

# City of Columbia

701 East Broadway, Columbia, Missouri 65201



**Agenda Item Number:** R100-14

**Department Source:** Finance

**To:** City Council

**From:** City Manager & Staff

**Council Meeting Date:** May 19, 2014

**Re:** Resolution adopting Notice of Sale for Issuance of Water and Electric System Revenue Refunding Bond Series 2014A.

## Documents Included With This Agenda Item

Council Memo, Resolution/Ordinance, Exhibit to the Resolution/Ordinance

**Supporting documentation includes:** None

## Executive Summary

The current bond interest rates provide the opportunity to refinance two Revenue Bond Issues and to save a significant amount of interest for the Electric Utility. The 2003 Series A Bonds and 2004 Series A Bonds are currently callable.

## Discussion

The current interest rates are much lower than the rates when these Revenue Bonds were issued and these two issues are currently callable.

## Fiscal Impact

Short-Term Impact: N/A

Long-Term Impact: The refunding of these two issues is projected to save \$1,621,483 (\$1,460,334 in net present value) over the remaining 16 years of the issue.

## Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Governance and Decision Making

Strategic Plan Impact: Financial Health

Comprehensive Plan Impact: Not Applicable

## Suggested Council Action

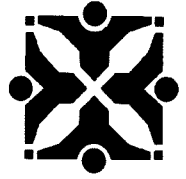
Approve the attached resolution.

## Legislative History

N/A

# City of Columbia

701 East Broadway, Columbia, Missouri 65201



  
\_\_\_\_\_  
Department Approved

  
\_\_\_\_\_  
City Manager Approved

## A RESOLUTION

authorizing the City of Columbia, Missouri to offer at competitive public sale its \$14,610,000\* Water and Electric System Revenue Refunding Bonds, 2014 Series A, and to take certain other preliminary actions in connection therewith.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

**SECTION 1.** That the City of Columbia, Missouri (the “City”), shall offer at competitive public sale its \$14,610,000\* Water and Electric System Revenue Refunding Bonds, 2014 Series A (the “**2014 Series A Bonds**” or the “**Bonds**”), to refund certain outstanding Water and Electric System Revenue Bonds, consisting of all or portions of the City’s 2003 Series A Bonds and 2004 Series A Bonds (the “**Refunded Bonds**”) and bids for the Bonds shall be received by the City, in such manner, at such time and on a sale date established by the City’s Finance Director, upon the terms and conditions set forth in the hereinafter referenced Notice of Sale (attached hereto as “Exhibit A”).

**SECTION 2.** That the Bonds shall be dated and shall be issued in denominations set forth in the Notice of Sale, and shall bear interest at rates to be determined upon approval of the sale of the Bonds by the City Council. The principal maturities of the Bonds shall be established by the Finance Director for inclusion in the Notice of Sale following consultation with Columbia Capital Management, LLC, the financial advisor to the City (the “**Financial Advisor**”). Principal and interest on the Bonds shall be payable as set forth in the Notice of Sale.

**SECTION 3.** That the Finance Director and other officers and representatives of the City are hereby authorized and directed, in conjunction with the Bond Counsel and Financial Advisor to the City (collectively, the “**Advisors**”) to prepare a Notice of Sale and Preliminary Official Statement relating to the Bonds substantially in the form on file with the City Clerk, to use such Notice of Sale and Preliminary Official Statement in connection with the sale of the Bonds, and to take such other actions as may be necessary or expedient to carry out the public sale of the Bonds. The Preliminary Official Statement is hereby “deemed final” by the City for the purpose of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, except for the omission of the information permitted to be omitted under such rule.

**SECTION 4.** That notice of said sale is hereby authorized and directed to be given by making available such Notice of Sale and Preliminary Official Statement by electronic distribution or by mailing to investment banking firms and banks and other financial institutions located throughout the United States. Information regarding the competitive sale may also be made available through the competitive offerings calendar published in writing or electronically prior to the date of sale in The Bond Buyer, a newspaper frequently subscribed to by banks and investment banking firms published in New York, New York, on the Bloomberg Professional financial information system, or through other publications or

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\* Preliminary, subject to change.

electronic means as the Advisors shall deem appropriate. The Notice of Sale may also be made available through the [www.ColumbiaCapitalAuction.com](http://www.ColumbiaCapitalAuction.com) electronic bidding system.

