

# PRELIMINARY LIMITED OFFERING MEMORANDUM DATED OCTOBER \_\_, 2006

**NEW ISSUE-BOOK-ENTRY ONLY**

**NOT RATED**

*In the opinion of Bond Counsel, based upon existing laws, regulations, rulings and court decisions and, assuming, among other matters, that the Non-Profit is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Assuming the Non-Profit is a 501(c)(3) organization, the interest on the Bonds is not a specific preference item. The Non-Profit has made application to the Internal Revenue Service for a Determination Letter, but no such Determination Letter has been issued as of the date hereof. Bond Counsel expresses no opinion in the event that the Non-Profit is not determined to be an organization described in Section 501(c)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Interest on the Bonds is exempt from Kansas state income taxes whether or not included in federal adjusted gross income. See the headings "SPECIAL RISK FACTORS" and "TAX EXEMPTIONS"*

## \$15,000,000\* CITY OF OVERLAND PARK, KANSAS Transportation Development District Special Assessment Bonds, Series 2006 (Tallgrass Creek Project)

**Dated:** Date of delivery

<u>Due Date*</u>	<u>Interest Rate*</u>	<u>Price*</u>	<u>Amount*</u>	<u>CUSIP*</u>
August 1, 2016	_____ %	_____ %	\$ _____	
August 1, 2028	_____ %	_____ %	\$ _____	

The above captioned Bonds (the "Bonds") are limited special obligations of the City of Overland Park, Kansas (the "City") payable solely from and secured by a pledge of certain Special Assessments (as defined herein) and certain funds held by the Trustee pursuant to Trust Indenture, dated as of November 1, 2006 (the "Indenture") by and between the City and Manufacturers and Traders Trust Company, as trustee (the "Trustee"). The Bonds are being issued to provide funds to (i) finance certain infrastructure improvements related to a transportation development district (the "District") located in the City, as described herein, (ii) fund a reserve fund, (iii) fund capitalized interest on the Bonds and (iv) pay certain costs relating to the issuance of the Bonds.

**The Bonds are subject to optional redemption, special redemption, mandatory sinking fund redemption, Special Assessment prepayments redemption, special mandatory redemption and extraordinary redemption as described herein. The Bonds are subject to mandatory redemption on November 29, 2009 in the event that the Non-Profit is not a 501(c)(3) organization. See the heading "Extraordinary Redemption on Federal Taxability Event."**

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2007. The Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of the Bonds will not receive physical certificates representing their interest in the Bonds purchased, but will receive a credit balance on the books of the nominees of such beneficial owners. Individual purchases will be in principal amounts of \$100,000 or any integral multiple of \$1,000 in excess thereof. Payments of principal of and interest on the Bonds will be paid by the Trustee to DTC Participants who will remit such payment to the beneficial owners of the Bonds. See "The Bonds - Book-Entry System" herein.

THE BONDS ARE INITIALLY BEING OFFERED TO "ACCREDITED INVESTORS" ONLY WITHIN THE MEANING OF SECTION 2(15) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(a)(2) THEREIN. NO ACTION HAS BEEN TAKEN TO QUALIFY THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE.

THE PURCHASE OF THE BONDS IS AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NON-PAYMENT OF PRINCIPAL AND INTEREST. SEE "SPECIAL RISK FACTORS" HEREIN FOR A DISCUSSION OF SUCH FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

THE BONDS WILL CONSTITUTE VALID AND LEGALLY BINDING LIMITED SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY AND ONLY FROM THE SPECIAL ASSESSMENTS (AS PROVIDED IN THE INDENTURE) AND AMOUNTS ON DEPOSIT IN CERTAIN OF THE FUNDS AND ACCOUNTS ESTABLISHED AND MAINTAINED UNDER THE INDENTURE, AS SET FORTH HEREIN. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE OF KANSAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE STATE OF KANSAS, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.

The Bonds are offered for delivery when, as and if issued, subject to the opinion of Kutak Rock, LLP, Kansas City, Missouri, Bond Counsel, as to the validity of the Bonds and the excludability from gross income of interest thereon for federal income tax purposes. Certain legal matters will be passed upon for the Underwriter by Ballard Spahr Andrews & Ingersoll, LLP, Washington, D.C., for the City by the City Attorney, for Erickson Retirement Communities, LLC, as Developer, and Kansas Campus, LLC, as Owner, by McGuireWoods LLP, Chicago, Illinois, and for Tallgrass Creek, Inc., as the lessee of the Development, by Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland. It is expected that the Bonds will be available for delivery to DTC in New York, New York on or about November 29, 2006.

## Stone & Youngberg LLC

This cover page contains information for quick reference only. It is not a summary of the Limited Offering Memorandum. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed decision.

\* Preliminary; subject to change

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This Preliminary Limited Offering Memorandum and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Limited Offering Memorandum is delivered in final form. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\_\_\_\_\_, 2006

**No dealer, broker, salesman or other person has been authorized by the City or by the Underwriter to give any information or to make any representations, other than those contained in this Limited Offering Memorandum, 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 Limited Offering Memorandum 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 such person to make such offer, solicitation or sale. The information set forth herein has been furnished by sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein speak only as of the date hereof and are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information contained herein since the date hereof.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH 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.**

# TRANSPORTATION DEVELOPMENT DISTRICT LOCATION MAP

# TRANSPORTATION DEVELOPMENT DISTRICT SITE PLAN

# **AERIAL VIEW OF TRANSPORTATION DEVELOPMENT DISTRICT**

# TABLE OF CONTENTS

	<b>Page</b>
INTRODUCTION .....	1
The District .....	2
The Project .....	2
Use of Proceeds .....	3
The Owner .....	3
The Developer .....	3
The Non-Profit .....	3
The Development .....	4
Appraisal Report and Appraiser .....	5
Bondholder Risks .....	6
Limitations Concerning Information Contained Herein .....	6
THE DISTRICT AND SPECIAL ASSESSMENTS .....	6
The Act .....	6
Establishment of the District .....	7
General Description of the District .....	7
THE CITY .....	7
Government .....	7
City Socioeconomic Data .....	9
Population .....	9
THE BONDS .....	10
Redemption .....	10
Selection of Bonds for Redemption .....	13
Purchase of Bonds In Lieu of Redemption .....	14
Notice of Redemption .....	14
Effect of Call for Redemption .....	15
Transfer and Exchange of Bonds .....	15
Book-Entry System .....	16
The Trustee and Administrator .....	18
Sources and Uses of Funds .....	19
SOURCES AND USES .....	19
Debt Service Schedule .....	20
SECURITY FOR THE BONDS .....	20

General.....	20
Special Assessment.....	21
Owner Not Liable for Bonds.....	22
Debt Service Fund.....	22
Reserve Fund .....	23
Construction Fund.....	24
Administrative Expense Fund.....	25
Permitted Investments.....	25
Levy, Abatement and Collection of Special Assessments.....	26
Appraised Property Values .....	27
Market Conditions .....	29
PROPOSED DEVELOPMENT OF TALLGRASS CREEK .....	30
Introduction.....	30
Ownership Structure .....	30
The Non-Profit.....	31
The Developer.....	32
The Development.....	37
Marketing of the Development .....	39
Management of the Development.....	40
Competition.....	40
Financing Structure for the Development.....	41
Financing Operation of the Development.....	42
Development Team.....	42
Zoning.....	42
Status of Approvals.....	43
Environmental Review.....	43
Availability of Utilities .....	43
Phasing and Financing of Project .....	43
Development Agreement .....	44
SPECIAL RISK FACTORS .....	45
Concentration of Ownership.....	45
Conveyance of Development to Non-Profit; Risk of Early Redemption .....	46
Section 501(c)(3) Status of Non-Profit.....	46
Change of Ownership .....	47
Failure to Develop Properties; Government Approvals.....	47
Licensure.....	47
Land Development Costs.....	48
Failure to Achieve Full Occupancy Stabilization; Competition .....	48
Local Economic Conditions; Demographics .....	49
Appraised Value.....	49



Special Assessment Delinquencies .....	49
Potential Delay and Limitations of Foreclosure Actions .....	50
Bankruptcy .....	51
No Acceleration .....	52
Limited Secondary Market .....	52
UNDERWRITING .....	52
LEGAL MATTERS.....	52
TAX EXEMPTIONS .....	53
NO LITIGATION.....	54
NO RATING.....	55
RELATIONSHIPS.....	55
CONTINUING DISCLOSURE.....	55
MISCELLANEOUS .....	55
APPENDIX A — Appraisal Report	
APPENDIX B — Engineer’s Report	
APPENDIX C — Form of Indenture	
APPENDIX D — Form of Bond Counsel Opinion	
APPENDIX E — Form of Administrator’s and Owner’s Continuing Disclosure Agreement	
APPENDIX F — Socioeconomic Data for the City of Overland Park, Kansas	

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## LIMITED OFFERING MEMORANDUM

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**\$15,000,000\***  
**CITY OF OVERLAND PARK, KANSAS**  
**TRANSPORTATION DEVELOPMENT DISTRICT**  
**SPECIAL ASSESSMENT BONDS, SERIES 2006**  
**(TALLGRASS CREEK PROJECT)**

### INTRODUCTION

This Limited Offering Memorandum, including the cover page and Appendices hereto, is provided to furnish information in connection with the issuance and sale of \$15,000,000\* aggregate principal amount of the City of Overland Park, Kansas Transportation Development District Special Assessment Bonds, Series 2006 (Tallgrass Creek Project) (the “Bonds”). The Bonds will be issued by City of Overland Park, Kansas (the “City”) pursuant to (i) K.S.A. 2005 Supp. 12-7, 140 through 12-17, 149, as thereafter amended (the “Act”); (ii) Ordinance No. \_\_\_\_\_, duly adopted by the City Council of the City (the “City Council”) on \_\_\_\_\_, 2006 (together with a Bond Order dated \_\_\_\_\_, 2006, the “Bond Ordinance”) and (iii) the Trust Indenture, dated as of November 1, 2006 (the “Indenture”), by and between the City and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). The Bonds will be issued as fully registered Bonds in book entry form in denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof. Pursuant to Ordinance No. ASMT-2639, duly adopted by the City Council on \_\_\_\_\_, 2006 (the “Levying Ordinance”), the Bond Ordinance and the Indenture, the Bonds will be solely payable from and secured by the proceeds of a special assessment (the “Special Assessment” or “Special Assessments”), levied on real property within the Transportation Development District (the “District”). The District, located within the City, has been created pursuant to Resolution No. 3542, duly adopted by the City Council on September 11, 2006 (the “Establishing Resolution,” and together with the Bond Ordinance and the Levying Ordinance, the “Authorizing Actions”). The Bonds are also secured by certain funds held by the Trustee under the Indenture as hereinafter described. See “SECURITY FOR THE BONDS” and “APPENDIX C – Form of Indenture.”

**THE BONDS WILL CONSTITUTE VALID AND LEGALLY BINDING LIMITED SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY AND ONLY FROM THE SPECIAL ASSESSMENTS (AS PROVIDED IN THE INDENTURE) AND AMOUNTS ON DEPOSIT IN CERTAIN OF THE FUNDS AND ACCOUNTS ESTABLISHED AND MAINTAINED UNDER THE INDENTURE, AS SET FORTH HEREIN. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE OF KANSAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE**

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\* Preliminary; subject to change

**CITY, THE STATE OF KANSAS, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.**

Capitalized terms not otherwise defined herein shall have the meanings as set forth in the Indenture.

**The District**

The District consists of approximately 65.029 acres of land and is located at the northwest corner of 139<sup>th</sup> Street and Metcalf Avenue in the City. The property comprising the District is bounded by 139<sup>th</sup> Street to the south, Metcalf Avenue to the east and Highway US 69 to the west. Its northern boundary is approximately 100 yards south of 137<sup>th</sup> Street. The property is accessible from Metcalf Avenue and 139<sup>th</sup> Street. The District and the site of the Development are coterminous.

**The Project**

The City is authorized to finance the costs of the Project within the District through the issuance of the Bonds. Those improvements within the District that are not a part of the Project financed with proceeds of the Bonds will be financed with funds provided by the Owner (as hereinafter defined). The improvements comprising the Project approved for the District are as follows:

- roadways, including improvements to 139<sup>th</sup> Street;
- parking lots;
- storm sewer improvements;
- bike trails;
- walkways;
- traffic signals;
- lighting; and
- other eligible costs.

The portion of the Project comprising the improvements to 139<sup>th</sup> Street, the bike trails and the storm sewer improvements (the “City Improvements”) are expected to be conveyed to the City upon their completion. The remaining improvements which comprise the Project (the “Non-Profit Improvements”) are expected to be conveyed pursuant to a Lease (as hereinafter defined) to the Non-Profit upon their completion. See “INTRODUCTION -- The Non-Profit” and “PROPOSED DEVELOPMENT OF TALLGRASS CREEK -- Ownership Structure” herein.

## **Use of Proceeds**

A portion of the proceeds of the Bonds, together with funds provided by the Owner, will be used to finance costs of the Project, as described above, related to the District. The remainder of the proceeds of the Bonds will be used to make an initial deposit to a Reserve Fund (the “Reserve Fund”) pursuant to the Indenture in an amount equal to the lesser of (i) 10% of the stated principal amount of the Bonds, (ii) the maximum annual principal and interest requirements on the Bonds and (iii) 125% of the average annual principal and interest requirements on the Bonds, as adjusted for prepayments (the “Required Reserve”), to make a deposit to the Debt Service Fund pursuant to the Indenture in an amount which, together with expected interest earnings thereon, is estimated to be sufficient to fund capitalized interest through \_\_\_\_\_, \_\_\_\_\_\* (the “Capitalized Interest Deposit”), to pay expenses related to administration of the District and to pay a portion of the costs of issuing the Bonds. See “THE BONDS - Sources and Uses of Funds” herein.

## **The Owner**

Kansas Campus, LLC (the “Owner”), a Maryland limited liability company, which is wholly owned by the Developer (described below), is, at present, the initial owner of the real property in the District (the “Land”) and will initially own all of the improvements as they are constructed on the Land. The Owner may choose to sell the Land to a limited liability company to be formed subsequent to the issuance and delivery of the Bonds as one of the financing options it is considering in connection with the financing of the Development. In such case, Kansas Campus, LLC would retain initial ownership of the improvements as they are constructed on the Land and would retain a leasehold interest in the Land, including a contractual obligation to pay all taxes and assessments levied against the Land and the improvements constructed thereon, including the Special Assessments. See “PROPOSED DEVELOPMENT OF TALLGRASS CREEK -- Financing Structure for the Development” herein.

## **The Developer**

Erickson Retirement Communities, LLC (the “Developer”), a Maryland limited liability company, on behalf of the Owner, will construct on the Land a continuing care retirement community to be known as Tallgrass Creek (the “Development” or “Tallgrass Creek”), pursuant to the provisions of a Development Agreement, dated October 20, 2006, between the Developer and the Owner.

## **The Non-Profit**

Tallgrass Creek, Inc. (the “Non-Profit”), a Maryland non-stock corporation, has leased the Development and the Land from the Owner under a Master Lease and Use Agreement, dated October 20, 2006 (the “Master Lease Agreement”). The Non-Profit, under the terms of the Master Lease Agreement, agrees to maintain and operate the Development as a continuing care retirement community for the residents and has a purchase option for the Development, including the Land, upon the expiration of the first ten full calendar years of the initial 20-year lease term,

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\* Preliminary, subject to change.

at the end of the initial 20-year lease term and at the end of each 10-year period extension, as set forth therein. In addition, the Owner has covenanted pursuant to the Infrastructure, Development and Indemnity Agreement, dated \_\_\_\_\_, \_\_\_\_ (the "Development Agreement"), by and between the City and the Owner and agreed to in part and otherwise acknowledged by the Non-Profit and the Developer, to convey the Non-Profit Improvements held by it to the Non-Profit on or before the Transfer Date (as defined below) and the Non-Profit has agreed to accept such conveyance. The Transfer Date is the date that is no later than the third anniversary date of the date of delivery of the Bonds and, with respect to the Non-Profit Improvements, the dates those portions of the Project are paid from moneys in the Construction Fund. The conveyance of the Non-Profit Improvements is required to be done in a manner so as to accomplish the transfer of ownership of the Non-Profit Improvements for federal tax purposes to the Non-Profit and is expected to be accomplished pursuant to a Sublease Agreement (the "Sublease") between the Owner and the Non-Profit. Upon acquiring title to the Non-Profit Improvements, the Non-Profit will be responsible for payment of the Special Assessments on the portion of the Development relating to the entire Project, including the City Improvements. Otherwise, until it exercises its purchase option under the Master Lease Agreement or otherwise acquires title to the Development, the Non-Profit has no obligation to pay the Special Assessments or the principal or interest on the Bonds. See "INTRODUCTION – The Development" below and "PROPOSED DEVELOPMENT OF TALLGRASS CREEK" and "SPECIAL RISK FACTORS – Conveyance of Development to Non-Profit; Risk of Early Redemption" herein.

## **The Development**

The Development will be undertaken by the Developer in two phases. As currently contemplated, Phase I is expected to consist of five five- and six-story congregate residential retirement buildings containing approximately 479 units and one, two-story common area building. The first two residential buildings (to consist of a total of 227 residential units), the first common area building, the first parking garage and the site work for the entire Development are under construction and scheduled for completion (other than the sitework) in October, 2007. Phase II is expected to consist of five four- and five-story congregate retirement buildings containing approximately 621 units, one two-story common area building and one two-to four-story extended care health center building containing approximately 88 skilled nursing beds and approximately 64 assisted living units. As currently contemplated, upon completion of Phase II, the Development is expected to have a total of approximately 1,100 residential units, two major common area buildings, approximately 88 skilled nursing beds and approximately 64 assisted living units.

