

City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: R 113-15

Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: 7/6/2015

Re: Resolution adopting Notice of Sale of Water and Electric System Refunding and Improvement Revenue Bonds Series 2015.

Documents Included With This Agenda Item

Council memo, Resolution/Ordinance, Exhibits to Resolution/Ordinance

Supporting documentation includes: None

Executive Summary

In April 2015, the citizens of Columbia approved the Issuance of bonds to fund various Electric System Improvements. In addition, the Electric System 2005 bond issue is available for refinancing. This resolution authorizes the Notice of Sale of Water and Electric System refunding and Improvement Bonds, Series 2015 for these purposes.

Discussion

The Electric System has several major projects as shown in the City's Capital Improvement Projects budget which need to be constructed in the next few years. Some of these projects will be funded by Enterprise Revenue. The remaining projects will be funded using the bond issue identified in the attached Notice of Sale.

In addition, the Electric System 2005 bond issue is available for refinancing. The refinancing of this issue is estimated to save the Electric System approximately \$4 million.

The attached Notice of Sale authorizes the offering for sale not to exceed \$54,500,000 in principal of Water and Electric System Refunding and Improvement Bonds, Series 2015 for these purposes.

Fiscal Impact

Short-Term Impact: These revenue bonds will be funded through the rate increases which were passed by voters when the bond issuance authority was granted in April 2015, in addition to other Enterprise Revenue.

Long-Term Impact: These revenue bonds will be funded through the rate increases which were passed by voters when the bond issuance authority was granted in April 2015, in addition to other Enterprise Revenue.

Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Governance and Decision Making

City of Columbia

701 East Broadway, Columbia, Missouri 65201



Strategic Plan Impact: Financial Health

Comprehensive Plan Impact: Not Applicable

Suggested Council Action

Approve the attached resolution.

Legislative History

None.



Department Approved



City Manager Approved

A RESOLUTION

authorizing the offering for sale of not to exceed \$54,500,000 principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 of the City of Columbia, Missouri.

WHEREAS, the City of Columbia, Missouri (the "City"), a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri, and pursuant to Article VI, Section 27 of the Missouri Constitution and Chapter 250 of the Revised Statutes of Missouri, as amended (the "Act"), now owns and operates a revenue producing municipal water and electric light works system serving the City and its inhabitants and others within its service area (the "System");

WHEREAS, on May 17, 2005, the City issued and delivered \$30,630,000 aggregate principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A (the "Series 2005 Bonds"), pursuant to Ordinance No. 018501 passed May 2, 2005, of which \$20,620,000 remains outstanding, for the purpose of (i) refunding a portion of the City's 1998 Series A Water & Electric System Revenue Bonds and (ii) paying the costs of extending, expanding, improving, repairing, replacing and equipping the System; and

WHEREAS, the outstanding Series 2005 Bonds (the "Refunded Bonds"), are subject to redemption and prepayment at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon, on or after October 1, 2015;

WHEREAS, pursuant to the Act, a special bond election was duly held in the City on April 7, 2015, on the question of whether to issue waterworks and electric system revenue bonds in the principal amount of \$63,100,000 for the purpose of extending, expanding, improving, repairing, replacing and equipping the System, and it was found and determined that the required majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid; and

WHEREAS, none of the bonds so authorized in April of 2015 have heretofore been issued; and

WHEREAS, the City now proposes to issue a series of waterworks and electric system refunding and improvement revenue bonds (including the first series of the bonds authorized in April of 2015, in an aggregate principal amount of not to exceed \$34,000,000 (the "New Money Portion")), to provide funds to pay the costs of (i) refunding and redeeming the Refunded Bonds, (ii) extending and improving the System (solely out of the New Money Portion) and (iii) funding a debt service reserve account;

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

SECTION 1. The City is hereby authorized to offer at competitive public sale not to exceed \$54,500,000 principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the "Bonds"), as described in the Notice of Bond Sale attached hereto as **Exhibit A**.

SECTION 2. The Finance Director is hereby authorized and directed to receive facsimile or electronic bids for the purchase of the Bonds on July 20, 2015, upon the terms and conditions set forth in the Notice of Bond Sale, and to deliver all bids so received to the City Council at its meeting to be held at 7:00 P.M. on said date, at which meeting the City Council shall review such bids and shall award the sale of the Bonds or reject all bids.

SECTION 3. The Notice of Bond Sale is hereby approved in substantially the form attached hereto as **Exhibit A**, and the Mayor or the Finance Director is hereby authorized to execute such Notice of Bond Sale, with such changes and additions thereto as such officials shall deem necessary or appropriate, and to use such document in connection with the public sale of the Bonds.

SECTION 4. The Preliminary Official Statement is hereby approved in substantially the form attached hereto as **Exhibit B**, and the Mayor is hereby authorized to execute such Preliminary Official Statement, with such changes and additions thereto as such official shall deem necessary or appropriate, and to use such document in connection with the public sale of the Bonds.

