compliance with the terms of the Indenture.

Such Additional Bonds shall be executed in the manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(a) a copy, certified as true and correct by the City Clerk, of the ordinance adopted by the City authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture and supplements to any other documents as may be necessary;

(b) an original executed counterpart of the Supplemental Indenture, executed by the City and the Trustee, authorizing the issuance of the Additional Bonds, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such Additional Bonds;

(c) a certificate of the City (i) stating that no Event of Default under this Indenture has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an Event of Default, and (ii) stating the purpose or purposes for which such Additional Bonds are being issued;

(d) a request and authorization to the Trustee executed by the City to authenticate the Additional Bonds and deliver the Additional Bonds to or upon the order of the purchasers therein identified upon payment to the Trustee, for the account of the City, of the purchase price thereof, as specified therein (the Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price); and

(e) an Opinion of Bond Counsel to the effect that all requirements for the issuance of the Additional Bonds have been met, the Additional Bonds constitute valid and legally binding obligations of the City, the issuance of the Additional Bonds will not result in the interest on any Bonds then Outstanding and exempt from taxation for federal income tax purposes becoming subject to federal income taxes then in effect, and the Additional Bonds are authorized or permitted by the Act.

Additional Bonds may be issued on a parity with the Series 2008A Bonds only upon delivery to the Trustee of either (i) a certificate of the City demonstrating that the Historical Pro Forma Debt Service Coverage Ratio for the most recent full 12 months preceding the proposed date of issuance of the Additional Bonds was not less than 1.30; or (ii) a certificate of a planning consultant acceptable to the City and the Underwriter demonstrating that the Projected Debt Service Coverage Ratio for the 36 months succeeding the proposed date of issuance of the Additional Bonds will not be less than 1.30.

Except as provided in described in this section, the City will not otherwise issue any obligations on a parity with the Series 2008A Bonds, but the City may issue other obligations specifically subordinate and junior to the Series 2008A Bonds so that if at any time the City shall be in default in paying either principal of or interest on the Series 2008A Bonds or any Additional Bonds issued on a parity with the Series 2008A Bonds, the City shall make no payments of either principal of or interest on said junior Bonds until such default or defaults are cured.

The City shall also have the right to refund all of the Bonds under the provisions of any law then available. The City shall have the right to refund any portion of the Bonds, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Bonds that are not refunded, if any, upon the funds and accounts pledged under this Indenture; provided, however, that if only a portion of the Bonds are refunded and such partial refunding results in an increase in debt service on the Bonds in any year, then said Bonds may be refunded only by and with the written consent of the Registered Bondowners of a majority in principal amount of the Bonds not refunded.

GENERAL COVENANTS AND PROVISIONS

Payment of Bonds

The City shall duly and punctually pay, but solely from the sources specified in the Indenture, the principal of, redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and the Indenture.

Performance of Covenants

The City shall (to the extent within its control) faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in the Bonds and in all proceedings pertaining thereto.

Inspection of Books

To the extent and in the manner required by the open records laws of the State, the City covenants and agrees that all books and documents in its possession relating to the Bonds, the Indenture and the Redevelopment Agreement, and the transactions relating thereto shall at all reasonable times be open to inspection by the Trustee and its agents, representatives and consultants as it may designate from time to time. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds, the Indenture and the Redevelopment Agreement, and the transactions relating thereto shall be open to inspection by the City during business hours upon reasonable notice.

Enforcement of Rights

The City agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under the Indenture in its name or in the name of the City may enforce all rights of the City and the Trustee and all obligations of the Developer under and pursuant to the Redevelopment Agreement and any other Financing Documents for and on behalf of the Bondowners, whether or not the City is in default under the Indenture. A copy of all Financing Documents shall be delivered to and held by the Trustee.

Recording and Filing

The City shall file or cause to be kept and filed all financing statements, and the Trustee shall file or cause to be kept and filed continuation statements with respect to such originally filed financing statements related to the Indenture and all supplements to the Indenture and such other documents as may be necessary to be kept and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Bondowners and the rights of the Trustee under the Indenture. In carrying out its duties under the Indenture, the Trustee shall be entitled to rely on an Opinion of Counsel specifying what actions are required to comply with the Indenture.

DEFAULTS AND REMEDIES

Events of Default

The term “event of default,” wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable;
- or

- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of the City in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of 60 days after there has been given to the City and the Developer by the Trustee or to the City, the Developer and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the City shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or
- (d) any event of default under the Redevelopment Agreement shall occur and is continuing and has not been waived by the City.

The Trustee shall give written notice, as provided in the Indenture, to the City as promptly as practicable after the occurrence of an Event of Default of which the Trustee has notice.

Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default occurs and is continuing, the Trustee may, and if requested by the owners of not less than a majority in principal amount of the Bonds Outstanding shall, by written notice to the City and the Developer, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

(b) At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the City, the Developer and the Trustee, rescind and annul such declaration and its consequences if:

- (i) the City has deposited with the Trustee a sum sufficient to pay:
 - (1) all overdue installments of interest on all Bonds;
 - (2) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
 - (3) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
 - (4) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (ii) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

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

Exercise of Remedies by the Trustee

Upon the occurrence and continuance of any Event of Default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Financing Document, to enforce and compel the performance of the duties and obligations of the City as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the owners of not less than a majority in principal amount of Outstanding Bonds and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the Bondowners.
- (c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.
- (d) *Suits to Protect the Trust Estate.* The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the Bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the Bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the Bondowners in any judicial proceeding to which the City or the Developer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the Bondowners.
- (e) *Enforcement Without Possession of Bonds.* All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the further provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.
- (f) *Restoration of Positions.* If the Trustee or any Bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Bondowner, then and in every case the City, the Developer, the Trustee and the Bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all

rights and remedies of the Trustee and the Bondowners shall continue as though no such proceeding had been instituted.

Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the City or any other obligor upon the Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the City for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

- (a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding, and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is authorized by each Bondowner under the terms of the Indenture to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under the Indenture.

Nothing contained in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Bondowner, or to authorize the Trustee to vote in respect of the claim of any Bondowner in any such proceeding.

Limitation on Suits by Bondowners

No Bondowner shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless:

- (a) such Bondowner has previously given written notice to the Trustee of a continuing Event of Default;
- (b) the owners of not less than a majority in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;
- (c) such Bondowner or Bondowners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Bondowners shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or

the rights of any other Bondowners, or to obtain or to seek to obtain priority or preference over any other Bondowners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in the Indenture, however, any Bondowner shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners

The owners of a majority in principal amount of the Outstanding Bonds shall have the right, during the continuance of an Event of Default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

- (a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that (1) such direction shall not be in conflict with any rule of law or the Indenture, (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected

Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of reasonable costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) First: To the payment of all undeducted amounts due the Trustee for its compensation and reimbursement under the Indenture;

(b) Second:

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

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption or payment for payment of which

moneys are held pursuant to the provisions of the Indenture), in the order of the scheduled dates of their payment, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal and premium due on such date, to the persons entitled thereto without any discrimination or privilege.

(2) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds without preference or priority of principal, premium or interest over the others, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest to the persons entitled thereto without any discrimination or privilege.

(3) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, provided that no distribution has been made pursuant to the provisions described in paragraph (2) of this subsection, the moneys shall be applied in accordance with the provisions described in paragraph (2) of this subsection.

(c) Third: To the payment of the remainder, if any, to the City or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions described in this section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative

No right or remedy conferred by the Indenture upon or reserved to the Trustee or to the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver

No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the Bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondowners, as the case may be.

Waiver of Past Defaults

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice

delivered to the Trustee and the City, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default: (a) in the payment of the principal of (or premium, if any) or interest on any Bond, or (b) in respect of a covenant or provision of the Indenture which under the provisions of the Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond affected. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

THE TRUSTEE

Acceptance of Trusts; Certain Duties and Responsibilities

The Trustee accepts and agrees to execute the trusts imposed upon it by the Indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an Event of Default,
 - (1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and
 - (2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.
- (b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.
- (c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that
 - (1) the Indenture provides that this subsection is not be construed to limit the effect of subsection (a) of this section;
 - (2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
 - (3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture; and
 - (4) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers.
- (d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or conveying insights and duties or affording protection to the

Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions of the Indenture.

Certain Rights of Trustee

Except as otherwise provided in the Indenture:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely upon an Officer's Certificate as to the sufficiency of any request or direction of the Developer mentioned in the Indenture, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been adopted by the Developer has been duly adopted, and is in full force and effect.

(c) Whenever in the administration of the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action under the Indenture, the Trustee (unless other evidence is specifically prescribed under the Indenture) may, in the absence of bad faith on its part, rely upon an Officer's Certificate.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee under the Indenture in good faith and in reliance thereon.

(e) Notwithstanding anything in the Indenture to the contrary, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture whether at the request or direction of any of the Bondowners pursuant to the Indenture or otherwise, unless such Bondowners or other party shall have offered to the Trustee reasonable security or indemnity satisfactory to the Trustee against the fees, advances, costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct) which might be incurred by it in connection with such rights or powers.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in the Indenture and in the Bonds, except the certificate of authentication on the Bonds. The Trustee makes no representations to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or by the Indenture, or as to the validity or sufficiency of the Indenture or of the Bonds. Except as specifically provided in the Indenture, the Trustee is not be accountable for the use or application by the City or the Developer of the proceeds of the Bonds or of any money paid to or upon the order of the City or the Developer under any provision of the Indenture.

(h) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the City or the Developer with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as provided in the Indenture, be held in trust for the purposes for which they were received. The Trustee shall be under no liability for interest on any money received by it under the Indenture except as to investments authorized

and directed as described under the caption “DEPOSIT AND INVESTMENT OF MONEYS, Investment of Moneys” in this Appendix.

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

(k) Notwithstanding anything elsewhere in the Indenture contained, before taking any action under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action.

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

(m) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or its willful misconduct.

(n) The Trustee shall not be required to give any bond or security in respect of the execution of the said trusts and powers or otherwise in respect to the premises.

Notice of Defaults

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the City to cause to be made any of the payments to the Trustee required to be made under of the Indenture, unless the Trustee shall be specifically notified in writing of such default by the City, the Developer, or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any default or the occurrence of any default under the Indenture of which the Trustee is deemed to have notice, the Trustee shall give written notice of such default by first class mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice to the Bondowners if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondowners. For the purpose of this paragraph, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default as defined in the Indenture.