The Development, apart from the Project is expected to be financed from amounts made available from: (i) a revolving loan and letter of credit facility provided to the Owner by Mercantile-Safe Deposit and Trust Company, or, alternatively, another commercial lender or lenders, as a lender and administrative agent, and any other lenders named therein (collectively, the "Construction Lender") pursuant to the terms of a Construction Loan Agreement (the "Construction Loan Agreement"), to be executed after the date of delivery of the Bonds by and between the Owner and the Construction Lender which provides for an available loan amount of at least \$50,000,000 for use in paying development costs of the Development, (ii) a loan to the Owner by the Non-Profit (the "Community Loan") of certain initial entrance deposits ("Entrance Deposits") received by the Non-Profit at the time residence and care agreements ("Residence and

Care Agreements”) are entered into with residents of Tallgrass Creek and (iii) an equity contribution from the Developer, mezzanine financing, or proceeds from the sale of the Land to a third party. See “PROPOSED DEVELOPMENT OF TALLGRASS CREEK – The Development – Financing Structure for the Development” herein.

The public improvements to be financed with the proceeds of the Bonds, together with additional funds as described above (the “Project”) will directly benefit the entire Development including the first two residential buildings (“Residential Building 1.1” and “Residential Building 1.2”), as a part of the Phase I portion of the Development. The Developer expects to complete Residential Building 1.1 and Residential Building 1.2 by October 31, 2007. See “SECURITY FOR THE BONDS – Appraised Property Values” and “PROPOSED DEVELOPMENT OF TALLGRASS CREEK” below. Under the terms of the Development Agreement, ownership of the Non-Profit Improvements for federal tax purposes will be conveyed to the Non-Profit on the Transfer Date pursuant to the Sublease. If the Non-Profit has not received a letter (a “Determination Letter”) from the United States Internal Revenue Service classifying the Non-Profit as an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the “Code”) and the transfer of the Non-Profit Improvements by the third anniversary date of the date of delivery of the Bonds, the Bonds may be redeemed. See “THE BONDS – Redemption – Extraordinary Redemption on Federal Taxability Event.”

### **Appraisal Report and Appraiser**

[**To be revised based on Appraisal Report** -- An appraisal of the real property in the District, dated October \_\_, 2006 (the “Appraisal Report”), has been prepared by Senior Living Valuation Services, Inc., San Francisco, California (the “Appraiser”). The purpose of the Appraisal Report was to estimate the value of the land in the District (the “Appraised Property”) based on certain development assumptions. See “APPENDIX A - Appraisal Report” below. Based on the assumptions and conclusions set forth in the Appraisal Report, the Appraiser has estimated, as of [August 17, 2006] that: (i) the “as is” market value of the Appraised Property is \$27,550,000, (ii) the prospective fee simple going concern market value of Residential Buildings 1.1 and 1.2 only (including surplus land) at the estimated date of completion of Residential Building 1.1 [and Residential Building 1.2] on October 1, 2007 will be \$75,175,000 and (iii) the prospective fee simple going concern market value of Residential Buildings 1.1 and 1.2 (including the gross value of the first generation entry fees for Residential Buildings 1.1 and 1.2 only and including surplus land but not including the value for any partially completed future buildings (after Residential Buildings 1.1 and 1.2)) at its estimated full occupancy stabilization date of April 1, 2009 will be \$81,200,000. Neither the City, the Non-Profit, the Developer, the Owner nor the Underwriter make any representation as to the accuracy of the Appraisal Report. See “SECURITY FOR THE BONDS” below. **PROSPECTIVE INVESTORS SHOULD READ THE APPRAISAL REPORT OF THE APPRAISER IN ITS ENTIRETY. THE APPRAISAL REPORT IS CONSIDERED AN INTEGRAL PART OF THE LIMITED OFFERING MEMORANDUM. SEE “APPENDIX A - APPRAISAL REPORT” HEREIN.]**

## **Bondholder Risks**

The purchase of the Bonds involves significant investor risks. The appraised value of the Appraised Property assumes the completion of the Development over time with the proceeds of the Bonds and funds provided by the Owner. Payment of debt service on the Bonds will be dependent upon the continued success of the Development. There can be no assurance that these or any other risks will not affect the willingness or ability of the property owners within the District to make timely payment of the Special Assessments. See “SPECIAL RISK FACTORS” for a discussion of certain risk factors that should be considered when evaluating the investment quality of the Bonds.

## **Limitations Concerning Information Contained Herein**

This Limited Offering Memorandum contains brief descriptions of, among other things, the Bonds, the security for the Bonds, special risk factors, the District, the City, the Development and other information, together with summaries of certain provisions of the Bonds and the Indenture. Such descriptions and information do not purport to be complete, comprehensive or definitive. All such descriptions are qualified in their entirety by reference to such documents, copies of which are available for inspection at the offices of the Underwriter. See “Appendix A – Appraisal Report” herein. The Appraisal Report is considered an integral part of the Limited Offering Memorandum.

## **THE DISTRICT AND SPECIAL ASSESSMENTS**

### **The Act**

Passed in 2005, the Act permits a municipality of the State of Kansas to create a transportation development district for the purpose of financing projects to, among other things, improve, construct, maintain, restore, equip or furnish bridges, roads, streets, highways, intersections, signing, signalization, parking lots, storm sewers etc. The cost of the projects may be financed through either special assessments collected from property within the district or a transportation development district sales tax.

A transportation development district may only be created after the governing body of the municipality receives a petition signed by the owners of all the land area within the proposed district. If the proposed district is to be financed solely through special assessment, the governing body may proceed without notice or hearing to make findings through resolutions or ordinances to the nature, advisability and maximum cost of the project, the boundaries of the district and the amount and method of assessment. If the method of financing is through a transportation development district sales tax, the municipality must adopt a resolution stating its intention to levy such transportation development district sales tax, and give notice of the public hearing on the advisability of creating the district.

The municipality may issue bonds in one or more series to finance the undertaking of any project authorized under the Act. If the bonds are issued pursuant to special assessment financing, such bonds shall be special obligations of the municipality and shall not be general obligations of the municipality, give rise to a charge against its general credit or taxing powers, or be payable out of funds or properties other than those set forth in the Act.

## **Establishment of the District**

On August 31, 2006, the City Council of the City received a petition requesting the creation of the District for the project signed by the owners of all the land area within the proposed district. Because the method of financing is through special assessment, the City Council was permitted to proceed without notice and a public hearing to make findings on the advisability of creation of the District.

On September 14, 2006, the City Council adopted Resolution No. 3542 authorizing the creation of the District, the maximum cost of the Project, the boundaries of the District, the method of financing and the method of assessment.

## **General Description of the District**

The District was formed for the purpose of financing the Project, which consists of the construction of certain improvements, including improvements to 139th Street and Riley Street, drives and parking lots, storm sewer improvements, bike trails, sidewalks, traffic signals and street lights and related appurtenances and all electrical, mechanical or other services necessary, useful or advisable to such design, installation, construction and maintenance to support the construction by the Developer of a two-phase retirement community on land initially owned by the Owner, which will lease the facility to the Non-Profit (an entity anticipated to be exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended).

## **THE CITY**

### **Government**

The City of Overland Park was incorporated as a first-class city on May 10, 1960. The Mayor is elected by the City-at-large and two council members are elected from each of six wards. All elected officials serve terms of four years, with biannual partisan elections to allow for council members to serve staggered terms. The City has the Mayor-Council-City Manager form of government. The City Manager is responsible for the implementation of governing body policy and the day-to-day operation of the City by its 875 full-time municipal employees.



## GOVERNING BODY

Carl Gerlach, Mayor

## COUNCIL MEMBERS

Terry Goodman, Council President	Ward VI
Terry Happer Scherer	Ward I
Dave Janson	Ward I
Marcia A. Gilliland	Ward II
Curt Skoog	Ward II
Donna Owens	Ward III
David White	Ward III
George Kandt	Ward IV
Fred Spears	Ward IV
Jim Hix	Ward V
John H. Thompson	Ward V
Dan Stock	Ward VI

## CITY OFFICIALS

The management team is comprised of the City Manager, Deputy City Manager and nine Department Directors.

**John M. Nachbar.** City Manager since January 2000. Bachelor of General Studies from the University of Kansas. Masters Degree in Public Administration from the University of Kansas. Overland Park Assistant City Manager, 1985-1987. City Manager of Patterson, California, 1987-1991, Albany, California, 1991-1994 and Deputy City Manager, Tucson, Arizona, 1994-2000.

**Kristy Cannon Stallings.** Deputy City Manager (since September 2006). Hired as Assistant City Manager in 1989 and promoted to Director of Finance, Budget & Administration in 1992. Bachelors Degree in Organizational Administration from Ottawa University and Masters Degree in Public Administration from University of Kansas.

**Robert J. Watson.** City Attorney since December 1985. Bachelor of Arts Degree in Philosophy from Rockhurst College and Masters Degree in English and a Juris Doctorate Degree from the University of Missouri-Kansas City.

**Doug Brown.** Director of Public Works since April 2005. Bachelor of Science Degree in General Engineering from the U.S. Military Academy at West Point. Masters degree in Nuclear Engineering from the Massachusetts Institute of Technology and Masters degree in Public Administration from the University of Kansas. Mr. Brown is a Licensed Professional Engineer in Kansas, Virginia and Maryland.

**John Douglass.** Chief of Police since March 1996. Bachelor of General Studies, Personnel Administration from the University of Kansas, Masters Degree in Public Administration from the University of Kansas. Graduate of the FBI National Academy, 134<sup>th</sup> Session.

**J. Bryan Dehner.** Fire Chief since May 2005. Chief Dehner has been with the Overland Park Fire Department 1994 and served as Deputy Chief from 2000 until his appointment as Chief. Bachelor of Science in Business from the University of Missouri. Master of Business of Administration from the University of Missouri-Kansas City. Graduate of the National Fire Academy Executive Officer Program.

**Roger W. Peterson.** Director of Planning and Development Services, has been with the City since 1980. Bachelor of Science Degree in Geography from St. Cloud State University and a Masters Degree in Urban Studies from Mankato State University.

**James D. Cox.** Director of Parks and Recreation, has been with the City since 1970. Hired as golf course superintendent in 1971 and promoted to Director of Parks and Recreation in 1989. Bachelor of Science Degree in Park Administration from Texas Technological College.

**Robert L. Jones.** Director of Human Resources, has been with the City since 1987. Bachelor's Degree in Sociology-Psychology from Park College and Masters Degree in Business from Central Michigan University. He is an Accredited Senior Professional in Human Resources and a Certified Compensation Professional by the American Compensation Association.

**Vicki Irey.** Director of Information Technology since November 2005. Ms. Irey has been with the City since 1978. She has served in various capacities with the city including Programmer/Analyst, Programming Supervisor and as Manager of Network Support. Application Support and Telecommunications functions for the City prior to her appointment as Director.

**David M. Scott, CPA.** Chief Financial Officer, (since October 2006). Hired as Accountant in 1987; promoted to Manager of Finance and Accounting in 1992 and to CFO in 2006. Bachelor of Science Degree in Accounting from Northwestern Missouri State University.

### **City Socioeconomic Data**

Located in the northeastern part of Johnson County, the largest county in the State of Kansas, Overland Park is the second largest city in the State of Kansas and one of 114 incorporated cities existing in the Kansas City metropolitan region. The City encompasses approximately 64.7 square miles of land and has an estimated 2006 population of 170,319. Considered one of the cleanest, safest and more affluent suburbs in the area, Overland Park continues to be a major area for commercial and office development.

### **Population**

Since the incorporation of Overland Park in 1960, population has grown from 28,085 in 1960 to an estimated 2006 population of 170,319.

According to 2000 census data, Overland Park experienced a 33.4% increase in population between 1990 and 2000. Currently, Overland Park represents approximately one-third of Johnson County's total population. Census data indicates Johnson County has grown from a population of 270,269 in 1980 to an estimate of 515,964 in 2006.

For additional information concerning the City, see "APPENDIX F — Socioeconomic Data for the City of Overland Park, Kansas."

## **THE BONDS**

The Bonds will be issued in the aggregate principal amount, will bear interest from the Closing Date at the rate, and will mature on the date set forth on the cover page of this Limited Offering Memorandum. The Bonds will be issued in fully registered book-entry form, in authorized denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. So long as the Bonds are held in book-entry form, principal of, premium, if any, and interest on the Bonds will be paid directly to DTC for distribution to the Beneficial Owners of the Bonds in accordance with the procedure adopted by DTC. See "THE BONDS - Book-Entry System" below. Payments of principal of and interest on the Bonds and premium, if any, will be paid by the Trustee to DTC for subsequent disbursement to DTC participants who will remit such payments to the Beneficial Owners of the Bonds.

Interest on the Bonds will be paid in lawful money of the United States of America semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing on February 1, 2007. Interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

### **Redemption\***

#### *Optional Redemption.*

The Bonds maturing on August 1, 2028 are subject to optional redemption prior to their stated maturity on and after February 1, 2017, at the option of the City, as a whole or in part, in minimum denominations of \$100,000 and increments of \$1,000 thereafter, on any Interest Payment Date, at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

The Bonds maturing on August 1, 2016 are not subject to optional redemption prior to their stated maturity.

#### *Special Optional Redemption Upon Fire, Casualty or Condemnation*

The Bonds are also subject to redemption as a whole at any time or in part on any Interest Payment Date by the City pursuant to written instructions received by the Owner or on behalf of

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\* Preliminary; subject to change

the Owner by the Construction Lender following the occurrence of an event of default under the Construction Loan Agreement at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from amounts in the Debt Service Fund consisting of the proceeds received by the Owner or on behalf of the Owner by the Construction Lender in connection with a fire, casualty or condemnation of any of the Project or any other property dedicated to, or owned by, the Owner within the District and allocable to the Bonds and which proceeds are not used to rebuild the Project.

*Special Redemption on Event of Default of Construction Loan Agreement.*

The Bonds are subject to redemption as a whole at any time or in part on any Interest Payment Date, by the City pursuant to written instructions received from the Owner or on behalf of the Owner by the Construction Lender following the occurrence of an event of default under the Construction Loan Agreement, at a redemption price of par plus accrued interest to the date set for redemption. The redemption of the Bonds as described in this paragraph is subject to the deposit of funds for such redemption by the Owner or on behalf of the Owner by the Construction Lender if funds for such redemption are not irrevocably deposited in the Debt Service Fund prior to the giving of notice of such redemption to the Bondholders.

*Redemption Resulting from Special Assessment Prepayments.*

The Bonds are also subject to redemption prior to maturity as a whole at any time on or after August 1, 2011 from amounts in the Debt Service Fund as a result of transfers from the Special Assessment Prepayments Account and the Reserve Fund, at a redemption price as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date set for redemption:

<u>Redemption Dates</u> (both dates inclusive)	<u>Redemption Prices</u>
August 1, 2011 through July 31, 2012	101%
August 1, 2012 and thereafter	100

The redemption resulting from Special Assessment Prepayments is subject to the deposit of funds for such redemption by the Owner or on behalf of the Owner by the Construction Lender or the Developer.

The Developer has agreed pursuant to the Development Agreement to guaranty the redemption price of the Bonds upon a redemption resulting from Special Assessment Prepayments.

**SPECIAL ASSESSMENT PREPAYMENTS MAY OCCUR PURSUANT TO THE INDENTURE. See “SPECIAL RISK FACTORS — Conveyance of Development to Non-Profit; Risk of Early Redemption.”**

*Mandatory Sinking Fund Redemption*

The Trustee shall redeem Bonds maturing August 1, 2016, on August 1 in each of the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date set for redemption from mandatory sinking fund installments, as follows:

<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal Amount</u>
2009		2013	
2010		2014	
2011		2015	
2012		2016*	

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\* To be paid at maturity unless previously retired.

The Trustee shall redeem Bonds maturing August 1, 2028, on August 1 in each of the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date set for redemption from mandatory sinking fund installments, as follows:

<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal Amount</u>
2017		2023	
2018		2024	
2019		2025	
2020		2026	
2021		2027	
2022		2028*	

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\* To be paid at maturity unless previously retired.

*Special Mandatory Redemption from Surplus Bond Proceeds.*

To the extent that moneys are transferred from the Construction Fund to the Debt Service Fund pursuant to the Indenture for purposes of redeeming the Bonds, the Bonds are subject to special mandatory redemption in part in authorized denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof on the next scheduled Interest Payment Date for which notice of redemption can be given at a redemption price equal to 100% of the aggregate principal amount of the Bonds to be redeemed plus accrued interest, if any, to the redemption date.

Bonds may be subject to special mandatory redemption from amounts remaining on deposit in the Construction Fund following completion of the Project, or in the event amounts held in escrow in the Project Account are not released for use to pay Project costs due to failure to obtain construction loan financing from the Construction Lender. See "SECURITY FOR THE BONDS-Construction Fund" herein.