**SECTION 5.** That the Financial Advisor and Advisors to the City are hereby authorized to apply to one or more securities rating agencies for a rating relating to the Bonds.

**SECTION 6.** That the Finance Director and other officers and representatives of the City are hereby authorized and directed, in conjunction with the Advisors, to establish a redemption date and direct the paying agent to redeem prior to maturity the outstanding Refunded Bonds of the City to be refunded from the proceeds of the Bonds.

**SECTION 7.** The City shall, and the officers, directors, agents and employees of the City are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

**SECTION 8.** That this Resolution shall be in full force and effect from and after its adoption by the City.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor and Presiding Officer

APPROVED AS TO FORM:

\_\_\_\_\_  
City Counselor

The undersigned, the City Clerk in and for the City of Columbia, Missouri hereby certifies that this is a true and exact copy of the Resolution passed by the City Council of the City on \_\_\_\_\_, 2014, with respect to its Water and Electric System Revenue Refunding Bonds, 2014 Series A as the same appears of record in the council records of said City in my custody.

WITNESS my hand and seal of the City this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

(SEAL)

\_\_\_\_\_  
City Clerk

**\$14,610,000\***  
**CITY OF COLUMBIA, MISSOURI**  
**Water and Electric System Revenue Refunding Bonds**  
**2014 Series A**

**Proposals.** Facsimile and electronic proposals for the purchase of \$14,610,000\* principal amount of Water and Electric System Revenue Refunding Bonds, 2014 Series A, (the “**Bonds**”) herein described, of the City of Columbia, Missouri (the “**City**”), will be received, in the case of facsimile bids at (913) 312-8053, and in the case of electronic bids, on the Columbia Capital Auction Website, <http://www.columbiacapitalauction.com> (“**Columbia Capital Auction**”). Proposals for the purchase of the Bonds will be received until

10:00 A.M. Central Daylight Time (the “**Submittal Hour**”)  
on **Monday, June 2, 2014** (the “**Sale Date**”).

Bids on the Bonds will be received at the Submittal Hour at the offices of the Director of Finance of the City and will be awarded preliminarily, subject to City Council approval, on June 2, 2014 by 1:00 p.m. CST. Final approval is expected by the Columbia City Council at its June 2, 2014, regular meeting. Unless all bids are rejected, award will be made to the bidder offering the *lowest true interest cost* (as hereinafter defined) to the City. After bid opening, the Director of Finance of the City will notify the bidder providing the apparent low bid. Bids will not be accepted via any other method of delivery (e.g., no telephonic or hand-delivered bids).

The risk of failure to access the facsimile number or bidding website prior to the Submittal Hour is solely upon the party making the proposal and not the City or the Financial Advisors (as hereinafter defined). Any bidder submitting a bid acknowledges that neither the City nor the Financial Advisors assume any liability or responsibility for any inscribing or transmittal error in connection with such bid.

**Authority, Purpose and Security.** The Bonds are being issued pursuant to the Constitution and laws of the State of Missouri for the purpose of, together with other funds of the City, i) providing funds to currently refund all of the City’s outstanding Water and Electric System Revenue Refunding Bonds, 2003 Series A and the Water and Electric System Improvement Revenue Bonds, 2004 Series A; and ii) paying costs and expenses incident to the issuance of the Bonds. The Bonds will be payable solely from the Net Revenues derived by the City from the operation of its water and electric systems, after payment of costs of operation and maintenance. *The taxing power of the City is not pledged to the payment of the principal of the Bonds or the interest thereon.*

**Terms of the Bonds.** The Bonds will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of delivery and will become due in principal installments on the maturity dates as follows:

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\* Preliminary, subject to change.