Corporate Trustee Required; Eligibility

There shall at all times be a Trustee under the Indenture which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least \$50,000,000. If such Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this paragraph, the combined capital and surplus of such Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, it shall resign immediately in the manner and with the effect specified in the Indenture.

Resignation and Removal of Trustee

(a) The Trustee may resign at any time by giving written notice thereof to the City, the Developer, and each owner of Bonds Outstanding as shown by the list of Bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest, it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the City or the Developer (so long as the Developer is not in default under the Redevelopment Agreement) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the City and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds or, so long as the Developer is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Redevelopment Agreement, by the Developer. The City, the Developer or any Bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(d) If at any time:

(1) the Trustee shall fail to comply with subsection (b) after written request therefor by the City or by any Bondowner, or

(2) the Trustee shall cease to be eligible under the requirements of the Indenture and shall fail to resign after written request therefor by the City or by any such Bondowner, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (a) the City may remove the Trustee, or (b) the Developer or any Bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the acceptance of appointment by the successor Trustee as provided in the Indenture.

Appointment of Successor Trustee

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the City, or the owners of a majority in principal amount of Bonds Outstanding (if an Event of Default under the Indenture, by an instrument or concurrent instruments in writing delivered to the City and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the

City or the Bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner provided in the Indenture, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner provided in the Indenture, any Bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this paragraph shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor

Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts expressed in the Indenture all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.

Merger, Consolidation and Succession to Business

Any bank or association into which the Trustee may be merged or with which it may be consolidated, or any bank or association resulting from any merger or consolidation to which the Trustee shall be a party, or any bank or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such bank or association shall be otherwise qualified and eligible under the Indenture, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Co-Trustees and Separate Trustees

At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies granted in the Indenture to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least 25% in principal amount of the Bonds Outstanding, the City shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of the Indenture. If the City does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the City be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the City.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations under the Indenture in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee under the Indenture, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations conferred by the Indenture or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the City evidenced by a resolution or by the written consent of the Authorized City Representative, may accept the resignation of or remove any co-trustee or separate trustee appointed under the Indenture, and, in case an Event of Default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the City. Upon the written request of the Trustee, the City shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in the Indenture.

(d) No co-trustee or separate trustee under the Indenture shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee under the Indenture.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of Bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Designation of Paying Agents

Under the Indenture, the Trustee is designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The City may, in its discretion, cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds under the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds of any series, or at the principal corporate trust office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided under the Indenture and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the City in connection with the appointment of any successor Trustee. Only entities meeting the requirements of K.S.A. 10-501, as amended from time to time, shall be Paying Agents under the Indenture.

SUPPLEMENTAL INDENTURES

Supplemental Indentures without Consent of Bondowners

Without the consent of the owners of any Bonds, the City and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any funds at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any funds subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture to additional funds; or
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as set forth in the Indenture, additional conditions, limitations and restrictions thereafter to be observed; or
- (c) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture; or
- (d) to add to the covenants of the City or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power conferred in the Indenture upon the City; or
- (e) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds; or
- (f) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute enacted after the date of the Indenture, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States; or
- (g) to authorize the issuance of any series of Additional Bonds (as described under the caption "ADDITIONAL BONDS" in this Appendix) and make such other provisions relating to the title, form, numbering and dating of Bonds as provided in the Indenture.

Supplemental Indentures with Consent of Bondowners

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the City and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; or

(c) modify the obligation of the City to make payment on or provide funds for the payment of any Bond; or

(d) modify or alter the definition of the term "Outstanding"; or

(e) modify any of the provisions of described in this section or under the caption "DEFAULT AND REMEDIES, Events of Default" of this Appendix, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate (except for a Supplemental Indenture expressly authorized by the Indenture or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

Effect of Supplemental Indentures

Upon the execution of any Supplemental Indenture, the Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of the Indenture for all purposes; and every owner of Bonds theretofore or thereafter authenticated and delivered under the Indenture shall be bound thereby.

SATISFACTION AND DISCHARGE

Payment, Discharge and Defeasance of Bonds

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the City shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with Government Obligations described in subsection (c) above, subject to receipt by the Trustee of (1) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee, and (2) an Opinion of Counsel addressed and delivered to the Trustee in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture.

The foregoing notwithstanding, the liability of the City in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Government Obligations deposited with the Trustee as aforesaid.

Moneys and Government Obligations so deposited with the Trustee as described in this section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Government Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Government Obligations have been deposited with the Trustee.

Satisfaction and Discharge of Indenture

The Indenture and the lien, rights and interests created by the Indenture shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds provided for in the Indenture) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions described in this section; and
- (b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment.

Thereupon, the Trustee shall execute and deliver to the City a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary and shall pay, assign, transfer and deliver to the City, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Government Obligations held in trust by the Trustee as provided in the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge

Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee to receive compensation and reimbursement under the Indenture shall survive, and the Trustee shall retain such rights, powers

and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided in the Indenture. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for six years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided in the Indenture, shall then be deposited in the City's general fund to be expended in accordance with the Act, and all liability of the Trustee or the Paying Agent or the City with respect to such moneys shall thereupon cease.