SECTION 5. The Finance Director is hereby authorized and directed to give notice of the competitive public sale of the Bonds by publishing a summary of the Notice of Bond Sale in a newspaper having general circulation in the City, such publication to be made at least 10 days prior to the date of sale, and by mailing or otherwise providing copies of the Notice of Bond Sale and Preliminary Official Statement to all parties and financial institutions which in the opinion of the Finance Director might be interested in the purchase of the Bonds and to anyone else who makes a written request for copies thereof.

SECTION 6. For the purpose of enabling the original purchaser of the Bonds to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the appropriate officers of the City are hereby authorized, if requested, to provide the original purchaser a letter or certification to the effect that the City deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the original purchaser to comply with the requirements of such Rule.

SECTION 7. The City agrees to provide to the original purchaser of the Bonds, within seven business days of the date of the sale of Bonds or within sufficient time to accompany any confirmation that requests payment from any customer of the original purchaser, whichever is earlier, sufficient copies of the final Official Statement to enable the original purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

SECTION 8. The City hereby authorizes and empowers the officers and representatives of the City to do all such acts and things and to execute, acknowledge and deliver all such documents as may in their discretion be deemed necessary or desirable in order to carry out or comply with the terms and provisions of this Resolution in connection with the structure and sale of the Bonds. All of the acts and undertakings of such officers and representatives which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done shall be and the same are hereby in all respects, ratified, confirmed and approved.

SECTION 9. This resolution shall be in full force and effect from and after its adoption by the City Council.

ADOPTED this _____ day of _____, 2015.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

EXHIBIT A

NOTICE OF BOND SALE

[FOLLOWS THIS PAGE]

NOTICE OF BOND SALE

\$53,735,000*

CITY OF COLUMBIA, MISSOURI WATER AND ELECTRIC SYSTEM REFUNDING AND IMPROVEMENT REVENUE BONDS SERIES 2015

Proposals. Facsimile and electronic proposals for the purchase of \$53,735,000* principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (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, JULY 20, 2015** (the **“Sale Date”**).

Bids on the Bonds will be opened 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 the Sale Date by 1:00 p.m. CDT. Final approval is expected by the City Council at its July 20, 2015 regular meeting. Unless all bids are rejected, award will be made to the bidder offering the *lowest* TIC (as hereinafter defined) to the City. After bid opening, the Director of Finance 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 Advisor (as hereinafter defined). Any bidder submitting a bid acknowledges that neither the City nor the Financial Advisor 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 Refunding and Improvement Revenue Bonds, 2005 Series A, (ii) financing the costs of certain improvements to the City’s water system and the City’s electric power and light system (collectively, the **“System”**), (iii) funding a debt service reserve fund for the Bonds and (iv) 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 the System, after payment of the 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:

* Preliminary, subject to change.

MATURITY SCHEDULE*

<u>Due: October 1</u>	<u>Principal Amount</u>	<u>Due: October 1</u>	<u>Principal Amount</u>
2015	\$2,145,000	2031	\$1,070,000
2016	2,820,000	2032	1,105,000
2017	2,840,000	2033	1,145,000
2018	2,865,000	2034	1,180,000
2019	2,905,000	2035	1,220,000
2020	2,955,000	2036	1,265,000
2021	3,010,000	2037	1,310,000
2022	3,075,000	2038	1,355,000
2023	1,250,000	2039	1,400,000
2024	1,280,000	2040	1,450,000
2025	1,315,000	2041	1,505,000
2026	1,350,000	2042	1,560,000
2027	1,395,000	2043	1,615,000
2028	1,425,000	2044	1,675,000
2029	1,475,000	2045	1,735,000
2030	1,040,000		

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, 2015.

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 (TIC) 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 (the **“Paying Agent”**). 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.

* Preliminary, subject to change.

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.

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, 2023, 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 Advisor. 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 Advisor 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 Advisor 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 \$1,075,000, which is approximately 2% of the estimated 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 Sale Date. 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.** Upon initiation of a wire transfer, the bidder shall promptly send notice of such wire transfer to the Financial Advisor, attention Jeff White (jwhite@columbiacapital.com) and James Prichard (jprichard@columbiacapital.com).

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 Successful Bidder. 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 the Financial Advisor, attention Jeff White (jwhite@columbiacapital.com) and James Prichard (jprichard@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 their 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, 2024, 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 August 5, 2015. 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 of Bond Sale (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.

Pre-Bid Revisions. The City reserves the right to issue a Supplemental Notice of Sale (the “Supplemental Notice”) not later than 48 hours prior to the Sale Date via the electronic bidding website (<http://www.columbiacapitalauction.com>). 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 Columbia Capital Auction 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 the Columbia Capital Auction website 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, subject to any pre-bid revisions announced via <http://www.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 August 5, 2015 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 covenants and agrees to enter into a continuing disclosure undertaking to provide ongoing disclosure about the City, for the benefit of the bondholders on or before the date of delivery of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission, which continuing disclosure undertaking shall be in the form as may be agreed to in writing by the Successful Bidder. Except as disclosed in the Preliminary Official Statement, the City is in compliance with each undertaking previously entered into by the City pursuant to Rule 15c2-12. A description of the City’s compliance failures is provided in the Preliminary Official Statement.