*Extraordinary Redemption on Federal Taxability Event.*

The Bonds are subject to extraordinary redemption prior to maturity by the City in whole at a redemption price equal to 108% of the principal amount of the Bonds, plus accrued interest, if any, to the redemption date upon the happening of any of the following events (each, a “Taxability Event”): (a) any day within 60 days after the City, the Owner, the Developer, the Non-Profit or the Trustee receives written notice from a registered owner or former registered owner of a Bond or from the City of a final determination (“Final Determination of Taxability Letter”) by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond is or was includible in the gross income of the owner of such Bond for Federal income tax purposes; (b) any day within 90 days after the Owner or the Non-Profit has received correspondence from the Internal Revenue Service stating that the Non-Profit is not exempt from Federal income tax under Section 501(c)(3) of the Code, provided that such correspondence does not constitute a Taxability Event if within 45 days after receipt of such correspondence the Trustee receives either (i) a Determination Letter addressed to the Owner or the Non-Profit or (ii) an opinion of Bond Counsel addressed to the City, the Trustee, the Owner and the Non-Profit stating that the interest on the Bonds remains exempt from Federal income tax despite the fact that the Internal Revenue Service has sent correspondence stating that the Non-Profit is not exempt from Federal income tax under Section 501(c)(3) of the Code; or (c) on November 29, 2009, if the Trustee has not received (i) a copy of the Determination Letter and (ii) a certificate of the Owner and the Non-Profit, together with: (x) an opinion of Bond Counsel providing that the transfer of the Project by the Owner to the Non-Profit or to a governmental entity (including ownership for federal income tax purposes) has occurred and an (y) opinion of counsel to the Non-Profit to the effect that the Non-Profit is a 501(c)(3) organization dating back to the date of its formation, or (iii) an opinion of Bond Counsel that, notwithstanding the nondelivery of the items referred to in (i) and (ii) above, the tax-exempt status of the interest on the Bonds is not adversely affected.

The Owner is required pursuant to the Development Agreement to provide the Trustee, within 30 days of receipt, with a copy of the Final Determination of Taxability Letter and any correspondence from the Internal Revenue Service stating that the Non-Profit is not exempt from Federal income tax under Section 501(c)(3) of the Code.

The Developer has agreed pursuant to the Development Agreement to guaranty the redemption price of the Bonds in the event of a Taxability Event.

Amounts paid for the redemption premium pursuant to an Extraordinary Redemption Upon Taxability Event will be subject to Federal income tax. See “TAX EXEMPTIONS” herein.

### **Selection of Bonds for Redemption**

If less than all of the Bonds are to be redeemed as described above under “*Optional Redemption*,” “*Redemption Resulting from Special Assessment Prepayments*,” “*Special Mandatory Redemption from Surplus Bond Proceeds*,” “*Special Optional Redemption Upon Fire, Casualty or Condemnation*,” or “*Special Redemption on Event of Default of Construction Loan Agreement*,” they shall be redeemed in inverse order of maturity and by lot or other method deemed appropriate and fair by the Trustee within any maturity (provided, however, that if an Event of Default has occurred and is continuing any Bonds called for redemption shall be

redeemed in proportion by maturity and within maturities by lot or other method deemed appropriate and fair by the Trustee), subject to selection by the Trustee as provided below. Any such redemption will be applied to reduce the last mandatory sinking fund redemption. The portion of any Bond to be redeemed shall be an authorized denomination of \$100,000 or any integral multiple of \$1,000 in excess thereof and, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the minimum authorized denomination. If a portion of a Bond shall be called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof shall be issued to the Bondholder upon the surrender thereof. If for any reason the principal amount of Bonds called for redemption would result in a redemption of Bonds less than the authorized denomination, the Trustee, to the extent possible within the principal amount of Bonds to be redeemed, is authorized under the Indenture to adjust the selection of Bonds for such purpose in order to minimize any such redemption.

### **Purchase of Bonds In Lieu of Redemption**

The Trustee, upon the written request of the City shall purchase Bonds as specified by the City pursuant to the direction of the Owner in the open market at a price not exceeding a price set by the City pursuant to the direction of the Owner. Such purchase of Bonds shall be made with funds provided by the City and obtained from the Owner, and not with any portion of the Trust Estate or any Defeasance Obligations. Upon purchase by the Trustee, such Bonds shall be treated as delivered for cancellation pursuant to the Indenture. Nothing in the Indenture shall prevent the City from purchasing Bonds on the open market without the involvement of the Trustee and delivering such Bonds to the Trustee for cancellation pursuant to the Indenture. Bonds purchased in the manner described herein which are subject to the mandatory sinking fund redemption schedule described in the Indenture shall be credited against future mandatory sinking fund redemption payments in accordance with the Indenture. The principal amount of Bonds to be redeemed by optional redemption under the Indenture may be reduced by the principal amount of Bonds purchased by the City and delivered to the Trustee for cancellation at least forty-five (45) days prior to the redemption date.

### **Notice of Redemption**

When Bonds (or portions thereof) are to be redeemed pursuant to the Indenture, other than upon mandatory sinking fund redemption, the City shall give or cause to be given notice of the redemption of the Bonds to the Trustee no later than forty-five (45) days prior to the redemption date or such shorter time as may be acceptable to the Trustee. The notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the date that is five (5) Business Days prior to the redemption date or (2) that the City retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. The Trustee, at the expense of the City, shall send notice of any redemption, identifying the Bonds or portions thereof to be redeemed, the redemption date and the method and place of payment to each holder of a Bond called for redemption to the holder's address listed on the Bond Register. Such notice shall be sent by the Trustee by first class mail between thirty (30) and sixty (60) days prior to the scheduled redemption date. With respect to Bonds

held in book-entry form, if the Trustee sends notice of redemption to DTC, the Trustee shall not be required to give the notice set forth above. If notice is given as provided herein, failure of any Bondholder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Bonds.

In addition to the foregoing, the redemption notice shall contain with respect to each Bond being redeemed, (1) the CUSIP number, (2) the date of issue, (3) the interest rate, (4) the maturity date, and (5) any other descriptive information determined by the Trustee to be needed to identify the Bonds. If a redemption is a Conditional Redemption, the notice shall so state. The Trustee shall also send each notice of redemption at least thirty (30) days before the redemption date to (A) any Rating Service then rating the Bonds to be redeemed; and (B) at least one of the national information services that disseminate notices of redemption of bonds such as the Bonds such services to be identified by the Trustee.

### **Effect of Call for Redemption**

On or before the date fixed for redemption, subject to the Indenture, moneys shall be deposited with the Trustee to pay the principal of, redemption premium, if any, and interest accrued to the redemption date on the Bonds called for redemption. Upon the deposit of such moneys, unless the Issuer has given notice of rescission as described in the Indenture, the Bonds shall cease to bear interest on the redemption date and shall no longer be entitled to the benefits of this Indenture (other than for payment and transfer and exchange) and shall no longer be considered Outstanding. Any Conditional Redemption may be rescinded in whole or in part at any time prior to the fifth Business Day prior to the redemption date if the City delivers a certificate to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders.

Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to DTC or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

### **Transfer and Exchange of Bonds**

The Trustee shall act as initial bond registrar (the “Bond Registrar”) and in such capacity shall maintain a bond register (the “Bond Register”) for the registration and transfer of Bonds. Upon surrender of any Bonds, together with an assignment duly executed by the current Bondholder of such Bonds or such Bondholder’s duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, such Bonds may, at the option of the Bondholder, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate and in the same form as the Bonds surrendered for exchange, registered in the name or names requested by the assignee of the then Bondholder; provided the Trustee is not required to exchange or register the transfer of Bonds after the giving of notice calling such Bond for redemption, in whole or in part. The City shall execute and the Trustee shall authenticate any Bonds whose execution and



authentication is necessary to provide for exchange of Bonds pursuant to the Indenture and the City may rely on a representation from the Trustee that such execution is required. The Trustee may make a charge to any Bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto but will not impose any other charge.

Prior to due presentment for registration of transfer of any Bond, the Trustee shall treat the Person shown on the Bond Register as owning a Bond as the Bondholder and the Person exclusively entitled to payment of principal thereof, redemption premium, if any, and interest thereon and, except as otherwise expressly provided herein, the exercise of all other rights and powers of the owner thereof, and neither the City, the Trustee nor any agent of the City or the Trustee shall be affected by notice to the contrary.

### **Additional Bonds**

The City may issue additional bonds (“Additional Bonds”) pursuant to the terms of the Indenture and a supplemental indenture providing for the issuance of Additional Bonds to refund all of the Bonds then Outstanding. Any Additional Bonds issued under the Indenture shall have maturities, rate or rates of interest and provisions for redemption as provided in such Supplemental Indenture, but shall otherwise be entitled to the same benefit and security of the Indenture as the Bonds.

### **Book-Entry System**

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

DTC, the world’s largest securities 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 (the “Exchange Act”). 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, and Emerging Markets Clearing Corporation (NSCC, 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 (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. Direct Participants and Indirect Participants are collectively referred to as “Participants.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “Commission”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

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 the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds, unless authorized by a Direct Participant in connection 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).

Payment of principal of, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Bond Registrar or the City, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

### **The Trustee and Administrator**

Manufacturers and Traders Trust Company, has been appointed as the Trustee for the Bonds pursuant to the Indenture. MuniCap, Inc. has been appointed as the Administrator for the District.

The administrative services provided to the City by MuniCap, Inc. include calculation of the annual Special Assessment levy, delinquency management, rebate calculations, continuing disclosure, and property owner liaison.

**Sources and Uses of Funds\***

The table below sets forth the estimated sources and uses of funds with respect to the Bonds and the Project:

**SOURCES AND USES\***

Sources of Funds	
Principal Amount of Bonds	\$15,000,000
Developer Contribution	_____
Total Sources	
Uses of Funds	
Public Infrastructure Costs	
Reserve Fund <sup>1</sup>	
Capitalized Interest <sup>2</sup>	
Cost of Issuance <sup>3</sup>	_____
Total Uses	

- (1) Equal to the Required Reserve with respect to the Bonds.
- (2) Paid from Bond proceeds deposited into the Debt Service Fund which will be used, together with interest earnings thereon, for payment of capitalized interest on Bonds and Administrative Expenses from the issuance of the Bonds through \_\_\_\_\_, \_\_\_\_\_
- (3) Includes Underwriter's Discount.

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\* Preliminary, subject to change.

**Debt Service Schedule\***

The following table presents the estimated debt service schedule for the Bonds based on the maturity date and interest rate set forth on the cover of this Limited Offering Memorandum, assuming no redemptions other than mandatory sinking fund redemptions are made.

**DEBT SERVICE SCHEDULE\***

Bond Year Ending August 1)	Principal	Interest (1)(2)	Annual Debt Service
2008	\$	\$	\$
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
<b>TOTAL</b>	<b>\$15,000,000</b>	<b>\$</b>	<b>\$</b>

- (1) Interest on the Bonds is calculated based on estimated interest rate of \_\_% and is scheduled to be paid on August 1 and February 1, commencing February 1, 2007.
- (2) Interest on the Bonds through \_\_\_\_\_, \_\_\_\_\_ will be paid from Bond proceeds deposited in the Debt Service Fund at Closing, including the earnings thereon.

**SECURITY FOR THE BONDS**

**General**

The Bonds and the interest thereon are secured and payable solely and only from the Special Assessments to be levied and collected on all the real property within the District subject to the Special Assessments, including any Special Assessments recovered by the City from the proceeds of the tax sale by the City or redemption of any property in the District for nonpayment of property taxes or as a result of an action by the City to foreclose on the lien on such property

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\* Preliminary; subject to change.

for nonpayment of property taxes, and from amounts held in certain funds pursuant to the Indenture.

As additional security for the Bonds, a Reserve Fund will be established out of a portion of the proceeds of the sale of the Bonds in an amount equal to the Required Reserve. On the date of each required payment from the Debt Service Fund, if the amount of tax collections or other moneys on hand in the Debt Service Fund are not sufficient to pay the debt service coming due, moneys in the Reserve Fund shall be transferred to the Debt Service Fund and applied to cure the deficiency. The Reserve Fund shall be restored to an amount equal to the Required Reserve if and when Special Assessments equal to the shortfall have been collected and remitted to the City.

The Bonds are subject to mandatory redemption upon a Taxability Event. The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a failure to pay the principal of or interest on the Bonds, when due, under the terms of the Bonds. The ultimate source of recovery in the event of a default on payment of Special Assessments is the tax sale provisions described below. See “SECURITY FOR THE BONDS – Levy, Abatement and Collection of Special Assessments” below.

**THE PURCHASE OF THE BONDS IS AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST. SEE “SPECIAL RISK FACTORS” HEREIN FOR A DISCUSSION OF SUCH FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.**

### **Special Assessment**

The levying of the Special Assessments was authorized pursuant to the Authorizing Actions. The Bonds are secured by the Special Assessments, which include the proceeds of the Special Assessments received from the proceeds of the delinquent tax sale for nonpayment of the Special Assessments.

Pursuant to the Levying Ordinance a Special Assessment in the annual amount of principal and interest due on the Bonds will be levied upon all taxable real property within the District. The Special Assessment will be levied on all benefited taxable real property within the District on a square footage basis in accordance with the terms of the Levying Ordinance. Special Assessments will not be levied on the City-Owned Improvements that will be conveyed to the City.

The Special Assessments shall be computed, extended and collected in accordance with the terms of the Levying Ordinance and the Act. The Trustee shall certify on December 1 in each of the years 2007 through 2027 to the Administrator and to the City the amount of funds available in the Debt Service Fund to pay principal of and interest on the Bonds, Based on the Trustee’s certification and pursuant to the Administrative Services Agreement, the Administrator shall calculate annually for each of the years 2007 through 2027 the Special Assessments necessary to pay debt service on the Bonds.

Although the Special Assessments, when levied, will constitute a lien on the real property within the District, they do not constitute a personal indebtedness of the owners of such real property within the District. There is no assurance that the owners of such real property in the District will be financially able to pay the annual Special Assessments or that they will pay such tax even if financially able to do so. See "SPECIAL RISK FACTORS" herein.

**THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY AND NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE STATE OF KANSAS, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. NO HOLDER OF ANY BOND SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE CITY (OTHER THAN THE LEVY OF THE SPECIAL ASSESSMENT) FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.**

### **Owner Not Liable for Bonds**

Pursuant to the Development Agreement, the Developer has agreed to guaranty the redemption price of the Bonds upon a Taxability Event. Otherwise, neither the Owner, the Non-Profit, nor the Developer (to any further extent), nor any affiliate thereof, nor any partner, officer, director, agent, or representative thereof has pledged its credit or assets or has provided any guarantee, surety or undertaking of any kind, moral or otherwise, to pay the principal of, premium (if any) and interest on, the Bonds, although the foregoing does not limit or release any obligation of the Owner, the Non-Profit or the Developer or any other person to pay any Special Assessment applicable to property in the District owned by such person.

### **Debt Service Fund**

The Debt Service Fund established pursuant to the Indenture holds the Capitalized Interest Account and the Special Assessment Prepayments Account. The Trustee shall deposit into the Debt Service Fund (i) the portion of the proceeds of the Bonds representing accrued and capitalized interest as set out in an certificate of the City, (ii) all Revenues, and (iii) any amounts received from the Developer or the Owner to be used for a redemption of the Bonds and (iv) all other amounts required or permitted under the Indenture to be deposited in the Debt Service Fund.

#### *Capitalized Interest Account.*

Upon the issuance of the Bonds, approximately \$ \_\_\_\_\_\* of Bond proceeds will be deposited in the Capitalized Interest Account and used, together with interest earnings thereon and on amounts deposited in the Reserve Fund, to pay capitalized interest on the Bonds through \_\_\_\_\_, \_\_\_\_\_.

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\* Preliminary, subject to change.

*Special Assessment Prepayments Account.*

All prepayments of the Special Assessment, together with amounts then on deposit in the Reserve Fund (the “Prepayments”) shall be deposited in the Special Assessment Prepayments Account and applied to the redemption of the entire Outstanding principal balance of the Bonds. In the event of Prepayment, prior to giving notice of the redemption of the Bonds, the Trustee shall transfer from the Reserve Fund to the Special Assessment Prepayments Account the amount then on deposit in the Reserve Fund. The amount of the Prepayment (including the amount transferred from the Reserve Fund) shall be transferred to the Debt Service Fund and used to redeem the Bonds on the next Interest Payment Date.

Moneys on deposit in the Debt Service Fund shall be applied as follows:

To the payment of interest, when due, on all Outstanding Bonds, including any accrued interest due in connection with redemptions of Bonds;

To the payment, when due, of the principal of or redemption premium on the Bonds then payable at maturity or upon redemption;

To the payments of any deficiencies in the Reserve Fund, including for reimbursement to the provider of any credit facility deposited in the Reserve Fund; and

To the Administrative Expense Fund, the balance after application to the uses set forth above.

Moneys on deposit in the Debt Service Fund shall at all times be invested at a yield equal to or less than the yield on the Bonds or in obligations issued by any state or political subdivision the interest on which is exempt from inclusion in gross income of the holder under Section 103 of the Code, provided that such obligations are rated in one of the two highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.

**Reserve Fund**

The amount of any withdrawal for the purpose of subparagraph (a) below shall be restored immediately by the Trustee from available Revenues in the Debt Service Fund after satisfying (i) the payment of interest, when due, on all Outstanding Bonds, including any accrued interest due in connection with redemptions of Bonds and (ii) the payment, when due, of the principal of or redemption premium on the Bonds then payable at maturity or upon redemption. In addition, if the fair market value of the investments in the Reserve Fund is less than the Required Reserve on any valuation date in accordance with the Indenture, the difference between such Required Reserve and the value of the Reserve Fund shall be restored by the Trustee but solely from the first available surplus Revenues in the Debt Service Fund.

