

Deal Spotlight: Tax-Backed Transactions

I-470 and 350 Transportation Development District, Missouri

\$18,765,000

Rating: AA (S&P)

Underlying Rating: A (Fitch)

UW: Stifel, Nicolaus & Company, Incorporated

FA: Public Financial Management, Inc.

Dated Date: 8/6/07

I-470 and 350 Transportation Development District (the “District”) issued nearly \$19 million of transportation sales tax refunding and improvement revenue bonds. The bonds will be used to refund existing debt and help fund the construction of a new exit ramp and overpass.

The District is a retail center located in the northwest portion of Lee’s Summit, Missouri (the “City”), just south of the intersection at I-470 and State Route 350. The City is located in the southeastern quadrant of the Kansas City metropolitan area. The 785,000 square foot development, known as SummitWoods Crossing, contains 49 retailers, including anchor retailers, Kohl’s, Lowe’s, Best Buy, and SuperTarget.

The bonds are secured by a 1% sales tax generated by retail sales in the District, and will be collected and transferred by the City to the trustee for payment on the Bonds, as per a cooperative agreement between the City and the District. The tax was approved by voters in the District in May of 2001 and will remain in place for 40 years. Additional security is provided by a fully funded debt service reserve fund. The distribution of revenues is subject to annual appropriation by the City and the District. Surplus funds will be deposited into a super sinker fund and used to pay down bonds at par. Recent growth trends indicate pay off in an estimated seven to eight years.

The District had \$219 million in taxable sales in 2006. As of March 2007, the District had \$52.3 million in taxable sales, a 6.5% increase from the prior year at the same time. Pro forma maximum annual debt service coverage grew from 1.29x in 2002 to 1.75x in 2006.

The District, which has an underlying rating of A from Fitch, accessed the market at lower interest rates based on Radian’s AA rating. Attached are sample maturities with their spread to the Municipal Market Data Line (MMDL) AAA GO Index.

Maturity	2012	2029
Coupon	4.500%	4.600%
Yield	4.125%	4.673%
Spread to MMDL High Grade (bps)	+32.5	+33.3

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