## MATURITY SCHEDULE\*

<u>Due: October 1</u>	<u>Principal Amount</u>	<u>Due: October 1</u>	<u>Principal Amount</u>
2014	\$1,415,000	2022	\$895,000
2015	1,345,000	2023	920,000
2016	810,000	2024	945,000
2017	810,000	2025	980,000
2018	820,000	2026	1,010,000
2019	830,000	2027	1,040,000
2020	845,000	2028	1,080,000
2021	865,000		

The Bonds will bear interest from the date thereof at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on October 1 and April 1 in each year, beginning on October 1, 2014.

Any bidder electing to designate a maturity of term bonds shall specify the current serial bonds by year of maturity that are to comprise the term bonds. The final year designated shall be deemed the year of maturity of the term bonds. Term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

For purposes of computing the true interest cost (as hereinafter defined) and awarding the Bonds, the maturity of such term bonds shall be treated as if the amounts subject to mandatory sinking fund redemption are equal to the amounts and mature on the dates currently specified as serial bonds.

**Place of Payment.** The principal of each Bond will be payable at maturity to the registered owner upon presentation and surrender of such Bond at the principal office of UMB Bank, St. Louis, Missouri (“**Paying Agent**” and “**Bond Registrar**”). Interest on each Bond will be paid by check or draft mailed by the Paying Agent to the Registered Owner of such Bonds as shown on the registration books of the City maintained by the Paying Agent at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a Business Day) of the calendar month next preceding such interest payment date.

The Bonds will be issued as registered Bonds in book entry only form. The Depository Trust Company, New York, New York (“**DTC**”), or its nominee, Cede & Co., will act as securities depository for the Bonds. For as long as the Bonds are registered in book entry form, purchases of the Bonds will be made in book entry only form. Payments of the principal of and interest on the Bonds will be made directly to Cede & Co. as long as DTC is the registered owner of the Bonds. Disbursement of such payments to the beneficial owners of the Bonds is the responsibility of the DTC Participants.

It shall be the obligation of the Successful Bidder (as hereinafter defined) to furnish to DTC an underwriter’s questionnaire. It shall be the obligation of the Successful Bidder to qualify the Bonds, if such qualification is necessary, in the jurisdictions in which it intends to reoffer the Bonds.

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\* Preliminary, subject to change.

**Optional Redemption.** As provided in the Official Statement, at the option of the City, the Bonds are subject to optional redemption and payment prior to their Stated Maturity, on October 1, 2022, and thereafter, in whole at any time or in part on any date in any order of maturity selected by the City and by lot in multiples of \$5,000 within a maturity, or in such equitable manner as the Paying Agent may determine at a redemption price of 100% of the principal amount being redeemed, without premium, together with accrued interest thereon to the date of redemption.

**Submission of Bids.** Bids may be submitted on the Columbia Capital Auction website at <http://www.columbiacapitalauction.com> or by facsimile. Bids will not be accepted in any other manner. Faxed bids must be made on forms provided by the City or its Financial Advisors. Bids submitted by facsimile should not be preceded by a cover sheet and should be sent only once to the following number: (913) 312-8053. A bidder may confirm receipt of its facsimile bid by calling the Financial Advisors at (913) 248-8500.

To place an electronic bid, the bidders must first visit the Columbia Capital Auction website <http://www.columbiacapitalauction.com> where, if they have never registered with Columbia Capital Auction, MuniAuction, or any other website powered by Grant Street Group, they can register and then request admission to bid on the Bonds. There is no charge for registration with Columbia Capital Auction. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only FINRA registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. The Financial Advisors will determine whether any request for admission is granted. Bids must be received by the undersigned prior to the Submittal Hour accompanied by the Deposit (as hereinafter defined), which may be submitted separately, provided such Deposit is received by the City prior to the Submittal Hour. The City shall not be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. The City reserves the right to waive irregularities and to reject any or all bids. Bids received after the Submittal Hour will be destroyed.