Moneys on deposit in the Reserve Fund shall be applied as follows:



(a) On the date five days prior to each required payment from the Debt Service Fund, moneys in the Reserve Fund shall be applied to cure any deficiency in the Debt Service Fund with respect to payments of principal of and interest on the Bonds when due and payable;

(b) Upon delivery of an Officer's Certificate of the City delivered to the Trustee, any amount in the Reserve Fund in excess of the Required Reserve on any valuation date shall be (i) transferred to the Debt Service Fund and applied to the payment of the principal of and redemption premium, if any, or interest on the Bonds, or (ii) transferred to the Administrative Expense Fund.

Whenever Bonds are to be redeemed by Special Assessment Prepayments Redemption, an amount equal to the monies on deposit in the Reserve Fund shall be transferred to the Special Assessment Prepayments Account of the Debt Service Fund and applied to the Special Assessment Prepayments Redemption of the Bonds. Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall apply the amount in the Reserve Fund on the next succeeding Interest Payment Date or other permitted redemption date to the payment and redemption, in accordance with the Bonds and if the Debt Service Reserve Account of the Debt Service Fund exceeds the amount required to pay and redeem the outstanding Bonds, the balance in the Reserve Fund shall be released to the City and applied by the City as a credit against future taxes of owners of real property located within the District.

### **Construction Fund**

A Construction Fund has been established under the Indenture and consists of the Project Account and the Issuance Expense Account. The Project Account is used for the payment of costs of the Project. The Issuance Expense Account is used for payment of costs relating to the issuance of the Bonds.

Amounts deposited into the Project Account shall be held in escrow by the Trustee and not disbursed for payment of costs of the Project until such time as the Owner delivers to the Trustee a certificate signed by an authorized representative of the Owner certifying to the execution and delivery of the Construction Loan Agreement, together with a fully executed copy of the Construction Loan Agreement.

Payments from the Construction Fund, shall be made by the Trustee as follows:

(i) Upon receipt by the Trustee of a requisition executed by the Developer, to the Developer as payment for the Project.

(ii) Upon the later of six months from the date the Bonds are delivered or the payment of all costs relating to the issuance of the Bonds (as evidenced by a certificate of City delivered to the Trustee), any moneys remaining in the Issuance Expense Account shall be transferred to the Project Account.

(iii) Upon completion of the Project (as evidenced by a certificate of the City delivered to the Trustee), any moneys remaining in the Construction Fund shall be

transferred to the Debt Service Fund to redeem Bonds, unless the City directs that such moneys be deposited into the Reserve Fund, accompanied in either case by an opinion of Bond Counsel to the effect that such application will not adversely affect any applicable exemption from federal income taxation of the interest on the Bonds.

### **Administrative Expense Fund**

The Administrative Expense Fund shall be used to pay Administrative Expenses for each year.

Moneys on deposit in the Administrative Expense Fund shall be applied to the (i) payment of any Administrative Expenses and (ii) Debt Service Fund.

### **Permitted Investments**

Moneys on deposit in the Funds established pursuant to the Indenture shall be invested and reinvested by the Trustee as follows:

(i) All moneys on deposit in Funds shall be invested in Eligible Investments which shall mature, or be subject to repurchase, withdrawal without penalty or redemption at the option of the holder on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes hereof.

(ii) All purchases or sales of Eligible Investments shall be made at the direction of the Developer (given in writing or orally, confirmed in writing).

(iii) (a) Any securities or investments held by the Trustee may be transferred by the Trustee, if required in writing by the City, from any of the Funds or accounts under the Indenture to any other Fund or account under the Indenture at the then current market value thereof without having to be sold and purchased or repurchased; provided, however, that after any such transfer or transfers, the investments in each such Fund or account shall be in accordance with the provisions as stated in the Indenture; and (b) whenever any other transfer or payment is required to be made from any particular Fund, such transfer or payment shall be made from such combination of maturing principal, redemption premiums, liquidation proceeds and withdrawals of principal as the Trustee deems appropriate for such purpose.

(iv) Neither the City nor the Trustee shall be accountable for any depreciation in the value of Eligible Investments or for any losses incurred upon any authorized disposition thereof.

(v) Subject to the foregoing, the Trustee is expressly authorized to invest moneys in two or more Funds in a single investment, provided that a portion of the investment allocable to each such Fund, and all payments received with respect to such allocable portion, shall be applied in accordance with the applicable provisions governing such Fund hereunder.

(vi) Prior to the completion of the Project, investment income on amounts on deposit in the Debt Service Fund (other than the Capitalized Interest Account) and the Administrative Expense Fund shall be transferred to the Project Account to the extent that no deficiency will exist in the Debt Service Fund after such transfer or shall be applied to such other purpose or

purposes as directed by the City with an opinion of Bond Counsel addressed to the Trustee to the effect that such application will not cause interest on the Bonds to be includable in gross income for federal income tax purposes. Investment income on amounts on deposit in the Reserve Fund shall be transferred to the Debt Service Fund (Capitalized Interest Account prior to completion of the Project) to the extent that no deficiency will exist in the Reserve Fund after such transfer. After completion of the Project, investment income on amounts on deposit in the Reserve Fund shall be transferred Administrative Expense Fund to the extent that no deficiency will exist in the Reserve Fund after such transfer. In all other situations, earnings from investments (except earnings on the Rebate Fund and the Special Assessments Prepayment Account) shall be transferred to the Debt Service Fund.

### **Levy, Abatement and Collection of Special Assessments**

Generally, special assessments, including the Special Assessments, must be levied and certified by the city clerk to the county clerk prior to August 25 of each year.

Each year before December 15, the county treasurer shall send a real property tax statement by first class mail to each taxpayer. The tax statement includes both ad valorem taxes and special assessments due for the year. The taxpayer may pay, as such person's option, the full amount due on or before December 20 of each year or one-half of the full amount due on or before December 20 and the balance by the following May 10. If the full amount due is not paid by December 20, interest shall accrue thereon at the rate specified in K.S.A. 79-2968 and K.S.A. 79-2004; if the full amount due is not paid by the next May 10, additional interest continues to accrue as provided in those statutes. Generally interest payments collected are credited to the county general fund unless a county and a city have entered into an interlocal agreement for the distribution of all or any portion of interest paid on special assessments. The City has not entered into such an interlocal agreement with Johnson County, Kansas (the "County").

All real estate on which the taxes have not been paid on or before June 20 in each year shall be subject to a delinquent tax sale. Between July 1 and July 10 of each year, the county treasurer prepares a list of all real estate subject to sale. Notice of the sale is published for four consecutive weeks, commencing on or before August 1. The sale must take place on or after the first Tuesday of 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 and legal charges then due. No other bids are taken. For purposes of the County bid, the County has interpreted that both real estate taxes and special assessments must be delinquent. This transaction is a paper transaction. The County does not pay delinquent taxes or assessments, nor does the County take title to the property. Generally, taxpayers (and certain other parties including the taxpayer's assigns) initially can redeem their property after the date of the sale by following the procedures in K.S.A. 79-2401a, *et seq.* The initial redemption period varies from one to three years depending on the location and condition of the property and the nature of the delinquent taxes. The redemption period for the Development is three years.

If the real estate has not been redeemed by the expiration of the redemption period, the county can commence a foreclosure action in the district court of the county. A city 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 a 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.

Alternatively, in lieu of the foreclosure and sale, the county has the authority to sell the real estate to provide affordable low-income housing or for community development or economic development purposes. In this case, the county has the option to abate any delinquent ad valorem property taxes and delinquent special assessments.

**No assurances can be given that the real property subject to tax sale will be sold or redeemed or, if sold or redeemed, that the proceeds of such sale or redemption will be sufficient to pay any delinquent Special Assessment installment. Neither Authorizing Actions nor the Act require the City to pay the delinquent Special Assessments relating to any lot or parcel of property offered for tax sale if there is no purchaser at such tax sale.**

If the Reserve Fund is depleted and delinquencies in the payment of Special Assessments exist, there could be a default or delay in payments to the Bondholders pending tax sale of property or foreclosure of redemption proceedings and receipt by the City of delinquent Special Assessments, if any.

Pursuant to the Development Agreement, the City has agreed that, upon payment in full of the Bonds, the City shall no longer certify the Special Assessment upon any real property in the District.

### **Appraised Property Values**

**[To be revised based on Appraisal Report --** The Appraiser prepared an appraisal of the property in the District dated as of [August 17, 2006] on an “as is” basis and assuming completion of the buildings presently under construction. The final value estimates set forth in the Appraisal have been confirmed by the Appraisal Letter. The City, the Non-Profit, the Developer, the Owner and the Underwriter make no representation as to the accuracy of the Appraisal Report or the Appraisal Letter. The basic approaches used by the Appraiser and the values assigned to them are set forth below:

**FINAL VALUE ESTIMATES:**

	Value	Value-to-Lien
MARKET VALUE "AS IS", AS OF [AUGUST 17, 2006].....	\$27,550,000	__x
<b>MARKET VALUE OF RESIDENTIAL BUILDING 1.1 ONLY (INCLUDING SURPLUS LAND) AS OF COMPLETION OF CONSTRUCTION OF THE RESIDENTIAL [BUILDINGS 1.1 AND 1.2 ON OCTOBER 1, 2007 .....</b>	<b>\$74,575,000</b>	<b>__x</b>
<b>PROSPECTIVE FEE SIMPLE GOING CONCERN MARKET VALUE OF RESIDENTIAL BUILDINGS 1.1 AND 1.2 ONLY (INCLUDING THE GROSS VALUE OF THE FIRST GENERATION ENTRY FEES FOR RESIDENTIAL BUILDINGS 1.1 AND 1.2 ONLY AND INCLUDING SURPLUS LAND) STABILIZATION ON APRIL 1, 2009 .....</b>	<b>\$81,200,000</b>	<b>__x</b>

The Appraisal Report is based on the following definitions relating to value:

**"MARKET VALUE"** means: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and acting in what they consider their own best interests; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

**VALUE "AS IS"** of the subject property is "the value of specific ownership rights to an identified parcel for real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning."

**"GOING CONCERN VALUE"** is described as "the value created by a proven property operation; considered a separate entity to be valued with an established business."

**"FEE SIMPLE"** is described as "absolute ownership unencumbered by any other unrecorded interest or estate subject only to the limitations of eminent domain, escheat, police power and taxation."

The Appraiser has identified a variety of contingent and limiting conditions in order to appraise the property within the District. The contingent and limiting conditions are set forth in pages \_\_ and \_\_ of the Appraisal Report. In addition, the Appraiser has made certain assumptions and qualifications throughout the Appraisal Report. There can be no assurance that any such assumption will be realized, and the City and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective purchasers should review the Appraisal Report in its entirety in order to make an informed decision whether to purchase the Bonds. See "APPENDIX A - Appraisal Report".]

**Market Conditions**

[To be revised based on Appraisal Report -- The Appraisal contains a market analysis for the Development. This market analysis included an overview of the proposed site plan and proposed amenities, a discussion of the site and surrounding area, an evaluation of economic and demographic data that are expected to impact existing and future demand for continuing care facilities in the region, a survey of competitive facilities in the area, and conclusions regarding the potential initial entry and monthly fees of the units proposed for the Development. Except as described in the Appraisal Letter, no additional market analysis or update of the existing market analysis has been prepared.]

**DEBT SERVICE COVERAGE TABLE\***

<b>Bond Year Ending (August 1)</b>	<b>Special Assessment(1)</b>	<b>Debt Service Fund and Reserve Fund Revenue (3)(4)</b>	<b>Total Revenues</b>	<b>Annual Debt Service (5)</b>	<b>Projected Debt Service Coverage (2)</b>	<b>Estimated Administrative Expenses</b>
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- (1) Revenue Constraint – Under the Authorizing Actions, the City will levy an amount equal to debt service on the Bonds. This amount will be levied by the City unless the City abates the levy to the amount required. In actual practice, the City will determine annually the actual amount that will be needed by the District for the payment of debt service and expenses, and then abate the levy to the actual amount needed.
- (2) Debt Service Coverage - Debt service coverage is calculated by dividing the annual amount that may be levied under the Authorizing Actions by the net amount needed to pay debt service and expenses.
- (3) Interest on the Debt Service Reserve Fund - Interest earnings on the Debt Service Reserve Fund are estimated at 4%.

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\* Preliminary; subject to change

- (4) Offsetting Revenues – Revenues include the Capitalized Interest that provide for the payment of interest on these bonds through \_\_\_\_\_, \_\_\_\_\_. The amount set aside for these interest payments from bond proceeds is a net amount with interest earnings estimated at 4% on the Capitalized Interest Account.
- (5) Annual Debt Service - Based upon an assumed interest rate of 5.50%.

## **PROPOSED DEVELOPMENT OF TALLGRASS CREEK**

The information appearing below under this heading has been furnished by the Developer for inclusion in this Limited Offering Memorandum and, although believed to be reliable, such information has not been independently verified by the City, the Underwriter, the Non-Profit or their counsel and no person other than the Developer makes any representation or warranty as to the accuracy or completeness of such information supplied by it.

### **Introduction**

The Development, known as “Tallgrass Creek,” as currently contemplated, is located on approximately 65.029 acres of land in the City. Construction of the Development commenced in August 2006. The Development will be undertaken by the Developer in two phases. As currently contemplated, Phase I is expected to consist of five five- and six-story congregate residential retirement buildings containing approximately 479 units and one, two-story common area building. The first two residential buildings (to consist of 227 residential units), the first common area building, the first parking garage and the site work for the entire Development are under construction and scheduled for completion (other than the sitework) in October, 2007. The Phase I portion of the Development is expected to be completed in October, 2009. Phase II is expected to consist of five four- and five-story congregate retirement buildings containing approximately 621 units, one two-story common area building and one two-to four-story extended care health center building containing approximately 88 skilled nursing beds and approximately 64 assisted living units. As currently contemplated, upon completion of Phase II, the Development is expected to have a total of approximately 1100 residential units, two major common area buildings, approximately 88 skilled nursing beds and approximately 64 assisted living units. In addition, the Development is planned to include four dining rooms, convenience stores, two banks, two beauty salons, game rooms, an aquatic center, classrooms, a woodworking shop, an in-house cable television station, a non-denominational chapel, walking paths, a health club and a nature trail (collectively, the “Common Facilities”). The services provided within the Common Facilities also will include an on-site Medical Center and services for resident organizations. For a monthly fee and an Entrance Fee that varies with the type of unit, residents of the Development will have access to the residential units, the assisted living units, the skilled nursing beds and the Common Facilities. The current construction plans may be amended to reflect the demand for senior housing or other factors, and, accordingly, the Development may be smaller or larger than currently contemplated. The Developer expects that the entire Development, as currently contemplated, will be completed by December 2012. See “The Development” herein.

### **Ownership Structure**

The Owner, Kansas Campus, LLC, is, at present, the initial owner of the Land and will initially own all of the improvements as they are constructed on the Land. The Owner may

choose to sell the Land to a limited liability company to be formed subsequent to the issuance and delivery of the Bonds as one of several financing options it is considering in connection with the financing of the Development. In such case, Kansas Campus, LLC would retain initial ownership of the improvements as they are constructed on the Land and would retain a leasehold interest in the Land, including a contractual obligation to pay all taxes and assessments levied against the Land and the improvements constructed thereon, including the Special Assessments.

The Developer, Erickson Retirement Communities, LLC, will construct the Development on behalf of the Owner, pursuant to the provisions of a Development Agreement, dated October 20, 2006, entered into by the Developer with the Owner. The Developer is the sole member of the Owner and Erickson Construction, LLC, the construction manager for the Development.

The Owner and the Non-Profit have entered into a Master Lease Agreement pursuant to which the Non-Profit leases the Development from the Owner. The Master Lease Agreement does not require the Owner to construct the Development as currently contemplated or to complete the Development. The Master Lease Agreement establishes a formula for determining the lease rentals payable by the Non-Profit to the Owner. Under the Development Agreement, the Owner has covenanted to convey the Non-Profit Improvements to the Non-Profit on or before the Transfer Date. The conveyance of the Non-Profit Improvements is required to be done so as to accomplish the transfer of ownership to the Non-Profit for federal income tax purposes. The remaining portion of the Development is expected to be transferred when the Development is completed. Under the Master Lease Agreement, the Non-Profit is granted an option to purchase the Development, including the Land, at the end of the first ten years of the initial lease term, at the end of the 20-year lease term and at the end of each 10-year extension period, at a purchase price equal to the "Fair Market Value" (as defined in the Master Lease Agreement) of the Land and the Development. The Non-Profit and the Owner could enter into arrangements for the acquisition by the Non-Profit of the Development, including a separate purchase option agreement with the Owner that could provide for the conveyance of the Development to the Non-Profit following the expected completion of the Development on or about December 2012 and following receipt by the Non-Profit of a Determination Letter. See "PROPOSED DEVELOPMENT OF TALLGRASS CREEK – the Non-Profit" below. See also "SPECIAL RISK FACTORS" – "Conveyance of Development to Non-Profit; Risk of Early Redemption" herein.

### **The Non-Profit**

The Non-Profit, Tallgrass Creek, Inc., is a Maryland non-stock corporation organized in March 24, 2006 to operate the Tallgrass Creek, continuing care retirement community. On \_\_\_\_\_, 2006, the Non-Profit filed its application with the Service to designate the Non-Profit as an organization described in Section 501(c)(3) of the Code and expects that it will receive from the Service a Determination Letter designating it as a 501(c)(3) organization. The Non-Profit will lease the Development, to the extent it is constructed, from the Owner, pursuant to the Master Lease Agreement. The Non-Profit Improvements and the Development will be conveyed to the Non-Profit as discussed herein. The Board of Directors of the Non-Profit governs the Non-Profit. The Non-Profit's Board and its officers oversee the formation, construction and initial operation of Tallgrass Creek and establish the budget for the Non-Profit.