TAX COVENANTS

The City covenants and agrees that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, as may be necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and (2) it will comply with the provisions of the Tax Compliance Agreement. The Trustee agrees to comply with the provisions of the Tax Compliance Agreement and with any statute, regulation or ruling that may apply to it as Trustee under the Indenture and relating to reporting principal and interest payments on the Bonds or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Bonds.

MISCELLANEOUS

Compliance Certificates and Opinions

Upon any application or request by the City to the Trustee to take any action under any provision of the Indenture, the City shall cause to be furnished to the Trustee an certificate executed by the Mayor or City Administrator stating that all conditions precedent, if any, provided for in the Indenture relating to the proposed action have been complied with and an Opinion of Counsel, stating that in the opinion of counsel rendering such opinion all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of the Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in the Indenture shall include:

- (a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions in the Indenture relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such condition or covenant has been complied with; and
- (d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Notices, Consents and Other Instruments by Bondowners

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

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

(b) The fact of ownership of the Bonds, the amount or amounts, numbers and other identification of the Bonds, and the date of holding the same shall be proved by the Bond Register of the City maintained by the Trustee.

In determining whether the Bondowners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds registered in the name of the City shall be disregarded and deemed not to be Outstanding under the Indenture, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

Severability

If any section or other part of the Indenture, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of the Indenture.

Governing Law

The Indenture shall be governed exclusively by and constructed in accordance with the applicable laws of the State.

Notices

Notices to Bondowners shall be given by first class mail at the address of each Bondowner as shown on the Bond Register maintained by the Trustee. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Bondowner shall affect the sufficiency of such notice with respect to the other Bondowners.

(THIS PAGE LEFT BLANK INTENTIONALLY)

APPENDIX B-2

DEFINITIONS AND SUMMARY OF CONTINUING DISCLOSURE AGREEMENTS

CITY'S CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of January 15, 2008 (the "Continuing Disclosure Agreement") is executed and delivered by the **CITY OF WICHITA, KANSAS** (the "City") and **SECURITY BANK OF KANSAS CITY**, as Dissemination Agent (the "Dissemination Agent").

RECITALS

1. This Continuing Disclosure Agreement is being executed and delivered in connection with the delivery of \$2,425,000 principal amount of the City's Special Obligation Tax Increment Revenue Bonds (Broadway Plaza Project) Series 2008A (the "Bonds"), pursuant to a Trust Indenture dated as of January 15, 2008 (the "Indenture").

2. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The City acknowledges that the City is an "obligated person" with responsibility for continuing disclosure.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"Beneficial Owner" means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Central Post Office" means DisclosureUSA, any successor thereto, or any other conduit entity recognized, authorized or approved by the Securities and Exchange Commission for the submission of Semi-Annual Reports and Material Events notices to the Repositories. The Central Post Office currently approved by the Securities and Exchange Commission is set forth on **Exhibit A**.

"Dissemination Agent" means Security Bank of Kansas City, Kansas City, Kansas, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City.

"Material Events" means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

"National Repository" means any nationally recognized municipal securities information repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in **Exhibit A**.

"Participating Underwriter" means Piper Jaffray & Co., the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

"Repository" means each National Repository and each State Repository, if any.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Semi-Annual Report**” means any Semi-Annual Report provided by the City pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

“**State Repository**” means any public or private repository or entity designated by the State of Kansas as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

Section 2. Provision of Semi-Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent (utilizing counterparts of information and data provided to the Dissemination Agent by the City) to, not later than 30 days after each March 31 and September 30, commencing with the semi-annual period ending March 31, 2008, provide to each Repository the following financial information and operating data (the “**Semi-Annual Report**”):

(i) Updates as of the end of each reporting period of the financial information and operating data contained in the final Official Statement related to the Bonds in substantially the same format as in the following section of the Official Statement, but providing only the actual revenues available to pay debt service and debt service on the Bonds, by date of receipt of such funds from Sedgwick County, Kansas:

**ESTIMATED INCREMENTAL TAX REVENUES AND PROJECTED DEBT SERVICE
COVERAGE OF THE SERIES 2008A BONDS**

- (ii) Actual assessed value of each parcel or tract of land within the Redevelopment District; and
- (iii) Applicable total tax rate for all parcels or tracts within the Redevelopment District.

Any of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an “obligated person” (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference. In each case, the Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section.

(b) Not later than **15** Business Days prior to the date specified in subsection (a) for providing the Semi-Annual Report to the Repositories, the City shall provide the Semi-Annual Report to the Dissemination Agent with instructions to file the Semi-Annual Report as specified in **Subsection (a)** or shall certify to the Dissemination Agent in writing that the City has provided the Semi-Annual Report to the Repositories.

(c) If the Dissemination Agent has not already received a Semi-Annual Report and filing instructions or certification of filing then the Dissemination Agent shall notify the City not later than 10 days and again not later than 5 days prior to the date required in **subsection (a)** of this Section, of the date on which its Semi-Annual Report must be provided to the Dissemination Agent or Repositories. If the Dissemination Agent has not received a Semi-Annual Report and filing instructions or has not received a written notice from the City that it has provided a Semi-Annual Report to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as **Exhibit B**.