**Good Faith Deposits.** Each bid for the Bonds shall be accompanied by a good faith deposit (the “**Deposit**”) in the form of (1) a certified or cashier's check, (2) a financial surety bond *or* (3) a wire transfer, in the amount of \$292,200, which is 2% of the principal amount of the Bonds, payable to the order of the City of Columbia, Missouri.

If a financial surety bond is used, it must be from an insurance or surety company licensed to issue such a bond in the State of Missouri and is rated “AA-” by Standard & Poor's Ratings Group or “Aa3” by Moody's Investors Service, Inc., or higher, and such bond must be submitted to the City prior to the Submittal Hour. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder using a financial surety bond, that bidder is required to submit its Deposit to the City in form of a cashier's check (or wire transfer of such amount as instructed by the City) not later than 2:00 P.M., local time on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the Deposit requirements.



If a wire transfer is used, a bidder may wire the Deposit to the City to the account shown below, **not later than the Submittal Hour**.

Wire Instructions for the Deposit:

Bank Name:	US Bank, Columbia, MO
ABA Number:	081000210
Account:	152307767508
Acct Name:	City of Columbia Pool Account

No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Successful Bidder shall fail to comply with the terms of its bid, the Deposit will be forfeited as full and complete liquidated damages.

After the award is made, the Deposits of the unsuccessful bidders will be returned forthwith. Deposits wired to the City by unsuccessful bidders will be returned via wire as soon as practical following completion of the bidding. (Unsuccessful bidders desiring a return of the Deposit via wire must send wire instructions to [jwhite@columbiacapital.com](mailto:jwhite@columbiacapital.com) by the applicable Submittal Hour. An unsuccessful bidder's failure to provide return wire instructions will likely result in a delay in the return of the Deposit.)

**Conditions of Bids.** Bids will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) each bid shall be for all of the Bonds; (b) each interest rate specified shall be a multiple of 1/8th or 1/100th of 1%, or both; and (c) the same interest rate shall apply to all Bonds of the same maturity. No supplemental interest payments will be authorized. **No bid shall be for a price less than 98% of the principal amount of all of the Bonds and accrued interest, if any, thereon to the date of delivery. For Bonds maturing on and after October 1, 2023, no price below 98% will be accepted for any maturity.** Each bid shall specify the total interest cost (expressed in dollars) during the life of the Bonds on the basis of such bid and the original issue discount or premium, if any, offered by the bidder. Each bid shall also specify the true interest cost to the City on the basis of such bid to a delivery date of July 7, 2014. Each bidder agrees that, if it is awarded the Bonds, it will provide to the City the certification as to issue prices described under the caption "Certification as to Offering Prices" in this Notice.

**Basis of Award.** Following the opening of the bids for the Bonds, the low bidder (the "**Successful Bidder**") will be designated by a representative of the City. The Successful Bidder will be the bidder whose bid will result in the lowest "true interest cost" ("**TIC**"), determined as follows: the TIC is that annual interest rate which, when used to compute the present value of all scheduled payments of principal and interest on the Bonds as of the settlement date, produces an amount equal to the purchase price of the Bonds. The purchase price of the Bonds shall be the aggregate purchase price bid plus accrued interest, if any, and present value shall be computed on the basis of semiannual compounding and a 360-day year consisting of twelve 30-day months to the date of delivery.

No bidder will be designated as the Successful Bidder unless its bid shall be in compliance with the other terms and conditions of this Notice. In the event that two or more bidders offer bids at the same lowest TIC, a representative of the City will determine by lot which bidder will be designated as the Successful Bidder; its determination of the winning bidder shall be final. If there is a discrepancy between the TIC noted on the bid form and the City's calculation of the TIC, the City's calculation of TIC shall be used.

**Rules of Columbia Capital Auction.** The “Rules of Columbia Capital Auction” can be viewed on Columbia Capital Auction’s website and are incorporated herein by reference. Electronic bidders must comply with the Rules of Columbia Capital Auction in addition to the requirements of this Notice of Bond Sale.