Each resident of an independent living unit at Tallgrass Creek will enter into a residence and care agreement with the Non-Profit and pay an entrance deposit and monthly fees.

The officers of the Non-Profit are:

President	Ronald E. Walker	Treasurer	James M. Anders, Jr.
Executive Vice President	Bruce R. Grindrod, Jr.	Assistant Treasurer	Jeffrey A. Jacobson
Vice President	Rev. L. Carroll Yingling, Jr.	Vice President and Executive Director	John Harned
Secretary	Harold Ashby		

The members of the board of directors of the Non-Profit are:

Harold Ashby	James P. Hayes
Rodney M. Coe	

None of the members of the Board of Directors of the Non-Profit are current employees of the Owner or the Developer.

As construction of the Development proceeds and the first residents begin to occupy the residential units, the Non-Profit will hire staff who will be dedicated to the residential units. Upon completion of the Development, the Non-Profit expects to have approximately 750 employees (approximately 480 full time equivalents) supporting the Development, including approximately 50 registered and licensed practical nurses. The Non-Profit's employees provide most resident services, perform building maintenance and grounds keeping services and other miscellaneous services. The Non-Profit has engaged the Developer to manage the community and its operations under a Management Contract described below.

## **The Developer**

### **General.**

The Developer, Erickson Retirement Communities, LLC is a developer and manager of large continuing care retirement communities offering affordable living accommodations, related health care and support services to a target market of middle income seniors age 70 and older. Including the Development, the Developer currently manages or is currently developing 18 continuing care retirement communities, which, in the aggregate, are expected to serve a total population of approximately 37,500 residents. As of December 31, 2005, the Developer served approximately 16,600 residents.

### **Owners, Officers and Key Employees.**

The key officers of the Developer who are responsible for the development, construction, management and marketing of the Development are:

*John C. Erickson – Chairman & Chief Executive Officer*

Mr. Erickson is Chairman of the Board of Directors and Chief Executive Officer of Erickson. He founded the 110-acre Charlestown Retirement Community near Baltimore in 1983. Charlestown, which has more than 2,300 residents, is one of America's largest and most active life care communities. Mr. Erickson also directed the development of Henry Ford Village retirement community in Dearborn, Michigan, Oak Crest Village retirement community in Parkville, Maryland, Greenspring Village in Springfield, Virginia and Seabrook Village in Tinton Falls, New Jersey. Mr. Erickson is now leading an expansion plan in which future retirement communities modeled on the Charlestown prototype will be developed in the Washington D.C. suburbs, Pennsylvania, New Jersey-New York and other major metropolitan areas. Mr. Erickson's career in the senior housing industry spans two decades. Mr. Erickson holds a B.A. degree from St. Bernard College and an M.A. degree in Philosophy from Catholic University. He was named in 1994 as one of the nation's most successful real estate entrepreneurs by Ernst & Young, Inc. Magazine and Merrill Lynch Business Financial Services, Inc.

*Mark Erickson – Chief Operating Officer*

Mark Erickson is the Chief Operating Officer for Erickson Retirement Communities. Mark stepped into the position in September 2006 and, prior to that date, was the Chief Strategy Officer. For the three years prior to becoming Chief Strategy Officer, Mark served as the Executive Director and Associate Executive Director at Oak Crest Village, one of Erickson's leading retirement communities. In these roles Mark oversaw the operations of the \$55 million business which served 2,000 residents. Before joining Erickson Retirement Communities, Mark worked for American Express Consulting Services in Europe and Asia. He started as a back office analyst before taking over responsibility for a consulting practice that specialized in the management of travel and entertainment expenditures for large multinational companies. Mark holds a B.A. degree in English Literature from Vanderbilt University and a M.B.A. from the Wharton School. Mark serves as a board member or trustee for the following organizations - the Institute of Notre Dame, Leadership Baltimore County, the executive committee of the American Senior Housing Association, and Catholic Charities.

*Bruce R. Grindrod, Jr. – President of Erickson HealthSM and Operations*

Mr. Grindrod is *President of Erickson HealthSM and Operations*. He is responsible for all operating services and programs at the campuses and for establishing "Erickson Way" culture, as well as group strategies related to high resident satisfaction, extraordinary quality, exemplary employee commitment, and strong operating and financial results. Mr. Grindrod is also responsible for leading the Erickson Advantage Health Plan and Senior Campus Physicians. Mr. Grindrod has been employed by Erickson for 20 years and previously served as Executive Vice President of Operations and Executive Director of Charlestown Community and Henry Ford Village. He holds a M.B.A. degree from Loyola College and a B.S. degree from Bucknell University.

*Peter B. McMillan – President of Acquisitions and Development*

Mr. McMillan is President of Acquisitions and Development for Erickson. He is responsible for managing the real estate development and growth of Erickson. Prior to joining

Erickson, Mr. McMillan was the President and Chief Operating Officer/Board Member of The Mills Corporation (NYSE). He managed senior executive management teams to include EVP of Development, EVP of Operations, EVP of Leasing and Sales, along with CFO, SVP of Human Resources, General Counsel and New Business opportunities. In this position, he successfully secured over \$3.7 billion of debt and equity capital for new development projects and restructured, redirected and managed a small project by project real estate development company into the largest volume fully integrated real estate development company in the industry. Before joining Mills Corporation, he had spent over six years as an Executive Vice President/Chief Financial Officer with CenterMark Properties, Inc. in St. Louis, Missouri. There he reported to the CEO of one of the largest shopping center management/developers in the United States. His primary responsibility was the execution of the company's strategic plan, as well as direction of all aspects of day-to-day management. Mr. McMillan has a B.A. degree and an M.B.A. degree, both degrees from East Carolina University, Greenville, North Carolina.

*Jeffrey A. Jacobson – Executive Vice-President, Chief Financial Officer and Treasurer*

Mr. Jacobson is Executive Vice-President, Chief Financial Officer and Treasurer of Erickson. He joined Erickson in 1997 and is responsible for financial and risk management functions of Erickson and the Erickson communities. Mr. Jacobson served as General Counsel and Secretary from September 1998 through December 2003. Prior to joining Erickson, Mr. Jacobson served as a Tax Manager at Coopers & Lybrand, LLP. Mr. Jacobson began his professional career with the Internal Revenue Service where he served as a Corporate Tax Revenue Agent. Mr. Jacobson holds a B.S. degree from Pennsylvania State University and a J.D. degree from the University of Baltimore School of Law. Mr. Jacobson is a Certified Public Accountant and a Member of the Maryland Bar.

*Gerald F. Doherty – Executive Vice President, General Counsel and Secretary*

Mr. Doherty is Executive Vice President, General Counsel and Secretary of Erickson. Mr. Doherty is responsible for the overall legal matters of Erickson. He joined Erickson in 1995 as Counsel. Prior to joining Erickson, Mr. Doherty worked as an attorney at the law firms of Frank Bernstein Conaway & Goldman and Ballard Spahr Andrews & Ingersoll. Mr. Doherty received a B.A. degree in Law from the University of Maryland and a J.D. degree from the University of Maryland School of Law.

*Daniel P. Rexford – Executive Vice-President of Marketing and Sales*

Mr. Rexford is the Executive Vice-President of Marketing and Sales for Erickson. He is responsible for advertising, publication, graphic design, public affairs and sales operations at all of the Erickson communities. He served previously as Director of Operations and Vice President of the Charlestown Retirement Community. Under his direction, Charlestown became America's largest and most active life care community, averaging 20 net reservations per month. Prior to joining Erickson, Mr. Rexford was the contract manager for two start-up firms where he negotiated and managed scientific research and technical support contracts with the National Institutes of Health, the General Services Administration and the Internal Revenue Service. Mr. Rexford holds a B.A. degree from St. Mary's College of Maryland.

*W. Fred Walker, IV – Executive Vice-President of Acquisitions*

Mr. Walker is Executive Vice-President of Acquisitions for Erickson. He is responsible for identifying and procuring sites that meet Erickson's expansion plans, and for managing the contract and approval process for selected sites. Prior to joining Erickson, Mr. Walker was Vice President and partner of Poffel & Walker, Inc., a real estate development firm in Maryland, where he headed all development projects. He co-founded Daft, McCune, Walker, Inc., a consulting firm in Maryland that specializes in land planning and civil engineering. Mr. Walker holds a B.S. degree from West Virginia University.

*Lenora L. Booth – Executive Vice-President of Human Resources*

Ms. Booth is Executive Vice-President of Human Resources. Ms. Booth is responsible for aligning human resources strategies and practices with overall business objectives of Erickson, in addition to planning and directing human resource functions. Prior to her current position with Erickson, Ms. Booth was Executive Director for both Riderwood Village and Oak Crest Village. Ms. Booth has also served as Director of Food Services and Director of Health Services at Charlestown Retirement Community. She is a registered, licensed dietitian. Ms. Booth holds an M.S. degree from Central Michigan University and a B.S. degree from North Carolina A&T State University. She is a former member of the State Board of Dietetic Practice, having been appointed by Maryland Governor William Donald Schaefer. She now serves as a member of the Board of Directors for the Central Maryland Chapter of the American Red Cross (Regional Board).

*Michael A. Wagner – Executive Vice President of Development and Construction*

Mr. Wagner is Executive Vice President of Development and Construction for Erickson. He is responsible for overseeing development and construction for Erickson and has been with Erickson since 2001. Prior to joining Erickson, Mr. Wagner served as President of Construction at Forest City Enterprises, Inc. Residential Group, a division that owns, develops, constructs and operates luxury apartment homes, corporate/VIP housing, residential properties and federally assisted housing projects throughout the country. Mr. Wagner holds a B.S. degree from Grove City College, Grove City, Pennsylvania.

**Continuing Care Retirement Communities Developed by the Developer**

In addition to the Development, the continuing care retirement communities developed and constructed or being developed and constructed by the Developer are set forth in the following table.

## Total Planned Units Upon Completion of Development

Project	% Developed	Expected Completion	Independent Living	Assisted Living	Skilled Nursing	Total	Currently Available Independent Units Occupied/ Reserved <sup>1</sup>
Charlestown Retirement Community (Catonsville, MD)	100%		1,584	132	244	1,960	97%
Henry Ford Village (Dearborn, MI)	100%		861	96	89	1,046	95%
Oak Crest Village (Parkville, MD)	100%		1,526	125	240	1,891	98%
Greenspring Village (Springfield, VA)	100%		1,406	100	136	1,642	99%
Seabrook Village (Tinton Falls, NJ)	100%		1,444	88	126	1,658	99%
Riderwood Village (Silver Spring, MD)	96%	2007	1,966	144	218	2,328	99%
Brooksby Village (Peabody, MA)	96%	2007	1,352	93	104	1,549	99%
Cedar Crest Village (Pompton Plains, NJ)	80%	2008	1,507	93	136	1,736	92%
Fox Run Village (Novi, MI)	57%	2010	1,075	44	88	1,207	77%
Ann's Choice (Warminster, PA)	52%	2010	1,976	160	148	2,284	95%
Linden Ponds (Hingham, MA)	44%	2011	1,705	96	132	1,933	89%
Sedgebrook (Lincolnshire, IL)	32%	2011	1,386	96	132	1,614	83%
Eagle's Trace (Houston, TX)	30%	2013	1,456	96	88	1,640	70%
Monarch Landing (Naperville, IL)	22%	2014	1,503	96	132	1,731	56%
Highland Springs (Dallas, TX)	19%	2015	1,646	96	88	1,830	87%
Maris Grove (Glen Mills, PA)	22%	2011	1,414	96	132	1,642	94%
Wind Crest (Highlands Ranch, CO)	0%	2015	1,587	96	132	1,815	N/A
Tallgrass Creek (Overland Park, KS)	0%	2013	1,100	88	64	1,252	N/A
<b>Total</b>			<b>26,394</b>	<b>1,835</b>	<b>2,429</b>	<b>30,785</b>	

<sup>1</sup>Includes both independent living units currently constructed and independent living units for which reservations are being taken

As of October 1, 2006  
Source: The Developer

## The Development

### General

The Development is being constructed in two phases, with each phase to be comprised of one community building and five five- to six-story residential buildings. In addition, an extended care health facility containing skilled nursing beds and assisted living units will be constructed as part of the second phase of the Development. The following schedule indicates the Developer's estimate as of October 1, 2006 of when each of the buildings comprising the Development will be built:

Project	Construction Start Date	Substantially Completed	Independent Units	Extended Care Units
Masterplan	Oct-06			
Marketing Center Trailer	Jun-06	Jul-06	-	-
Gatehouse 1	May-07	Oct-07	-	-
Community Bldg ("CB") 1.0/Pool	Oct-06	Oct-07	-	-
Residential Building ("RB") 1.1	Oct-06	Oct-07	88	-
Carport #1	Oct-06	Oct-07	-	-
Residential Building 1.2	Nov-06	Oct-07	139	-
Residential Building 1.3	Dec-07	Oct-08	81	-
Maintenance Building	Dec-08	May-09	-	-
Residential Building 1.4	Jul-08	May-09	96	-
[Sitework 1	Aug-06	Oct-09]	-	-
Residential Building 1.5	Dec-08	Oct-09	75	-
Carport #2	Aug-09	Jun-10	-	-
Residential Building 2.1	Aug-09	Jun-10	132	-
Bridge ("BR") 1.0 (RB 1.3 to CB 2.0)	Jan-10	Jun-10	-	-
BR 2.0 (RB 2.1 to CB 2.0)	Jan-10	Jun-10	-	-
Residential Building 2.2	Aug-09	Jun-10	112	-
Community Building 2.0	Jun-09	Jun-10	-	-
Transitional Spaces	Aug-09	Jun-10	-	-

Extended Care (“EC”) Phase 1	Jul-10	Oct-11	-	152
BR 3.0 (RB 2.3 to EC1)	Dec-10	Oct-11	-	-
Residential Building 2.3	Dec-10	Oct-11	150	-
Residential Building 2.4	Dec-11	Oct-12	124	-
BR 4.0 (RB 2.2 to RB 2.3)	Dec-11	Oct-12	-	-
Sitework 3	Sep-11	Dec-12	-	-
Sitework 2	Aug-09	Apr-13	-	-
Residential Building 2.5	Sept-12	Jul-13	103	-

The development and building delivery schedule for the Development is flexible and could vary depending on market demand for the residential buildings. The phased-in nature of the construction schedule means that only a few buildings will be under construction at a given time and that construction can be either accelerated or decelerated in response to market demand. The actual schedule for construction will be based on the strength of the marketing pipeline, satisfactory occupancy levels of completed buildings, management of residential unit inventory and the regulatory environment.

The phased-in nature of the construction schedule also means that the Developer can respond to an unexpected decrease in market demand ultimately by deciding not to continue construction and completing the Development with fewer units than are currently planned. The Developer believes that the Development can operate successfully with fewer than the number of units included in the master plan for the Development.

The Developer maintains three lists of prospective residents for the independent living units in the residential building in the Development: a list of prospective residents that have reserved an independent living unit, a “standby list” and a “futures” list. To be included on a list requires a \$1,000 refundable deposit and a non-refundable \$150 per person application fee.

Prospective residents who have reserved an independent living unit are asked to reaffirm their commitments by making an additional deposit of \$2,000 on the day which is 90 days after the day on which the initial deposit was made, by making a second additional deposit of \$2,000 on the day which is 180 days after the day on which the initial deposit was made, and by increasing the deposit to 10% of the total entrance fee for their chosen independent living units 60 days before closing on their independent living units. All deposits made by prospective residents to reserve units are fully refundable prior to the date on which the prospective residents settle on such residents’ units.

Once a prospective resident reserves an independent living unit, the marketing focuses on retaining the reservation. Having prospective residents confirm their commitment several times and staying in close touch with them helps the Developer identify, as early as possible, prospective residents who will not actually move into their independent living units so that the

Developer may turn to its standby list and futures list to find prospective residents to move into the Development.

The standby list is for prospective residents who have indicated that they are ready to move into a specific type of independent living unit when it becomes available. The futures list is for prospective residents who want a priority position when they are ready to move to the standby list. The Developer encourages prospective residents to place their names on the list that is appropriate for their plans by keeping deposit amounts low and by keeping the process simple.

As of August 31, 2006, approximately 69 prospective residents of Tallgrass Creek had paid the initial \$1,000 deposit. As of August 31, 2006, there were 63 prospective residents on the standby list and two prospective residents on the futures list.

The following table sets forth the expected entrance fees and monthly fees for residential units in Phase I of the Development, which, as currently contemplated, is expected to consist of five buildings containing approximately 479 units:

<u>Unit Type</u>	<u># of Units</u>	<u>Square Footage</u>	<u>Enhance Deposits</u>	<u>Monthly Fees</u>
Large One Bedroom	5	674	\$149,000	\$1,225
Extra Large One Bedroom/One Bath	62	742 - 820	\$165,000 - \$185,000	\$1,350 - \$1,425
Extra Large One Bedroom/One and a Half Bath	1	1,112	\$225,000	\$1,550
Extra Large One Bedroom/One and a Half Bath w/Den	50	903 - 975	\$214,000 - \$227,000	\$1,550
Large One Bedroom/One Bath	5	974	\$225,000	\$1,685
Large One Bedroom/One and a Half or Two Bath, w/Den and or Sunroom	356	974 - 1,818	\$226,000 - \$439,000	\$1,685 - \$1,990

The amounts of the monthly fees and entrance fees may be increased or decreased from time to time. An additional \$585 per month is charged to the second resident in double occupancy residential units.