(d) The Dissemination Agent shall:

(1) determine each March 31 and September 30, prior to the date for providing the Semi-Annual Report the name and address of each National Repository and the State Repository, if any; and

(2) unless the City has certified in writing that the City has provided the Semi-Annual Report to the Repositories, promptly following receipt of the Semi-Annual Report and instructions required in **subsection (b)** above, provide the Semi-Annual Report to each the Repository and file a report with the City certifying that the Semi-Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

Section 3. Reporting of Material Events.

(a) Pursuant to the provisions of this Section, the City shall give, or cause to be given, to each Repository, within 7 Business Days after the City obtains knowledge thereof, notice of the occurrence of any of the following events with respect to the Bonds, if material (“**Material Events**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) modifications to rights of bondowners;
- (4) optional, contingent or unscheduled bond calls;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (8) unscheduled draws on debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of credit or liquidity providers, or their failure to perform; or
- (11) release, substitution or sale of property securing repayment of the Bonds.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the City Finance Director or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the City determines that such event would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (d).

(c) Whenever the City obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the City to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence with each National Repository or the Municipal Securities Rulemaking Board and the State Repository, if any, with a copy to the City. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the owners of affected Bonds pursuant to the Indenture.

Section 4. Central Post Office. The City authorizes and directs the Dissemination Agent to use the Central Post Office for the submission of Semi-Annual Reports and Material Events notices for so long as there is any Central Post Office recognized, authorized or approved by the Securities and Exchange Commission. Submission of a Semi-Annual Report or a Material Events notice by the City or the Dissemination Agent to the Central Post Office shall be deemed to satisfy the City's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement with respect to that Semi-Annual Report or Material Events Notice unless the City has actual notice that the Central Post Office has failed to deliver the Semi-Annual Report or Material Event Notice to the Repositories.

Section 5. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Agreement will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If a termination occurs prior to the final maturity of the Bonds, the City shall give notice of the termination in the same manner as for a Material Event under **Section 3(d)**.

Section 6. Dissemination Agent. The initial Dissemination Agent shall be Security Bank of Kansas City. The City may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by giving 30 days written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Continuing Disclosure Agreement.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the execution of such amendment by the Dissemination Agent so requested by the City shall not be unreasonably withheld) and any provision of this Continuing Disclosure Agreement may be waived, provided that counsel experienced in federal securities law matters provides the City and the Dissemination Agent with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment in the next Semi-Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, **(1)** notice of such change shall be given in the same manner as for a Material Event under **Section 3(d)**, and **(2)** the Semi-Annual Report for the quarter in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Semi-Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Semi-Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Semi-Annual Report or notice of occurrence of a Material Event.

Section 9. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Participating Underwriter, the Trustee or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Indenture or the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss,

expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including, without limitation, attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or wilful misconduct. The City shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No provision of this Continuing Disclosure Agreement shall be interpreted to limit, prohibit, or affect any right of the Trustee for the Bonds to provide notice to the Registered Owners of the Bonds or any other person pursuant to the terms of the Indenture.

Section 11. Notices. Any notices or other communications to or among any of the parties to this Continuing Disclosure Agreement shall be sufficiently given and shall be deemed given upon receipt if personally delivered or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows, provided, however, that any of the foregoing given to the Dissemination Agent shall be effective only upon receipt:

To the City: City of Wichita, Kansas
455 N. Main
Wichita, Kansas 67202
Attention: City Attorney

If to the Dissemination Agent: Security Bank of Kansas City
701 Minnesota Ave., Suite 206
Kansas City, Kansas 66101
Attention: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Severability. If any provision in this Continuing Disclosure Agreement, the Indenture or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Kansas.

Section 16. Electronic Transactions. The parties agree that the arrangement described herein may be conducted and related documents may be stored by electronic means.

DEVELOPER'S CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT**, dated as of January 15, 2008 (the "**Agreement**"), is executed and delivered by **BROADWAY 47, LLC**, a Kansas limited liability corporation (the "**Developer**") and **SECURITY BANK OF KANSAS CITY**, as dissemination agent (the "**Dissemination Agent**").

RECITALS

1. This Agreement is executed and delivered in connection with the issuance by the City of Wichita, Kansas (the "**Issuer**") of \$2,425,000 Special Obligation Tax Increment Revenue Bonds (Broadway Plaza Project) Series 2008A (the "**Series 2008A Bonds**"), pursuant to a Trust Indenture, dated as of January 15, 2008 (the "**Indenture**") between the Issuer and Security Bank of Kansas City, as Dissemination Agent (the "**Dissemination Agent**").

2. The Developer and the Dissemination Agent are entering into this Agreement for the benefit of the Bondholders (defined below) and in order to assist Piper Jaffray & Co. (the "**Underwriter**"), as the original underwriter of the Bonds, in complying with the Rule (defined below) of the Securities and Exchange Commission (the "**SEC**"). The Developer acknowledges that the Developer is an "obligated person" with responsibility for continuing disclosure.

AGREEMENT

In consideration of the mutual covenants and agreements herein, the Developer and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. Any capitalized term not defined in this Agreement shall have the definition set forth in the Indenture or the Official Statement relating to the Series 2008A Bonds (the "**Official Statement**"). In addition, the following capitalized terms shall have the following meanings:

"**Bondholders**" means any registered owner of any Series 2008A Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2008A Bonds (including persons holding Series 2008A Bonds through nominees, depositories or other institutions), or (b) is treated as the owner of any Series 2008A Bonds for federal income tax purposes.