**Pre-Bid Revisions.** The City reserves the right to issue a Supplemental Notice of Sale not later than 48 hours prior to the Sale Date via the electronic bidding website (<http://www.columbiacapitalauction.com>) (the “**Supplemental Notice**”). If issued, the Supplemental Notice may modify (i) the maturity amounts of the Bonds, and/or (ii) such other terms of this Notice as the City determines. Any such modifications will supersede the maturities and such other terms as set forth herein.

**Alternative Sale Date.** The City reserves the right to cancel or postpone, from time to time, the date or time established for receipt of bids and in such event, the cancellation or postponement will be announced via the [ColumbiaCapitalAuction.com](http://ColumbiaCapitalAuction.com) website at least 24 hours prior to the time established for the receipt of bids. Following a postponement, a new date and time of sale will be announced via [ColumbiaCapitalAuction.com](http://ColumbiaCapitalAuction.com) and Bloomberg at least 48 hours prior to the time bids are to be submitted. On any such alternative sale date, bidders shall submit bids for the purchase of the Bonds in conformity with the provisions of this Notice of Bond Sale (“**Notice**”), subject to any pre-bid revisions announced via [ColumbiaCapitalAuction.com](http://ColumbiaCapitalAuction.com) as provided under the caption “Pre-Bid Revisions” herein.

**Post-Bid Revisions.** Subsequent to the receipt of bids but prior to award, the City reserves the right to modify the total principal amount of the Bonds and the amount of any maturity in order to properly structure certain funds and accounts and substantially obtain annual debt service parameters determined by the City, based upon the interest rates and reoffering yields submitted by the Successful Bidder. The amount of the modification generally will not exceed the amount of net original issue premium or net original issue discount bid on the Bonds. Upon notification of preliminary award, the Successful Bidder must transmit to the City within 20 minutes, by fax or email, its reoffering yields on the Bonds. The Successful Bidder will be notified by means of telephone or facsimile transmission of any modification to such principal amount not later than 3:00 p.m. Central Daylight Time on the Sale Date. If the principal amounts are modified, the City will seek to modify the maturity schedule, or make other mutually agreeable changes, in a way that will neither increase nor reduce the Successful Bidder’s spreads as a percentage of the principal amount of the Bonds issued after taking into account such adjustments. *The Successful Bidder may not withdraw its bid nor modify its proposal as a result of any post-bid revisions to the Bonds made by the City pursuant to this paragraph.*

**Delivery and Payment.** The Bonds, properly prepared and executed, will be delivered by the City without cost to the Successful Bidder on or about July 7, 2014 at DTC. The Successful Bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity, and a certificate regarding the completeness and accuracy of the Official Statement. The denominations of the Bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the Successful Bidder to the City and the Paying Agent at least one week prior to the date of delivery of the Bonds. In the absence of such information, the City will deliver Bonds in the denomination of each maturity registered in the name of the Successful Bidder. Payment for the

Bonds shall be made in federal reserve funds, immediately subject to use by the City by 9:00 A.M., Central Daylight Time, on the day of delivery.

**Continuing Disclosure.** The City will agree in a Continuing Disclosure Agreement to provide certain annual financial information and notices of certain events to certain national repositories in accordance with SEC Rule 15c2-12, as more particularly described in the Preliminary Official Statement accompanying this Notice under **“CONTINUING DISCLOSURE INFORMATION.”** The City is in compliance with its continuing disclosure obligations.

**CUSIP Numbers.** CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Successful Bidder thereof to accept delivery of and pay for said Bonds in accordance with the terms of this Notice. The expenses related to the printing of CUSIP numbers on the Bonds shall be paid by the City.

**No Credit Enhancement.** The Successful Bidder may not purchase or cause to be purchased any bond insurance policy, letter of credit or other form of credit enhancement with respect to the Bonds.