### **Marketing of the Development**

The Developer's marketing department currently has 228 employees (full-time equivalent) and includes an in-house advertising agency, public affairs group, and a market research function at its corporate headquarters, as well as a sales operation at each of its continuing care retirement communities. The Developer's marketing program is designed to encourage prospective residents to move to a continuing care retirement community as quickly as possible, to maintain high occupancy rates and to generate long waiting lists.

The Developer reaches its target market through a variety of media, including television, advertising in major newspapers, direct mail, special events, public affairs, and continuing care retirement community outreach. The Developer has developed a proprietary mailing list of approximately 15,000 prospective residents who have responded to the Developer's advertisements with respect to the Development. The Developer's marketing program continues to attract a stream of qualified seniors and cause them to move to its continuing care retirement communities.



## **Management of the Development**

The Developer manages Tallgrass Creek for the Non-Profit pursuant to the Management and Marketing Agreement dated October 20, 2006 (the “Management Contract”). The Management Contract will terminate on the earlier to occur of (i) the termination of the Master Lease or (ii) the fifth anniversary of the dated date of the Management Contract, provided that the Non-Profit has the right to terminate the Management Contract without cause on or after the third anniversary of the date of the Management Contract.

Generally, under the Management Contract, the Developer is responsible for providing all management services to the Non-Profit required from time to time to coordinate the operation of Tallgrass Creek as a continuing care retirement community, including all residential, medical, nursing, recreational, commercial and other uses incidental thereto, including, among other things: (i) securing and maintaining the certifications, licenses and approvals required to operate Tallgrass Creek; (ii) hiring and managing all personnel necessary for the operation of Tallgrass Creek; (iii) maintaining all books, records and financial reports for Tallgrass Creek and preparing operating and capital budgets for Tallgrass Creek; (iv) maintaining and repairing the buildings and grounds of Tallgrass Creek in accordance with the operating budget; (v) negotiating, and ensuring proper compliance by residents with the terms and conditions of, residence and care agreements; (vi) conducting all marketing activities of Tallgrass Creek; (vii) negotiating any commercial lease agreements for any available commercial space and any of the contracts or arrangements for the proper management of Tallgrass Creek and its premises; (viii) billing and collecting amounts due from residents, commercial tenants, licensees and concessionaires; (ix) ensuring collection and payment of all federal and state taxes relating to Tallgrass Creek; and (x) obtaining and maintaining insurance. Subject to the restrictions imposed by the operating and capital budgets approved by the Non-Profit, all of the above services are performed by the Developer at the cost and expense of the Non-Profit.

Under the Management Contract, the Developer receives a monthly fee (the “Management Fee”). In addition, the Developer is reimbursed by the Non-Profit for the costs of (i) marketing for the reoccupancy of units, (ii) the salary and benefits of Tallgrass Creek employees and management personnel, and (iii) certain centralized services. The monthly fees vary, depending upon, among other things, occupancy levels and the performance of Tallgrass Creek.

## **Competition**

The Development faces competition from similar facilities operating and under construction in or near its market area, from other residential facilities for older adults and from existing facilities offering custodial, intermediate and skilled nursing care. The Appraisal Report contains a description of the existing and planned facilities competing with the Development. The Development may face additional competition in the future as a result of the construction of new, or the renovation or expansion of existing, housing and nursing care facilities for elderly persons in the area served by the Development, as well as in the area beyond the primary market identified in the Appraisal. See “APPENDIX A – Appraisal Report.”

## Financing Structure for the Development

In addition to the Project to be financed in part with the proceeds of the Bonds, the Development will be financed primarily from the following sources:

The Community Loan. The Owner expects to enter into a Community Loan Agreement (the “Community Loan Agreement”) with the Non-Profit pursuant to which the Non-Profit will be obligated to lend to the Owner all of the initial Entrance Fees that the Non-Profit collects from residents of the Development (the “Community Loan”). The Owner will use a portion of the proceeds of the Community Loan to pay the costs of the construction of the Development. The Owner will be required to make loan payments as provided in the Community Loan Agreement. It is expected that the Community Loan will be secured by the Mortgage and Security Agreement from the Owner in favor of the Non-Profit (the “Community Loan Mortgage”), which will create a mortgage lien on the Land and the Development for the benefit of the Non-Profit.

The Construction Loan. The Owner is in the process of negotiating a construction revolving loan from the Construction Lender, Mercantile-Safe Deposit and Trust Company, as Administrative Agent for itself and for other participating lenders (the “Construction Loan”), the proceeds of which are expected to be used by the Owner to pay a portion of the costs of the construction of the Development. The Construction Loan will be evidenced by a revolving loan note payable by the Owner to the Construction Lender, and is expected to be secured by a Mortgage Assignment of Rents and Leases, Security Agreement and Fixture Filing, which will create a mortgage lien on the Land and the Development for the benefit of the Construction Lender that is expected to be senior to the Community Loan Mortgage and the Group Lease.

Additional Financing. The Owner and the Developer are planning to finance the costs of the Development not financed with the Bonds, the Construction Loan and the Community Development Loan, from an equity contribution by the Developer, mezzanine financing, or from the proceeds of the sale of the Land to a third-party. Under the last approach, the Owner would retain leasehold interest in the Land pursuant to a ground lease or, alternatively, grant a junior lien on the Land as a part of any additional financing. Any ground lease of Land in connection with the sale of the Land would be on a “triple-net” basis, and the Owner would pay monthly ground rent to the owner of the Land. See “PROPOSED DEVELOPMENT OF TALLGRASS CREEK – Ownership Structure” above.

As currently contemplated, the Developer estimates that the cost of completing the acquisition, development and construction of the Development will be approximately \$225,000,000. The Owner expects to pay the initial costs of the acquisition, development and construction of the Development from the proceeds of the Construction Loan in the amount of approximately \$80,000,000, equity or sub-debt and, with respect to the Project, the net proceeds from the Bonds. The Owner expects to pay the remaining costs of the acquisition, development and construction of the Development from the proceeds of the Community Loan, which is expected to be funded from initial Entrance Fees received by the Non-Profit in the total amount of approximately \$320,000,000 and is expected to be available for loans, for use by the Owner to pay the costs of completing the acquisition, development and construction of the Development, to repay the Construction Loan, to pay debt service on the Bonds and to provide a return of Developer’s investment together with a profit.

## **Financing Operation of the Development**

The Owner is expected to enter into a Working Capital Loan Agreement (the “Original Working Capital Loan Agreement”), with the Non-Profit, pursuant to which the Owner will extend to the Non-Profit a secured line of credit (the “Line of Credit”) and will make loans to the Non-Profit from time to time in a principal amount which is not expected to exceed, in the aggregate, the sum of \$30,000,000. The proceeds of the loans will be used by the Non-Profit to pay the expenses of operating the Development.

## **Development Team**

Architect. NSA Architects (the “Architect”) is serving as the architect for the Development. Established in 1960 and located in Farmington Hills, Michigan, the Architect has provided architectural, engineering and design services for automotive, educational, retirement community, commercial real estate and municipal facilities, among others. The Architect was previously engaged by the Developer in connection with the Sedgebrook Retirement Community in Lincolnshire, Illinois, Fox Run Retirement Community in Novi, Michigan, and Monarch Landing Retirement Community in Naperville, Illinois.

Engineers. V3 Companies of Illinois, Ltd. (“V3 Companies”) currently serves as the engineer for the Development. Established in 1997, V3 Companies is a consulting construction and real estate organization focused on infrastructure, development, land and natural resource services. V3 Companies was previously engaged by the Developer in connection with the Monarch Landing Retirement Community in Naperville, Illinois and the Sedgebrook Retirement Community in Lincolnshire, Illinois.

Landscape Architect. Hitchcock Design Group (the “Landscape Architect”) is serving as the landscape architect for the Development. Established in 1980, with offices in Naperville and Chicago, Illinois, the Landscape Architect employs a 55-member staff which provides resource analysis, master planning, site planning and design, site construction documentation services and construction administration relating to landscape architecture.

Local Civil Engineer. The Peridian Group, Inc. (“Peridian”), located in Gardner and Lawrence, Kansas, is providing additional civil engineering services for the Development. Peridian has eight years of experience in civil engineering, landscape architecture, land planning, surveying and information technology and employs approximately 40 employees. The firm has completed over 1,000 projects and focuses on project developments primarily in Northeast Kansas.

## **Zoning**

The land within the District is zoned Residential (R-1). The existing zoning of the Land is consistent with the proposed use of the Development. See “APPENDIX B – Engineer’s Report.”

## **Status of Approvals**

The Developer has received a special use permit from the City, which permits the property to be used for continuing care retirement community purposes, as well as final plat approval from the City which permits the Developer to begin site development on the Land within the District. All grading permits required for the commencement of site preparation work currently being undertaken by the Developer have been issued by the City. In addition, the Developer has submitted to the City a permit application for the development of Phase I of the Development. The Developer expects to obtain permits as necessary and in a timeframe that will not materially delay the construction of the Development. See “APPENDIX B – Engineer’s Report.”

## **Environmental Review**

V3 Consultants conducted a Phase I Environmental Assessment of the Land for the Developer and issued a report dated December 2, 2005. The objective of V3 Companies’ Phase I Environmental Assessment was to identify any “recognized environmental conditions” on the Land. “Recognized environmental conditions” include the presence of any hazardous substances or petroleum products on the site under conditions that indicate an existing release, a past release, or a material threat of release of any hazardous substances or petroleum products into structures on the Site or into the ground, groundwater, or surface water of the Site. On the basis of its investigations and research, the Phase I Environmental Assessment identified one recognized environmental condition in connection with the Land which was identified in the report as spoil and waste piles of unknown origin. A Phase II Environmental Assessment was conducted on the Land in February 2006 in order to evaluate this one recognized environmental condition. The Phase II Environmental Assessment included visual inspection of the Land, installation of four soil borings and laboratory analysis of soil samples. Laboratory analysis of soil samples were compared to the United States Environmental Protection Agency Preliminary Remediation Goals. All soil samplings were below the remedial goals for residential use.

## **Availability of Utilities**

V3 Consultants found that there is sufficient water and sewer service, electrical service, natural gas service, and telecommunications service for the proposed Development. See “APPENDIX B – Engineer’s Report” for a description of the utility infrastructure expected to serve the Development.

## **Phasing and Financing of Project**

The following table, based on information provided by the Developer, sets out the total costs for the Project.

### **Cost Breakouts for Project\***

Attributable Costs:

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\* Preliminary, subject to change.

<i>139<sup>th</sup> St. Improvements</i>	\$2,282,871
<i>Interior Roadways</i>	2,060,062
<i>Interior Parking Lots</i>	4,348,105
<i>Sidewalks</i>	1,695,372
<i>Storm Sewer</i>	600,000
<i>Bike Trail</i>	629,540
<b>Total Public Improvements</b>	<b>\$11,615,950<sup>1</sup></b>

1. Total costs for Public Improvements are comprised of \$6,493,103 for land acquisition costs and \$5,338,097 for costs attributable to designing, constructing and installing the Public Improvements.

V3 Consultants has reviewed the total costs for the Project, as described in the table above, and has determined that such costs are reasonable based on the scope of work highlighted in the construction contract documents for the Development.

### **Development Agreement**

The City and the Owner have entered into the Development Agreement, agreed to in part and otherwise acknowledged by the Non-Profit and the Developer, pursuant to which the Owner agrees to acquire, construct, install and equip the District with the public improvements that constitute the Project through the services of the Developer. In the event that the moneys in the Construction Fund available for payment of the costs of the Project are insufficient for such purposes, the Owner agrees to complete the Project and to pay that portion of the costs thereof in excess of the moneys in the Construction Fund, without reimbursement from the City. The Owner has agreed to use all reasonable efforts to cause the Project to be completed on or before the date that is no later than the third anniversary date of the date of delivery of the Bonds and, with respect to the Non-Profit Improvements, the dates those portions of the Project are paid from moneys in the Construction Fund (the “Transfer Date”), the Owner will convey the Project to the Non-Profit (including ownership for federal income tax purposes) pursuant to the Lease. Under the terms of the Development Agreement, the Owner agrees to pay all of the reasonable expenses incurred by the City pursuant to the Development Agreement and the Developer agrees to guaranty the redemption price of the Bonds in the event of a Taxability Event.

Any one or more of the following events are “Events of Default” under the Development Agreement:

Failure by the Owner or the Non-Profit to observe and perform any covenant, condition, or agreement on its part to be observed or performed thereunder for a period of 60 days after written notice, specifying such failure, requesting that it be remedied, and stating that it is a notice of default, has been given to the Owner or the Non-Profit by the City; provided, however, that, if said default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Owner or the Non-Profit within the applicable period and diligently pursued until the default is corrected; or

The entry of a decree or order by a court having jurisdiction in the premises adjudging the Owner or the Non-Profit as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Owner or the Non-Profit under the federal Bankruptcy Code or other applicable federal or state law, or

appointing a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Owner or the Non-Profit or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) days; or

The institution by the Owner or the Non-Profit of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing of a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or similar official of the Owner or the Non-Profit or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Owner or the Non-Profit in furtherance of such action.

If an occurrence resulting in an Event of Default (other than a Taxability Event) is due to “force majeure” (i.e. acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies, orders, restraints of any kind, actions or inactions by the United States government or of any State government, etc.), then the Owner or the Non-Profit is not deemed to be in default during the continuance of such inability.

Whenever an Event of Default has happened and is continuing, the City may take whatever action at law or in equity which may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Owner under the Development Agreement.

The Development Agreement becomes effective upon the issuance of the Bonds and remains in full force and effect from the date of the Development Agreement until the Bonds have been fully paid.

## **SPECIAL RISK FACTORS**

Investment in the Bonds involves certain risks. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds which are not rated by a recognized rating agency. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Assessments when due. Such failures to pay Special Assessments could result in the inability to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District.

### **Concentration of Ownership**

All of the land within the District will be initially owned by the Owner. The Developer intends to develop the land within the District as a continuing care retirement community to be known as Tallgrass Creek. The payment of the Special Assessments is dependent upon the willingness and ability of the Owner, or any successor holding title to land within the

Development, including the Non-Profit, to pay such Special Assessments. This concentration in the obligation to pay Special Assessments in one entity, or in a limited number of entities, presents a significant risk to Bondholders. Failure of the Owner or owners of the property within the District to pay the annual Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the Special Assessments, the tax sale of property or otherwise. In that event, there could be a default in payments of the principal of, and interest on, the Bonds.

### **Conveyance of Development to Non-Profit; Risk of Early Redemption**

Under the terms of the Master Lease Agreement, the Non-Profit is expected to be granted an option to purchase the Development, including the Land, upon the expiration of the first ten full calendar years of the initial 20-year lease term, at the end of the initial 20-year lease term and at the end of each 10-year period extension. See “INTRODUCTION – The Non-Profit” herein. The Owner and the Non-Profit also could enter into other arrangements for the sale of the Development to the Non-Profit, including a separate purchase option agreement for conveyance of the Development following completion of the Development and receipt by the Non-Profit of its Determination Letter, but on a date earlier than the dates on which the Non-Profit could exercise its existing option to purchase the Development under the Master Lease Agreement. See also, “PROPOSED DEVELOPMENT OF TALLGRASS CREEK – Ownership Structure” herein. In such an event, the Owner may be required by the Non-Profit, as a condition to such a purchase option agreement, or the Owner may otherwise elect to provide funds to optionally redeem the Bonds prior to maturity. See “THE BONDS – Redemption – Optional Redemption” herein. Such an occurrence should be considered by prospective purchasers of the Bonds.

### **Section 501(c)(3) Status of Non-Profit**

On \_\_\_\_\_, \_\_\_\_\_, the Non-Profit filed its application with the Service to designate the Non-Profit as an organization described in Section 501(c)(3) of the Code and expects that it will receive from the Service a Determination Letter designating it as a 501(c)(3) organization. Whiteford, Taylor & Preston L.L.P., counsel to the Non-Profit (the “Non-Profit Counsel”), is expected to deliver on the date of delivery of the Bonds its opinion to the effect that, it is reasonable to expect that the Non-Profit will receive a favorable Determination Letter from the Internal Revenue Service and, that if a favorable Determination Letter is received, the Non-Profit is a 501(c)(3) organization dating back to the date of its formation. Non-Profit Counsel has advised the City that it is reasonable to expect the Non-Profit will receive a favorable determination letter from the Internal Revenue Service. However, Non-Profit Counsel states in its opinion that the determination is solely within the control of the Internal Revenue Service, and it is possible that the Internal Revenue Service will take a contrary position. See “THE BONDS -- Extraordinary Redemption Upon Federal Taxability” herein. The opinion of Bond Counsel assumes the correctness of the opinion of the Non-Profit Counsel. If the Non-Profit has not received its Determination Letter and the transfer of ownership of the Project by November 29, 2009, the Bonds will be redeemed. See “THE BONDS – Redemption – *Extraordinary Redemption on Federal Taxability Event.*” Upon the redemption of Bonds in connection with a Taxability Event, the possibility exists that the Developer will not pay the redemption price of the Bonds, limiting the remedy for recovery to foreclosure which is limited in any year to the

maximum Special Assessment in such year, not the outstanding principal amount of the Bonds. Upon the occurrence of a Taxability Event, the redemption premium paid on the Bonds will be subject to Federal income tax.