"**Central Post Office**" means DisclosureUSA, any successor thereto, or any other conduit entity recognized, authorized or approved by the Securities and Exchange Commission for the submission of Developer Reports and Other Events notices to the Repositories. The Central Post Office currently approved by the Securities and Exchange Commission is set forth on **Exhibit A**.

"**Developer Report**" means the information provided by the Developer to the Dissemination Agent and the Issuer pursuant to, and as described in **Section 2** of this Agreement.

"**National Repository**" means any nationally recognized municipal securities information repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in **Exhibit A**.

"**Repository**" means each National Repository and each State Repository, if any.

"**Rule**" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"**Significant Events**" means any of the events listed in **Section 3** of this Continuing Disclosure Agreement.

"**State Repository**" means any public or private repository or entity designated by the State of Kansas as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"**Underwriter**" means Piper Jaffray & Co., the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

Section 2. Provision of Reports.

(a) The Developer shall, or shall cause the Dissemination Agent to, not later than 30 days after the end of each calendar quarter (ending March 31, June 30, September 30 and December 31) following the closing of the Series 2008A Bonds and continuing until the completion of the Redevelopment Project, provide to each Repository and the Issuer the following information (the “Developer Report”):

(i) status of completion of the Redevelopment Project and the projected opening dates for any tenants to be located within the Redevelopment Project;

(ii) leasing and sales information regarding the retail sites in the Redevelopment Project, the percentage of leaseable space under lease agreements, the parties to such agreements and intended retailers and office occupants, the percentage of leaseable space which is subject to a letter of intent to lease, the percentage of leaseable space for which lease negotiations are in progress, and the percentage of any remaining leaseable space (not subject to a lease agreement, letter of intent or negotiations);

(iii) whether during the previous calendar quarter, the zoning classification for any parcel comprising the Redevelopment District has changed and, if so, describing in reasonable detail the effect of such change;

(iv) a statement as to the existence of any material legislative, administrative or judicial challenge to the knowledge of the Developer to the construction or operation of the Redevelopment Project;

(v) an update to the following headings of the Official Statement reflecting any material changes in the plan to develop the Redevelopment Project as described in the Official Statement, under the headings:

“BROADWAY PLAZA AND THE REDEVELOPMENT PROJECT”
“ENVIRONMENTAL MATTERS”
“HOME DEPOT AND DEVELOPMENT OF THE HOME DEPOT PARCEL”
“SUMMARY OF LEASES; OTHER OCCUPANTS IN THE REDEVELOPMENT DISTRICT”

(vi) whether, to the Developer’s knowledge, during the previous period, ownership or identity of the lessee of any parcel comprising the Redevelopment District has changed and, if so, identifying the transferee and indicating whether such transferee is an affiliate;

(vii) the receipt by the Developer of formal written notice of default under any of the following documents:

- 1) Redevelopment Agreement between the City and the Developer;
- 2) Development Agreement between the Developer and Home Depot;
- 3) Long-Term Care Agreement between the Developer and KDHE related to the Home Depot Parcel; and
- 4) Environmental Use Control Agreement between the Developer and KDHE related to the Home Depot Parcel;

(viii) a statement as to material changes, if any, in the form, organization or ownership of the Developer;

(ix) a description of any material modification (as determined by the Developer) of any of the contracts listed in paragraph (viii) above, as it pertains to Redevelopment Project; and

(x) construction, renovation, deconstruction, or destruction of any property within the Redevelopment District whose assessed value constitutes more than 5% of the total assessed valuation of all property within the Redevelopment District.

(b) After completion of the initial construction for the Redevelopment Project, the Developer shall, or shall cause the Dissemination Agent to, not later than 30 days after the end of each calendar quarter (ending March 31, June 30, September 30 and December 31), provide to each Repository and the Issuer while the Series 2008A Bonds are outstanding, the Developer Report containing the information set forth in **Sections 2(a)(v)** through **(x)**, inclusive.

(c) Not later than 15 Business Days prior to the dates specified in subsections (a) and (b) for providing the Developer Report to the Repositories, the Developer shall provide the Developer Report to the Dissemination Agent with instructions to file the Developer Report as specified in subsection (a) or (b), or shall certify to the Dissemination Agent in writing that the Developer has provided the Developer Report to the Repositories.

(d) If the Dissemination Agent has not already received the Developer Report and filing instructions or certification of filing then the Dissemination Agent shall notify the Developer not later than 10 days and again not later than 5 days prior to the date required in **subsections (a) and (b)** of this Section, of the date on which its Developer Report must be provided to the Dissemination Agent or Repositories. If the Dissemination Agent has not received a Developer Report and filing instructions or has not received a written notice from the Developer that it has provided an Developer Report to the Repositories by the date required in **subsections (a) and (b)**, the Dissemination Agent shall send a notice to each Repository in substantially the form attached as **Exhibit B**.

(e) The Dissemination Agent shall:

(1) determine each quarter prior to the date for providing the Developer Report the name and address of each National Repository and the State Repository, if any; and

(2) unless the Developer has certified in writing that the Developer has provided the Developer Report to the Repositories, promptly following receipt of the Developer Report and instructions required in **subsection (b)** above, provide the Developer Report to each the Repository and file a report with the Developer certifying that the Developer Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

Section 3. Reporting of Significant Events.