**Bond Ratings.** Standard & Poor’s has assigned its rating of “[\_\_\_\_]” ([\_\_\_\_] Outlook) to the Bonds.

**Preliminary Official Statement and Official Statement.** The City has prepared a Preliminary Official Statement, copies of which may be obtained from the City’s Financial Advisors or the Finance Director of the City. Upon the sale of the Bonds, the City will adopt the final Official Statement and, at the request of the Successful Bidder, will furnish the Successful Bidder with a reasonable number of copies thereof without additional cost within seven business days of the acceptance of the Successful Bidders’ proposals in order to comply with Rule 15c2-12(b)(4) of the Securities and Exchange Commission and Rule G-32 of the Municipal Securities Rulemaking Board. Additional copies may be ordered by the Successful Bidder at its expense. The City will make an electronic version of the Official Statement available to the Successful Bidder, suitable for filing with EMMA, at no cost.

**Legal Opinions.** The Bonds will be sold subject to the approving legal opinion of Thompson Coburn LLP, St. Louis, Missouri, Bond Counsel, which opinion will be furnished and paid for by the City and attached to or printed on the Bonds and delivered to the Successful Bidder when the Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the exclusion of the interest on the Bonds from gross income for federal and Missouri income tax purposes. Reference is made to the Preliminary Official Statement for further discussion of federal and Missouri income tax matters relating to the interest on the Bonds.

**Certification as to Offering Prices.** To provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), the Successful Bidder will be required to complete, execute and deliver to the City prior to the delivery of the Bonds, a certificate regarding the “issue price” of the Bonds (as defined in Section 148 of the Code), reflecting the initial offering prices (excluding accrued interest and expressed as dollar prices) at which a substantial amount (i.e., 10% or more) of the Bonds of each maturity have been or are expected to be sold to the public. The term “public” excludes bond houses, brokers or similar persons, or organizations acting in the capacity of underwriters

or wholesalers. Such certificate shall state that 10% or more of the Bonds of each maturity have been or are expected to be sold to the public at prices no higher than such initial offering prices.

**Financial Advisors.** The City has engaged Columbia Capital Management, LLC (“**Columbia Capital**”) to serve as financial advisor for the Bonds. Columbia Capital will not participate in the underwriting of the Bonds.

**Additional Information.** Additional information regarding the Bonds may be obtained from Columbia Capital, 6330 Lamar, Suite 200, Overland Park, Kansas 66202, Attention: Jeff White, (913) 312-8077.

DATED this 21<sup>th</sup> day of May, 2014.

**CITY OF COLUMBIA, MISSOURI**

By:                     /s/ John Blattel                      
Director of Finance

## SCHEDULE A—UNDERWRITER CERTIFICATE

This certificate is furnished by [PURCHASER], as the authorized representative of the underwriter(s), of the \$14,610,000\* aggregate principal amount of Water and Electric System Revenue Refunding Bonds, 2014 Series A, (the “**Bonds**”) of the City of Columbia, Missouri (the “**City**”), to establish, among other things, the “issue price” of the Bonds (and thus, the “**Yield**” thereon) within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the Treasury Regulations thereunder.

THE UNDERSIGNED HEREBY CERTIFIES as follows:

1. Issue Price.

A. The underwriter(s) and other bond houses and brokers, if any, (a) made a bona fide public offering of all of the Bonds to the public (excluding bond houses, brokers and similar persons acting in the capacity of underwriters or wholesalers) (the “**Public**”) at the initial public offering prices set forth for each maturity on the cover page of the Official Statement, dated [June \_\_\_\_], 2014, with respect to the Bonds, plus accrued interest (the “**Offering Prices**”), and (b) reasonably expected as of the date the underwriter’s bid for the Bonds was accepted (the “**Sale Date**”) to sell first at least 10% of the aggregate face amount of each maturity of the Bonds for cash to the Public at their respective Offering Prices. The underwriter’s bid with respect to the Bonds has not been modified since its execution on the Sale Date.

B. The Offering Prices do not exceed the fair market value of the Bonds as of the Sale Date.

C. The aggregate issue price of the Bonds is \$\_\_\_\_\_, consisting of the aggregate Offering Price (excluding accrued interest) of \$\_\_\_\_\_ plus accrued interest in the amount of \$-0- through the expected settlement date, July 7, 2014.