### **Change of Ownership**

Conveyance of ownership under the existing purchase option provisions of the Master Lease Agreement may require payment in full of the Special Assessments as a condition precedent to the conveyance of the Development to the Non-Profit. In the event that the Bonds remain outstanding following the conveyance of the Development to the Non-Profit, the Non-Profit, or any subsequent purchaser of the Development, as owner of property within the District, would be responsible for payment of the Special Assessments, when due. Payment of the Special Assessments by the Non-Profit or by a subsequent owner of the Development would be dependent on the ability and willingness of such subsequent property owner to pay the Special Assessments when due. Failure by such property owner to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the tax sale of property or otherwise. In that event, there could be a default in payments of principal of, and interest on, the Bonds.

### **Failure to Develop Properties; Government Approvals**

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various entities in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, as well as numerous other matters. Failure to obtain any such approvals or satisfy such governmental requirements could adversely affect planned land development. See “PROPOSED DEVELOPMENT OF TALLGRASS CREEK – Status of Approvals; Zoning”.

Development of land is also subject to economic considerations. The failure to complete development of the required infrastructure in the District or substantial delays in the completion of the development or the required infrastructure for the development due to litigation, the inability to obtain required funding or other causes may reduce the value of the property within the District and increase the length of time during which Special Assessments will be payable by the Owner, and may affect the willingness and ability of the Owner to pay the Special Assessments when due, which may result in a default in payments of the principal of, and interest on, the Bonds.

### **Licensure**

Operation of the Development as a continuing care retirement community (“CCRC”) requires licensure with the State of Kansas Insurance Department. To date, the Non-Profit has registered under Kansas law for operation of a CCRC. The Non-Profit will apply for licenses from the Kansas Department of Health and the Environment to provide assisted living services and skilled nursing services. Although the Non-Profit has no reason to believe that such licenses will not be issued, the Non-Profit may not provide such services until such licenses are issued. Although, to the knowledge of the Owner and the Non-Profit, there is no reason to believe that these licenses will not be obtained in a timely manner, there can be no assurance that such



licenses will be obtained in order for the Owner and the Non-Profit to develop and operate the Development as a CCRC containing independent living units, assisted living apartments and skilled nursing beds.

### **Land Development Costs**

In addition to the financing for the Project through the issuance of the Bonds, the Developer and the Owner are seeking to obtain private financing for a portion of the costs relating to the land acquisition, development and construction of the Development and receipt of funding from a Construction Loan. Although the Developer has financed land acquisition, development and construction costs for other continuing care developments similar, but unrelated to the Development, through construction revolving loans with commercial lenders, financing of the Development is dependent upon the Development Owner completing negotiations and entering into a Construction Loan Agreement with the Construction Lender. It is expected that the Construction Loan will be executed after the date of delivery of the Bonds. In addition, payment of Development costs will be dependent upon the Developer and the Owner providing the necessary equity to complete the Development or, alternatively, successfully negotiating the sale of the Land, subject to a ground lease or some other form of subordinated debt financing. Delivery of proceeds from a Community Loan to finance Development costs will depend upon the execution of a Community Loan Agreement between the Owner and the Non-Profit and funding of the Community Loan. See “PROPOSED DEVELOPMENT OF TALLGRASS CREEK - Plan of Financing for the Development”. The continued success of the Development is dependent upon successfully attracting residents and the receipt of Entrance Deposits. If sufficient monies from Entrance Deposits are not secured, the Developer or the Owner may require additional private financing for the Development. There can be no assurances that the Developer or the Owner will successfully obtain such additional private financing or be able to secure additional financing if that portion of the development costs to be paid from project cash flow does not materialize or if cost overruns are experienced. The failure to secure such financing could prevent the completion of the Development limiting the Owner’s ability to pay the Special Assessment and, as a result, could cause a default in payment of the principal of and interest on the Bonds.

### **Failure to Achieve Full Occupancy Stabilization; Competition**

[Certain of the value estimates contained in the Appraisal Report assume that stabilized occupancy will occur on or before certain dates. While this assumption may be accurate, there can be no assurances that such level of absorption of units can be obtained in Tallgrass Creek. Failure to achieve this absorption rate will adversely affect the estimated value of the Appraised Property, could impair the economic viability of the Development and could reduce the ability or desire of the property owners to pay the annual Special Assessments. In that event, there could be a default in the payment of principal of, and interest on, the Bonds. See “APPENDIX A – Appraisal Report”.]

[The Kansas City metropolitan area in which the Development is located currently has a number of existing continuing care facilities and, as phased construction of the Development continues, the Development may experience competition from other pending and proposed projects with absorption schedules and pricing projections that are competitive with the

Development. This competition may impact the future value of the property and the rate at which units are absorbed. See “APPENDIX A – Appraisal Report”.]

Prospective purchasers of the Bonds should not assume that the absorption of units will occur as estimated and should review the Appraisal Report in its entirety in order to make an informed decision whether to purchase the Bonds. See “APPENDIX A - Appraisal Report”.

### **Local Economic Conditions; Demographics**

In general, continuing care retirement communities are competitive and are affected by local economic conditions, competitive changes in the geographic area, changes in the public’s spending habits and population. Prospective purchasers of the Bonds should consider these factors in order to make an informed decision whether to purchase the Bonds. See “APPENDIX A - Appraisal Report”.

### **Appraised Value**

The Appraiser has estimated the value of all property in the District, on the basis of certain definitions, contingencies, assumptions and limiting conditions contained in the Appraisal Report. See “SECURITY FOR THE BONDS - Appraised Property Values” and “APPENDIX A - Appraisal Report” hereto. The City, Developer, Owner, Non-Profit and the Underwriter make no representation as to the accuracy of the Appraisal Report.

The Appraisal Report assumes that the Bonds will be issued for the purpose of constructing the Project for the Development as planned. There can be no assurance that such infrastructure improvements will be completed in a timely manner or that they will be completed at all. For a discussion of the current status of the Development, see “PROPOSED DEVELOPMENT OF TALLGRASS CREEK – Phasing of the Development”. The Appraisal Report assumes that development of the property in the District can and ultimately will occur on a schedule and at prices as are projected in the Appraisal Report. Other than as reflected generally in the discount rate used, the Appraisal Report does not specifically address any possible negative impact which could occur by reason of failure to timely complete the assumed improvements, any future litigation, failure to secure funding, future slow growth or no growth voter initiatives, the obtaining of future permits or approvals, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land within the District could be sold for the appraised amounts set forth in the Appraisal Report at a tax sale for delinquent Special Assessments. See “SECURITY FOR THE BONDS - Appraised Property Values” and “APPENDIX A - Appraisal Report” for a description of other assumptions made by the Appraiser.

### **Special Assessment Delinquencies**

In order to pay debt service on the Bonds, it is necessary that the Special Assessments within the District be paid in a timely manner. The Special Assessments, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, are billed to the properties within the District by the County. Such Special Assessment installments are due and payable at the same time as regular ad valorem property tax installments. The unwillingness or

inability of a property owner to pay regular ad valorem property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make Special Assessment installment payments. If the Owner or future owners fail to pay the Special Assessments when due there could be significant Special Assessment delinquencies. See “SPECIAL RISK FACTORS – Concentration of Ownership”.

In the event that tax sales of property and subsequent foreclosure actions are necessary, if the Reserve Fund is depleted, there could be a delay or reduction in payments to Holders of the Bonds pending such actions and receipt by the City of the proceeds resulting from foreclosure on such property.

See “SECURITY FOR THE BONDS” – Levy, Abatement and Collection of Special Assessments”, for a discussion of the provisions which apply, and procedures which the City and the County are obligated by law to follow in the event of delinquencies in the payment of Special Assessments. See “SPECIAL RISK FACTORS – Potential Delay and Limitations of Tax Sales” and “ Bankruptcy” below, for a discussion of limitations on the ability to recover delinquent Special Assessments from foreclosure actions.

### **Potential Delay and Limitations of Foreclosure Actions**

The payment of property taxes by property owners and the ability to recover delinquent unpaid Special Assessments may be limited by bankruptcy, insolvency or other laws generally affecting creditors rights. See “SECURITY FOR THE BONDS – Levy, Abatement and Collection of Special Assessments” and “SPECIAL RISK FACTORS - Bankruptcy”.

Recovery of Special Assessments is subject to County’s procedures for providing notice to record holders of the property of the pending tax sale. Procedures available to the County to seek enforcement of unpaid Special Assessments through tax sale and subsequent foreclosure proceedings could result in delay while the County seeks in a court to adjudicate the existence of the lien and to obtain a foreclosure decree authorizing the sale of such property. Potential investors should also be aware that during any period of time in which property offered for sale remains unsold, none of the delinquent Special Assessments will be paid.

The ability of the County to foreclose the lien of a delinquent unpaid Special Assessment payment may be limited with regard to properties in which the FDIC or any successor to the FDIC may acquire an interest. If a lender takes a security interest in property in the District and becomes insolvent, such a lender could fall under the jurisdiction of the FDIC. The FDIC could assert federal preemptive power to challenge any prior taxes and special assessments where it is in its interest to do so, including the requirement that local agencies obtain the consent of the FDIC in order to foreclose the lien of delinquent unpaid special assessments.

If the County is required to obtain the consent of the FDIC to foreclose on property located in the District, such consent could be denied, and the County might be unable to pursue foreclosure proceedings. Additionally, obtaining such consent could delay the foreclosure proceedings. Any delay in foreclosure proceedings or the inability of the County to foreclose on property in the District in which the FDIC has an interest could result in a delay or default in payment of the Bonds.

In addition, potential investors should be aware that judicial foreclosure proceedings are not summary remedies and can be subject to significant procedural and other delays caused by crowded court calendars and other factors beyond the control of the City.

Delays and uncertainties in recovering delinquent Special Assessments create significant risks for Bondholders. Special Assessment payment delinquencies that continue during the pendency of tax sale and foreclosure proceedings, could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of such property. In that event, there could be a default in payments of the principal of, and interest on, the Bonds. See “SPECIAL RISK FACTORS - Concentration of Ownership” above.

### **Exempt or Non-Buildable Properties**

None of the property within the Development is exempt from the Special Assessments in accordance with the Assessment Method. If for any reason any of the property subject to the Special Assessments becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, or another public agency, the Assessment Method does not provide for the reallocation of Special Assessments among the remaining taxable properties within the District. The City may permit a reallocation of Special Assessments allocable to remaining taxable properties within the District through a “respread” procedure, however, there is no assurance that such a respread of Special Assessments would occur. If a substantial portion of land within the District were to become exempt from Special Assessments because of public ownership, or otherwise, the amount of the Special Assessments which could be levied upon the remaining property might not be sufficient to pay principal of and interest on the Bonds, when due, and a default will occur with respect to the payment of such principal and interest.

In addition, property within the Development that is not suitable for development, including the streambed running through the site, is nonetheless subject to a Special Assessment. If the land within the District is ever subdivided and the City does not reallocate the Special Assessments pursuant to a respread procedure, the burden of the Special Assessment on any parcel containing a substantial portion of unbuildable property relative to its value may result in the unwillingness or inability of its owner to pay the Special Assessments.

### **Bankruptcy**

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although a bankruptcy proceeding would not cause the Special Assessments to become extinguished, the amount and priority of any Special Assessment lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in completing a tax sale of the property. Such delay would increase the likelihood of a delay or default in payment of the

principal of, and interest on, the Bonds and the possibility of delinquent tax installments not being paid in full.

### **No Acceleration**

The Bonds are subject to mandatory redemption under certain circumstances, however, the Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture. Further, the Indenture does not specify any remedies nor does it require the City or the Trustee to seek any remedies. The ultimate source of recovery in the event of a default on payment of Special Assessments is the tax sale provisions described under “SECURITY FOR THE BONDS”.

### **Limited Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

## **UNDERWRITING**

The Bonds are being purchased for reoffering by Stone & Youngberg LLC (the “Underwriter”). The Underwriter has made a firm commitment to purchase the Bonds for \$\_\_\_\_\_. The purchase price reflects an underwriter’s discount of \$\_\_\_\_\_. The purchase contract pursuant to which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such contract of purchase.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the cover page of this Limited Offering Memorandum. The offering prices may be changed from time to time by the Underwriter.

## **LEGAL MATTERS**

Kutak Rock, Kansas City, Missouri, Bond Counsel, will render an opinion with respect to the Bonds substantially in the form set forth in “APPENDIX D” to this Limited Offering Memorandum. Copies of this opinion will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by Ballard Spahr Andrews & Ingersoll, LLP, Washington, D.C., as counsel to the Underwriter. Certain legal matters will be reviewed for the City by the City Attorney for the Developer and the Owner by McGuireWoods LLP, Chicago, Illinois and for the Non-Profit by Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland.

## TAX EXEMPTIONS

In the opinion of Kutak Rock LLP (“Bond Counsel”), based upon existing laws, regulations, rulings and court decisions, and assuming, among other matters, that the Non-Profit is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Assuming the Non-Profit is a 501(c)(3) organization, the interest on the Bonds is not a specific preference item. The Non-Profit has made application to the Internal Revenue Service for a Determination Letter, but no such Determination Letter has been issued as of the date hereof. Interest on the Bonds is not exempt from State of Kansas income taxes. Bond Counsel expresses no opinion in the event that the Non-Profit is not determined to be an organization described in Section 501(c)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequence related to the ownership or disposition of or the accrual or receipt of interest on, the Bonds. Interest on the Bonds is exempt from Kansas state income taxes whether or not included in federal adjusted gross income. A complete copy of the opinion of Bond Counsel is attached hereto as Appendix D.

The opinion of Bond Counsel assumes that the Non-Profit is an organization described in Section 501(c)(3) of the Code as of the date of its formation. The Non-Profit filed a request for a Determination Letter on \_\_\_\_\_, 2006. Non-Profit counsel has opined that it is reasonable to expect that the Non-Profit will receive a favorable Determination Letter from the Internal Revenue Service and, that if a favorable Determination Letter is received, the Non-Profit is a Section 501(c)(3) organization dating back to the date of its formation. Non-Profit Counsel has advised the City that it is reasonable to expect the Non-Profit will receive a favorable determination letter from the Internal Revenue Service. However, Non-Profit Counsel states in its opinion that the determination is solely within the control of the Internal Revenue Service, and it is possible that the Internal Revenue Service will take a contrary position. See “THE BONDS -- Extraordinary Redemption Upon Federal Taxability” herein. The opinion of Bond Counsel assumes the correctness of the Non-Profit Counsel opinion.

Section 145(a)(1) of the Code requires that all property financed with proceeds of qualified Section 501(c)(3) bonds be owned by a Section 501(c)(3) organization or a governmental unit. The Owner has covenanted to transfer the tax ownership of the Non-Profit Improvements to the Non-Profit on or before the Transfer Date. Failure to comply with this covenant could result on the interest on the Bonds being included in gross income as of the date of issue of the Bonds. Bond Counsel’s opinion assumes compliance with this covenant.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the original issue date of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) alter the date of issuance of the Bonds may adversely affect the value of, or the tax-

exempt status of interest on, the Bonds. Further, Bond Counsel does not give assurance that pending or further legislation or amendments to the Code, if enacted into law, will adversely affect the value of the tax-exempt status of interest on, the Bonds. Prospective Bondholders are urged to consult with their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any actions taken or omitted upon the advice or approval of bond counsel other than Bond Counsel.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend on the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

No assurance can be given that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, the federal or state income taxation, or otherwise prevent the Bondholders from realizing the full current benefit of the tax status of the interest thereon. Further, no assurance can be given that any such future legislation, or any actions of the IRS including, but not limited to, selection of the Bonds for audit examination, or the course or result of any examination of the Bonds, or other bands which present similar tax issues, will not affect the market price for the Bonds.]

## **NO LITIGATION**

At the time of delivery of and payment for the Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending with respect to which the City has been served with process or is otherwise aware, or, to the knowledge of the officer of the City executing such certificate, threatened against the City affecting the existence of the City, the District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Authorizing Actions and the Bonds, or the collection or application of any revenues provided for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Authorizing Actions, any action of the City contemplated by any of the said documents, or the collection or application of any revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement hereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any of said documents, nor, to the knowledge of the officer of the City executing such certificate, is there any basis therefore.

At the time of delivery of and payment for the Bonds, the Developer and the Owner will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board of body, pending or threatened by or against the Developer or the Owner: (i) in any way questioning the due formation and valid existence of the Developer or the Owner, respectively; (ii) in any way questioning or affecting the validity of the Development Agreement or the consummation of the transactions contemplated thereby; (iii) in any way questioning or contesting the validity of any governmental approval of any development by the Developer within the District or any aspect thereof, or (iv) which would have a material adverse effect upon the financial condition of the Developer or the Owner or the ability of the Developer or the Owner to undertake any development within the District. See “SPECIAL RISK FACTORS – Failure to Develop Properties; Government Approvals”.

### **NO RATING**

The City has not and does not contemplate making an application to any rating agency for the assignment of a rating to the Bonds.

### **RELATIONSHIPS**

MuniCap, Inc., the Administrator for the District was under contract with the Developer to assist with the creation of the District and with the issuance of the Bonds.

### **CONTINUING DISCLOSURE**

The Administrator and the Owner have agreed to provide financial information, operating data and event disclosures in compliance with Rule 15c2-12 of the Securities and Exchange Commission. See “APPENDIX E - Form of Administrator’s and Owner’s Continuing Disclosure Agreement” for specific provisions regarding the Administrator’s and the Owner’s obligations to provide continuing disclosure.

### **MISCELLANEOUS**

The quotations from, and summaries and explanations of the Indenture, the Act and other statutes and documents contained herein do not purport to be complete, and reference is made to such Indenture, statutes and documents for full and complete statements of their provisions.