(a) Whenever the Developer obtains actual knowledge of the occurrence of one or more of the following events, the Developer shall within 5 Business Days give or cause to be given to the Dissemination Agent notice of any of the following events (each, a “Significant Event”):

(i) material damage to or destruction of any of the Redevelopment Project or improvements within the Redevelopment District;

(ii) material default by the Developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the Redevelopment Project;

(iii) the filing of any lawsuit with a claim for damages in excess of \$100,000 against the Developer which may adversely affect the completion of the Redevelopment Project or litigation in excess of \$100,000 which would materially adversely affect the financial condition of the Developer;

(iv) the failure by the Developer or any affiliate thereof to pay any ad valorem taxes with respect to property in the Redevelopment District owned by the Developer or any affiliate thereof;

(v) the filing by the Developer or any affiliate thereof of any appeal of assessed valuation with respect to property in the Redevelopment District that is owned by the Developer or any affiliate thereof which appeal, if successful, would cause the tax liability owed on such property to decrease by more than 5%;

(vi) payment default by the Developer or any affiliate thereof on any loan to such party with respect to the construction and permanent financing of all or any portion of the Redevelopment Project (whether or not such loan is secured by an interest in property in the Redevelopment District);

(vii) receipt of notice from KDHE of any failure to comply with the Voluntary Cleanup Plan, the Long-Term Care Agreement or the Environment Use Control Agreement, all related to the Home Depot Parcel; or

(viii) closing of any store within the Redevelopment District on a parcel or tract within the Redevelopment District which constitutes more than 5% of the total assessed valuation of all property within the Redevelopment District.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Significant Event, contact the Developer or his or her designee, or such other person as the Developer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Developer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the Developer determines that such event would not be material under applicable federal securities laws, the Developer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (d).

(c) Whenever the Developer obtains knowledge of the occurrence of a Significant Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Developer shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Developer to report the occurrence of a Significant Event, the Dissemination Agent shall promptly file a notice of such occurrence with each National Repository or the Municipal Securities Rulemaking Board and the State Repository, if any, with a copy to the Developer and the Issuer.

Section 4. Central Post Office. The Developer authorizes and directs the Dissemination Agent to use the Central Post Office for the submission of Developer Reports and Significant Event notices for so long as there is any Central Post Office recognized, authorized or approved by the Securities and Exchange Commission. Submission of a Developer Report or a Significant Event notice by the Developer or the Dissemination Agent to the Central Post Office shall be deemed to satisfy the Developer's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement with respect to that Developer Report or a Significant Event notice unless the Developer has actual notice that the Central Post Office has failed to deliver the Developer Report or a Significant Event notice to the Repositories.

Section 5. Termination of Reporting Obligation. The Developer's obligations under this Agreement shall terminate upon repayment or defeasance of the Series 2008A Bonds in full in accordance with the Indenture.

Section 6. Dissemination Agent. The Dissemination Agent may resign at any time upon giving 30 days prior written notice to the Developer and the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any information provided by the Developer pursuant to this Agreement.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Developer and the Dissemination Agent may amend this Agreement and any provision of this Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Developer and the Dissemination Agent with its opinion that the undertaking of the Developer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Agreement.

In the event of any amendment or waiver of a provision of this Agreement, the Developer shall describe such amendment in the next Developer Report prepared and delivered by the Dissemination Agent, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Developer.

Section 8. Additional Information. Nothing in this Agreement shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Developer Report or notice of occurrence of a Significant Event, in addition to that which is required by this Agreement. If the Developer chooses to include any information in any Developer Report or notice of occurrence of a Significant Event, in addition to that which is specifically required by this Agreement, the Developer shall have no obligation under this Agreement to update such information or include it in any future Developer Report or notice of occurrence of a Significant Event.

Section 9. Default. In the event of a failure by the Dissemination Agent or the Developer to comply with any provision contained herein, the Trustee, the Issuer, the Underwriter or any Bondholder shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. The Dissemination Agent shall not be obligated to take any action to enforce the provisions of this Agreement unless it shall be indemnified by the Bondholders in accordance with the provisions of the Indenture.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including, without limitation, attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or wilful misconduct. The Developer shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Agreement. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent. No provision of this Agreement shall be interpreted to limit, prohibit, or affect any right of the Trustee for the Bonds to provide notice to the Registered Owners of the Bonds or any other person pursuant to the terms of the Indenture.

Section 11. Notices. Any notices or other communications to or among any of the parties to this Agreement shall be given and shall be deemed given upon receipt if personally delivered or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows; provided, however, that any of the foregoing notices given to the Dissemination Agent shall be effective only upon receipt:

If to the Developer: Broadway 47, LLC
9400 Reeds Road, Suite 100
Overland Park, Kansas 66207
Attention: David J. Christie

With copies to:

Sandra Watts
White Goss Bowers March Schulte & Weisenfels
4510 Belleview, Suite 300
Kansas City, Missouri 64111

If to the Issuer: City of Wichita, Kansas
455 N. Main
Wichita, Kansas 67202
Attention: City Clerk

If to the Dissemination Agent: Security Bank of Kansas City
701 Minnesota Ave., Suite 206
Kansas City, Kansas 66101
Attention: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices of communication should be sent.