2. No Credit Enhancement. The underwriter(s) are not purchasing or causing to be purchased any bond insurance policy, letter of credit or other form of credit enhancement with respect to the Bonds.

3. Reliance. The City may rely on the statements made herein in connection with its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners. Thompson Coburn LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excluded from gross income for federal income tax purposes.

Dated: \_\_\_\_\_, 2014

[PURCHASER]

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

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\* Preliminary, subject to change.

**OFFICIAL BID FORM  
PROPOSAL FOR THE PURCHASE OF**

**\$14,610,000\*  
CITY OF COLUMBIA, MISSOURI  
WATER AND ELECTRIC SYSTEM REVENUE REFUNDING BONDS  
2014 SERIES A**

June 2, 2014 (or such later Sale Date established  
pursuant to the Notice of Bond Sale)

TO: Mr. John Blattel  
Director of Finance  
701 East Broadway  
Columbia, Missouri 65205

For \$14,610,000\* principal amount of Water and Electric System Revenue Refunding Bonds, 2014 Series A, of the City of Columbia, Missouri, to be dated the date of delivery (subject to the assumption solely for purposes of calculation of this bid of an **issuance and dated date of the Bonds of July 7, 2014**), as described in your Notice of Bond Sale dated May 21, 2014 said Bonds to mature and bear interest as follows:<sup>1</sup>

**2014 SERIES A BONDS  
MATURITY SCHEDULE\***

<u>Due: October 1</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Due: October 1</u>	<u>Principal Amount</u>	<u>Rate</u>
2014	\$1,415,000	____%	2022	\$895,000	____%
2015	1,345,000	____%	2023	920,000	____%
2016	810,000	____%	2024	945,000	____%
2017	810,000	____%	2025	980,000	____%
2018	820,000	____%	2026	1,010,000	____%
2019	830,000	____%	2027	1,040,000	____%
2020	845,000	____%	2028	1,080,000	____%
2021	865,000	____%			

The undersigned will pay a purchase price equal to \$\_\_\_\_\_ (which is not less than 98% of the par amount offered), plus accrued interest, if any, to the date of delivery.

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\* Preliminary, subject to change.

1. Bidders should carefully review the limitations and specifications set forth in the Notice of Bond Sale under the heading "Conditions of Bids". No bid shall be for a price less than 98% of the principal amount of all of the Bonds and accrued interest, if any, thereon to the date of delivery. For Bonds maturing on and after September 1, 2023, no price below 98% will be accepted for any maturity.

Total interest cost on the Bonds calculated to maturity at the rates specified above (assuming solely for purposes of calculation of this bid an issuance and dated date of the Bonds of July 7, 2014).....	\$ _____
Less Premium on the Bonds on the basis of this proposal.....	(\$ _____)
Net Total Interest Cost on the basis of this proposal .....	\$ _____
True interest cost on the Bonds on the basis of this proposal .....	_____ %

This proposal is subject to all terms and conditions contained in said Notice of Bond Sale, and if the undersigned is the Successful Bidder, the undersigned will comply with all of the provisions contained in said Notice. The acceptance of this proposal by the City shall constitute a contract between the City and the Successful Bidder for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission.

A cashier's or certified check, a Financial Surety Bond or a wire to the City in the amount of \$292,200 payable to the order of the City of Columbia, Missouri, accompanies this proposal as an evidence of good faith.

Submitted by the Following Firm as Account Manager:

Firm Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

By: \_\_\_\_\_

Authorized Signature

In Association with the Following Account Members:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### **ACCEPTANCE**

Pursuant to action duly taken by the City Council of the City of Columbia, Missouri, the above proposal is hereby accepted this 2<sup>nd</sup> day of June, 2014.

CITY OF COLUMBIA, MISSOURI

By: \_\_\_\_\_

Title:

For completion if this bid is unsuccessful

Return of Good Faith Deposit is hereby acknowledged:

Firm Name: \_\_\_\_\_

By: \_\_\_\_\_