This Limited Offering Memorandum is submitted only in connection with the offering of the Bonds by the Underwriter. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the City, the Owner, the Developer or the Non-Profit. The Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and, as a result, is not responsible for the content hereof. The information contained herein should not be considered as representing all conditions affecting the City, the District or the Bonds.

This Limited Offering Memorandum does not constitute a contract with the purchasers of the Bonds.



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

The execution and delivery of this Limited Offering Memorandum has been authorized by the undersigned representatives.

CITY OF OVERLAND PARK

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By:  
Its:

TALLGRASS CREEK, INC.

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By:  
Its:

KANSAS CAMPUS, LLC

By: Erickson Retirement Communities, LLC,  
Member

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By:  
Its:

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**APPENDIX A**  
**Appraisal Report**

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**APPENDIX B**  
**Engineer's Report**

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**APPENDIX C**

**Form of Indenture**

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**APPENDIX D**

**Form of Opinion of Bond Counsel**

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**[TO BE PROVIDED BY BOND COUNSEL]**

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**APPENDIX E**

**Form of Administrator's and Owner's Continuing Disclosure Agreement**

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**ADMINISTRATOR'S AND OWNER'S  
CONTINUING DISCLOSURE AGREEMENT**

THIS ADMINISTRATOR'S AND OWNER'S CONTINUING DISCLOSURE AGREEMENT (this "Agreement") between KANSAS CAMPUS, LLC (the "Owner"), a Maryland limited liability company, and MUNICAP INC. (the "Administrator") is being entered into in connection with the issuance of \$15,000,000\* in the aggregate principal amount of City of Overland Park, Kansas Transportation Development District Special Assessment Bonds, Series 2006 (Tallgrass Creek Project) (the "Bonds"). The Bonds are being issued pursuant to the provisions of Ordinance No. \_\_\_\_\_, duly adopted by the City Council of the City of Overland Park on \_\_\_\_\_, 2006 (the "Bond Ordinance"), a Trust Indenture between the City of Overland Park (the "City") and Manufacturers and Traders Trust Company dated as of November 1, 2006, and a Bond Order executed by the \_\_\_\_\_ of the City on \_\_\_\_\_, 2006.

The Owner and the Administrator hereby covenant and agree as follows:

**Section 1. Definitions.** Terms not otherwise defined herein shall have the meanings set forth in the Limited Offering Memorandum dated \_\_\_\_\_, 2006 relating to the Bonds (the "Limited Offering Memorandum").

"Notice Holders" shall mean: (i) Mercantile-Safe Deposit and Trust Company (the "Construction Lender"), and (ii) any person who provides (a) a written request to the Administrator for notices hereunder to be given to such person at the address designated in such writing, and (b) evidence reasonably satisfactory to the Administrator that such person, together with its affiliates, has beneficial ownership of \$1,000,000 or more in aggregate principal amount of the Bonds. The Administrator may, in its sole discretion, but shall not be obligated, to determine that any person no longer qualifies as a Notice Holder due to such person's beneficial ownership of less than \$1,000,000 in aggregate principal amount of the Bonds; provided that each of the initial Notice Holders shall continue to be a Notice Holder for so long as such person, or an affiliate thereof, shall be the owner or beneficial owner of any Bonds, and, provided further, that the Administrator shall cease providing information to the Construction Lender as a Notice Holder upon receipt of a written request from the Construction Lender.

**Section 2. Provision of Information – Owner.** The Owner shall, within forty-five (45) days of the end of each calendar quarter, commencing with March 31, 2007, provide to the Administrator the following information, and the Administrator shall cause said information to be provided to the City and to the Construction Lender within fifteen (15) days of receipt:

(i) A statement as to status of completion of the Development for each phase as described in the Limited Offering Memorandum for the Bonds within the chart appearing under the heading "PROPOSED DEVELOPMENT OF OVERLAND PARK – The Development – *General*."

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\* Preliminary, subject to change.

(ii) A statement as to the execution of a Construction Loan Agreement dated \_\_\_\_\_, 2006 (the "Construction Loan Agreement") between the Owner and the Construction Lender, and, thereafter, the existence of any material amendments to such Construction Loan Agreement, any monetary or material non-monetary Event of Default under the Construction Loan Agreement or the receipt of formal written notice of any event, but for the giving of notice or the passage of time would constitute a monetary or material non-monetary Event of Default under the Construction Loan Agreement, and the existence of any other lien for borrowed money secured by the Land and the Development, other than liens established at the time of the Construction Loan;

(iii) A statement as to the execution of a Community Loan Agreement between the Owner and Tallgrass Creek, Inc. (the "Nonprofit"), and, thereafter, the existence of any material amendments to the Community Loan Agreement, any monetary or material non-monetary Event of Default as defined thereunder or any event which, but for the giving of notice or the passage of time, would constitute a monetary or material non-monetary Event of Default hereunder;

(iv) A statement as to the execution of a Master Lease and Use Agreement (the "Master Lease Agreement") between the Owner and the Non-Profit, and, thereafter, the existence of any material amendments to the Master Lease Agreement, any monetary or material non-monetary Event of Default as defined thereunder or any event which, but for the giving of notice or the passage of time, would constitute a monetary or material non-monetary Event of Default thereunder;

(v) A statement as to material changes, if any, in the form, organization or ownership of the Land and/or the Development (as described within the Limited Offering Memorandum under the subcaption "PROPOSED DEVELOPMENT OF TALLGRASS CREEK"); and

(vi) A statement as to the existence, to the best knowledge of the Owner, of any legislative, administrative or judicial challenges to the construction of the Project and the Development or the validity of the duly recorded plat or other public approvals for any section of the City within the Development which is expected to materially adversely affect the construction of the Project or the Development.

**Section 3. Reporting of Significant Events.** Whenever a key officer of the Owner obtains actual knowledge of the occurrence of one or more of the following events, the Owner shall contact the Administrator who shall immediately report such event to the Registrar and Paying Agent, the City and the Construction Lender as set forth herein:

(i) failure to pay any real property taxes (including the Special Assessments) levied within the Development on a parcel owned by the Owner, the Developer, the Landowner or any affiliate thereof;

(ii) material damage to or destruction of any development or improvements within the Development;

(iii) material default by the Owner, the Developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the Development;

(iv) material default by the Owner, the Developer, or any affiliate thereof on any loan secured by property within the Development owned or leased by the Owner and the Developer or any affiliate thereof;

(v) the filing in bankruptcy by the Owner, the Developer or any affiliate thereof, or by any owner of more than 25% in interest in the Owner or the Developer, or any determination that the Owner, the Developer or any affiliate thereof, or an owner of more than 25% in interest in the Owner or the Developer is unable to pay its debts as they become due; and

(vi) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the Owner, the Developer or the Landowner which may adversely affect the completion of the Development or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the Owner, the Developer or the Landowner.

**Section 4. Provision of Information - Administrator.** (a) The Administrator shall not later than November 30 of each year, commencing November 30, 2007, provide an Annual Report to each Repository and to Notice Holders. Each Annual Report shall contain or incorporate by reference the following:

(i) Any changes to the Assessment Procedure of the District since the report of the previous year;

(ii) Assessed valuation, any Special Assessment levy for all parcels within the District and the amount of Special Assessments collected in each fiscal year;

(iii) Listing of any District taxpayer or taxpayers representing more than five percent of the levy of Special Assessments in such fiscal year, the amount of the levy of Special Assessments against such landowners and the percentage of such Special Assessments relative to the entire levy of Special Assessments within the District; and

(iv) Any material changes in the types of public facilities constructed from those stated in the Limited Offering Memorandum and the status of completion of public facilities constructed or acquired with the proceeds of the Bonds since the report of the previous year of which the Administrator has actual knowledge.

(b) In addition to the Annual Report, the Administrator shall promptly provide to each Repository and Notice Holders such continuing disclosure information provided to the Administrator by the Owner as set forth in Sections 2 and 3 hereof so long as the Owner owns property in the Development.

**Section 5. Termination of Reporting Obligation.** The Owner's obligation under this Agreement shall terminate on the earlier of the time that the Owner no longer owns any property within the Development or the Bonds are repaid or defeased.

**Section 6. Rights of Bondholders to Enforce Agreement.** This Agreement is for the benefit of the parties hereto, the City and the Notice Holders from time to time. In the event of a failure by the Administrator or the Owner to comply with any provision contained herein, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause compliance with the obligations hereunder.

**Section 7. Limited Liability of Developers and the Administrator.** No person shall have any claim against either Developer, the Administrator, or any of their respective officers, officials, agents, or employees for damages suffered as a result of a Developer's or Administrator's failure to perform in any respect any covenant, undertaking, or obligation under this Agreement provided, however, that nothing contained herein shall be construed to preclude any action or proceeding in any court of competent jurisdiction against a Developer, the Administrator, or any of their officers, officials, agents, or employees to specifically enforce the provisions of this Agreement pursuant to Section 7 of this Agreement. The Administrator accepts its responsibilities under this Agreement subject to the approval and execution of an agreement between the Administrator and the City relating to these services (the "Administration Agreement"). The Administrator may resign its duties under this Agreement as provided for in the Administration Agreement.

**Section 8. Notices.** Any notices or communications to or among any of the beneficiaries to this Agreement must be given as follows:

If to the Administrator: MuniCap Inc.  
8340 Governor Ridgeley Lane  
Ellicott City, Maryland 21043  
Attention: Keenan Rice

If to the Owner: Kansas Campus, LLC  
701 Maiden Choice Lane  
Baltimore, Maryland 21228  
Attention: Executive Vice President, General  
Counsel

If to the City: City of Overland Park  
City Hall  
8500 Santa Fe Drive  
Overland Park, Kansas 66212

If to the Construction Lender:

**Section 8. 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Dated: \_\_\_\_\_, 2006

MUNICAP INC., as Administrator

By: \_\_\_\_\_  
Name: Keenan Rice  
Title: President

KANSAS CAMPUS, LLC

By: Erickson Retirement Communities, LLC,  
Member

By: \_\_\_\_\_  
Name: Gerald F. Doherty  
Title: Executive Vice President

ACKNOWLEDGED:

CITY OF OVERLAND PARK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**APPENDIX F**

**Socioeconomic Data for the City of Overland Park, Kansas**

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## **General**

The City of Overland Park maintains a strong economic position when compared to other municipalities in the Kansas City metropolitan area and other regions of the country. Total new construction in Overland Park since 1990 exceeds 119 million square feet with a value of more than \$6.3 billion. In 2005, new construction exceeded \$464 million, including single-family homes valued at more than \$145 million.

In 2005, the City of Overland Park had an unemployment rate of 4.6% compared to a state and national unemployment rate of 5.1%. For August 2006, the City of Overland Park had an unemployment rate of 4.6%. For this same period the State of Kansas had a 4.8% unemployment rate and the national rate of unemployment was 4.7%.

The City's retail activity has continued to be one of the best in the Kansas City metropolitan area. As a direct result of several large shopping malls and an effective street and traffic-way system, retail customers are drawn from the entire metropolitan area as well as the rest of the eastern half of Kansas and the western half of Missouri. Retail sales have exhibited a strong growth during the past two decades, increasing from \$181 million in 1970 to \$3.5 billion in 2004.

Major corporations which have chosen Overland Park as the site of their world headquarters include Sprint Nextel, Black & Veatch Engineers and GE Reinsurance Company. Major corporations which have national headquarters in Overland Park include Yellow Roadway and Universal Underwriters. During the past year three major companies have made decisions to locate national or regional headquarters in Overland Park including a Prescription Solutions, a prescription fulfillment center and subsidiary of PacifiCare Health Solutions, Inc., which began operations at the end of 2005; Capital One Home Loans which opened in August of 2006; and Quintiles, with a facility currently under construction and scheduled to be occupied by the end of 2007.



## Major Employers

The table set forth below presents a listing of the major employers within the City in 2005.

### Major Employers within Overland Park in 2005

<u>Firm/Organization</u>	<u>Product/Service</u>	<u>Estimated Employees</u>
Sprint Nextel (Campus Only)	Telecommunication	13,528
Shawnee Mission School District	Elementary and Secondary Schools	3,620
Blue Valley School District	Elementary and Secondary Schools	2,700
Shawnee Mission Medical Center	General Medical and Surgical Hospitals	2,700
Black & Veatch	Engineering Services	2,250
Overland Park Regional Medical Center	General Medical and Surgical Hospitals	2,000
Internal Revenue Service	Government	1,800
Yellow Roadway Corporation	Trucking, Except Local	1,000
Johnson County Community College	Junior Colleges and Technical Institutes	950
Universal Underwriters Group	Accident and Health Insurance	900
SBC	Telecommunication	862
Employers Reinsurance Corp	Fire, Marine, and Casualty Insurance	850
Menorah Medical Center	General Medical and Surgical Hospitals	720
Prescription Solutions	Pharmaceutical Distribution	600
Waddell & Reed	Security Brokers, Dealers, Flotation	625
Daimler Chrysler Financial Co.	Personal Credit Institutions	525

*Source: Overland Park Chamber of Commerce Economic Development Council*

## Labor Force and Unemployment Rates

The table set forth below lists the labor force and annual average unemployment rates for the City as compared to the annual average unemployment rates for the State of Kansas and the United States for the years 1996 through 2005, and January 2006 only. The information presented in this table has not been seasonally adjusted.

### Labor Force and Unemployment Rates

<u>Year</u>	<u>City of Overland Park</u>		<u>State of Kansas</u>	<u>United States</u>
	<u>Labor Force</u> <sup>(1)</sup>	<u>Unemployment Rate</u> <sup>(1)</sup>	<u>Unemployment Rate</u> <sup>(1)</sup>	<u>Unemployment Rate</u> <sup>(2)</sup>
2006 <sup>(3)</sup>	96,182	4.6%	4.8%	4.7%
2005	94,792	4.6%	5.1%	5.1%
2004	92,875	5.0%	5.5%	5.5%
2003	90,733	5.3%	5.6%	6.0%
2002	87,585	4.9%	5.2%	5.8%
2001	86,365	3.9%	4.3%	4.7%
2000	85,726	3.1%	3.7%	4.0%
1999	88,448	1.7%	3.0%	4.2%
1998	85,259	2.4%	3.8%	4.5%
1997	81,492	2.1%	3.8%	4.9%
1996	77,696	2.7%	4.5%	5.4%

Source: (1) Kansas Department of Labor, Labor Market Information Services

(2) U.S. Department of Labor - Bureau of Labor Statistics

(3) August 2006 only

## Per Capita Retail Sales

The per capita retail sales for the years 1996 through 2005 are shown in the table below. The per capital retail sales exclude local compensating use tax.

<u>Year</u> <sup>(1)</sup>	<u>City of Overland Park</u>	<u>Johnson County</u>	<u>State of Kansas</u>
2005	\$20,938	\$17,812	\$12,033
2004	21,315	17,769	\$11,721
2003	20,335	17,599	11,302
2002	20,522	18,259	10,943
2001	20,794	18,644	11,234
2000	21,316	18,533	11,753
1998	21,595	17,331	9,601
1997	20,549	15,961	9,210
1996	19,959	15,269	9,103

<sup>(1)</sup> Information for 1999 was not published

## Building Permits

During 2005 the City issued 4,107 building permits for a combined estimated value of construction of more than \$464 million. The table set forth below highlights building permit statistics for 1996 through 2005. The graph below displays the housing building permits (single family and multi-family) during the same period.

<u>Year</u>	<u>Single Family</u>	<u>Multiple Dwelling</u>	<u>Commercial</u>	<u>Other</u>	<u>Total Permits</u>	<u>Total Construction Costs</u>
2005	471	216	72	3,348	4,107	\$464,624,804
2004	640	207	68	3,235	4,150	351,901,499
2003	731	161	687	2,929	4,508	385,059,468
2002	706	126	673	2,747	4,252	381,240,834
2001	849	235	737	2,690	4,511	603,355,554
2000	735	276	949	3,769	5,729	679,385,166
1999	1,172	217	614	3,373	5,376	672,615,670
1998	1,273	107	512	3,196	5,088	576,513,668
1997	1,178	165	549	3,031	4,923	539,974,830
1996	1,142	126	500	2,817	4,585	364,587,949

Source: City of Overland Park, Kansas

## Principal Taxpayers

A list of the top ten taxpayers in the City with the highest assessed valuations on the 2005 tax roll is presented in the table below.

<b><u>Principal Taxpayers</u></b> <sup>(1)</sup>			
<u>Company</u>	<u>Business</u>	<u>December 31, 2005 Assessed Valuation</u>	<u>Percentage of Total</u>
Knickerbocker Properties, Inc.	Office Park/Hotel	\$ 51,551,739	1.9%
Oak Park Investment, LP	Shops and Malls	33,132,560	1.2%
Central Tennessee	Hospital	18,882,086	0.7%
Riggs Bank N.A., Trustee	Banking	18,425,502	0.7%
Privitera Realty Holdings	Office Bldg/Real Estate	13,998,057	0.5%
AMLI Residential Properties	Real Estate	13,255,416	0.5%
Sprint Nextel	Telecommunications	13,089,005	0.5%
Midwest Division - OPRMC, LLC	Hospital	11,590,801	0.4%
FP Office, Inc.	Real Estate	8,652,178	0.3%
The Fountains, LLC	Real Estate	<u>8,402,957</u>	<u>0.3%</u>
Total		<u>\$ 190,980,301</u>	<u>6.9%</u>

<sup>(1)</sup> Includes Real Estate and Personal Property Tax

Source: Johnson County Government