Section 12. Beneficiaries. This Agreement is for the benefit of the Developer, the Dissemination Agent, the Issuer, the Trustee, the Underwriter, the Bondholders and Beneficial Owners from time to time of the Series 2008A Bonds, and shall create no rights in any other person or entity.

Section 13. Successors. This Agreement shall be binding on any successors and assigns of the Developer's obligations under the Redevelopment Agreement.

Section 14. Severability. If any provision in this Agreement, the Indenture or the Series 2008A Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be impaired thereby.

Section 15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas.

Section 17. Electronic Transactions. The parties agree that the arrangement described herein may be conducted and related documents may be stored by electronic means.

(THIS PAGE LEFT BLANK INTENTIONALLY)

APPENDIX C

FORM OF BOND COUNSEL OPINION

[closing date]

Governing Body of the
City of Wichita, Kansas
Wichita, Kansas

Security Bank of Kansas City,
as Trustee
Kansas City, Kansas

Piper Jaffray & Co.
Leawood, Kansas

Re: \$2,425,000 Special Obligation Tax Increment Revenue Bonds (Broadway Plaza Project), Series 2008A, of the City of Wichita, Kansas, Dated January 15, 2008 (the "Bonds")

We have acted as Bond Counsel in connection with the issuance by the City of Wichita, Kansas (the "Issuer"), of the Bonds pursuant to K.S.A. 12-1770 *et seq.*, as amended (the "Act"), an ordinance passed by the Governing Body of the Issuer and a Trust Indenture dated as of January 15, 2008, between the Issuer and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Indenture"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and other financing documents and the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

(1) The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding special limited obligations of the Issuer payable as to principal and interest (except to the extent paid out of Bond proceeds, insurance proceeds or the income from the temporary investment thereof) solely from and secured as to the payment of principal and interest by a pledge of Incremental Tax Revenues deposited in the Issuer's Tax Increment Fund and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee in favor of the owners of the Bonds as provided in the Indenture. The Bonds and the interest thereon shall not constitute a general obligation of the Issuer, nor shall they constitute an indebtedness of the Issuer, the State of Kansas or any political subdivision thereof within the meaning of any constitutional provision or statutory limitation and do not constitute a pledge of the full faith and credit of the Issuer, the State of Kansas or of any political subdivision thereof. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer, the State of Kansas or any political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment.

(2) The Indenture has been duly authorized, executed and delivered by the Issuer and is a valid and legally binding agreement of the Issuer enforceable against the Issuer in accordance with its terms.

(3) The Indenture creates a valid assignment of the Trust Estate under the Indenture as security for the payment of the Bonds. Under the terms of the Indenture, Additional Bonds may be issued which be on a parity with the Bonds and equally and ratably secured by the Trust Estate created under the Indenture.

(4) Under existing laws, regulations, rulings and judicial decisions, the interest on the Bonds is excludable from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

(5) Under existing law, the interest on the Bonds is exempt from Kansas income taxation.

Interest on the Bonds is included in the "adjusted current earnings" (*i.e.*, alternative minimum taxable income as adjusted for certain items, including those items that would be included in the calculation of a corporation's earnings and

profits under Subchapter C of the Code) of certain corporations and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of each such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). The opinion numbered (4) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers of the Bonds that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

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

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the official statement).

It is to be understood that the rights of the registered owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

APPENDIX D

MAPS OF THE REDEVELOPMENT DISTRICT

(THIS PAGE LEFT BLANK INTENTIONALLY)

47th & Broadway Wichita, KS



Shadyside St

W 45TH ST S

S Main St

W 47TH ST S

E 47th St S & S Broadway St, Wichita, KS 67216



© 2006 Navteq
Image © 2006 DigitalGlobe



SEC 47th & Broadway, Wichita, KS



APPENDIX E

FORM OF INVESTOR LETTER

City of Wichita, Kansas
Wichita, Kansas

Security Bank of Kansas
Kansas City, Kansas

Re: \$2,425,000 City of Wichita, Kansas Special Obligation Tax Increment Revenue Bonds (Broadway & 47th Street Redevelopment Project) (the "Bonds")

On the date hereof, in connection with its purchase of the above-captioned bonds (the "**Bonds**") issued pursuant to the Trust Indenture, dated as of January 15, 2008 (the "**Indenture**"), by and between the City of Wichita, Kansas (the "**City**") and Security Bank of Kansas City, as Trustee, the undersigned does hereby certify as follows:

(a) The undersigned is a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"), or an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act, with sufficient knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Bonds.

(b) The undersigned has received and read the Official Statement. The undersigned has had the opportunity to obtain such information related to the Developer, the Redevelopment Project, and the other matters described in the Official Statement as it deems necessary to evaluate the merits and risks of an investment in the Bonds.

(c) The undersigned understand that the Bonds are special, limited obligations of the Issuer payable solely from the Trust Estate as described in the Official Statement.

(d) The undersigned considers that it has such knowledge and experience in financial and business matters as to be independently capable of evaluating the merits and risks of an investment in the Bonds.

(e) The undersigned is purchasing the Bonds for its own account and for investment in the ordinary course of its business, and has no present intention to reoffer, resell or otherwise distribute the Bonds.

[Transferee]

By: _____
Name: _____
Title: _____

(THIS PAGE LEFT BLANK INTENTIONALLY)