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 Financial Advisor or the Finance Director. 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 Bidder's 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 Gilmore & Bell, P.C., Kansas City, 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 Advisor. The City has engaged Columbia Capital Management, LLC (the “**Financial Advisor**”) to serve as financial advisor for the Bonds. The Financial Advisor will not participate in the underwriting of the Bonds.

Additional Information. Additional information regarding the Bonds may be obtained from Columbia Capital Management, LLC, 6330 Lamar, Suite 200, Overland Park, Kansas 66202, Attention: Jeff White (913) 312-8077, e-mail: jwhite@columbiacapital.com, or James Prichard (913) 312-8072, e-mail: jprichard@columbiacapital.com.

DATED this 13th day of July, 2015.

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 \$[_____] * aggregate principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (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 July 20, 2015, 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, August 5, 2015.

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. Gilmore & Bell, P.C. may also 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: _____, 2015

[PURCHASER]

By: _____
Name: _____
Title: _____

* Preliminary, subject to change.

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

\$53,735,000*
CITY OF COLUMBIA, MISSOURI
WATER AND ELECTRIC SYSTEM REFUNDING AND IMPROVEMENT REVENUE BONDS
SERIES 2015

July 20, 2015 (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 \$53,735,000* principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, 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 August 5, 2015**), as described in your Notice of Bond Sale dated July 13, 2015 said Bonds to mature and bear interest as follows:¹

**SERIES 2015 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>
2015	\$2,145,000	____%	2031	\$1,070,000	____%
2016	2,820,000	____%	2032	1,105,000	____%
2017	2,840,000	____%	2033	1,145,000	____%
2018	2,865,000	____%	2034	1,180,000	____%
2019	2,905,000	____%	2035	1,220,000	____%
2020	2,955,000	____%	2036	1,265,000	____%
2021	3,010,000	____%	2037	1,310,000	____%
2022	3,075,000	____%	2038	1,355,000	____%
2023	1,250,000	____%	2039	1,400,000	____%
2024	1,280,000	____%	2040	1,450,000	____%
2025	1,315,000	____%	2041	1,505,000	____%
2026	1,350,000	____%	2042	1,560,000	____%
2027	1,395,000	____%	2043	1,615,000	____%
2028	1,425,000	____%	2044	1,675,000	____%
2029	1,475,000	____%	2045	1,735,000	____%
2030	1,040,000	____%			

* 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 October 1, 2024, no price below 98% will be accepted for any maturity.

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.

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 August 5, 2015)..... \$ _____
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 \$1,075,000 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:

[City acceptance on following page]

ACCEPTANCE

Pursuant to action duly taken by the City Council of the City of Columbia, Missouri, the above proposal is hereby accepted this 20th day of July, 2015.

CITY OF COLUMBIA, MISSOURI

By: _____

Name: _____

Title: _____

For completion if this bid is unsuccessful

Return of Good Faith Deposit is hereby acknowledged:

Firm Name: _____

By: _____

EXHIBIT B

PRELIMINARY OFFICIAL STATEMENT

[FOLLOWS THIS PAGE]

PRELIMINARY OFFICIAL STATEMENT DATED JULY __, 2015

NEW ISSUE
Book-Entry Only

Standard & Poor's: []
See "Bond Rating" herein

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City of Columbia, Missouri (the "City"), under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and Missouri income tax purposes, except as described in this Official Statement, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.



\$53,735,000*

CITY OF COLUMBIA, MISSOURI
WATER AND ELECTRIC SYSTEM REFUNDING AND IMPROVEMENT REVENUE BONDS
SERIES 2015

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. The Bonds will be available for purchase in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. DTC will receive all payments with respect to the Bonds from UMB Bank, N.A., St. Louis, Missouri, as Paying Agent for the Bonds. DTC is required to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. Semiannual interest will be payable on April 1 and October 1, beginning on October 1, 2015.

The Bonds are special limited obligations of the City, payable solely from the Net Revenues (as defined in the below-defined Bond Ordinance) derived by the City from the operation of its System (defined herein) and certain accounts under the Bond Ordinance to the extent pledged under the Bond Ordinance. The Bonds are on a parity with three series of the City's outstanding water and electric system revenue bonds. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds or the interest thereon.

The Bonds are being issued to (i) extend and improve the System, (ii) currently refund all of the City's outstanding Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A, (iii) fund a debt service reserve account for the Bonds, and (iv) pay certain costs and expenses related to the issuance of the Bonds. See the section captioned "PLAN OF FINANCING" herein.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the City. Gilmore & Bell, P.C. will also pass upon certain matters relating to this Official Statement. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about August 5, 2015.

Bids for the Bonds will only be received via facsimile or electronically at www.ColumbiaCapitalAuction.com until 10:00 A.M., Central Daylight Time, on Monday, July 20, 2015, all in accordance with the Notice of Bond Sale for the Bonds.

The date of this Official Statement is July __, 2015

* Preliminary, subject to change.

CITY OF COLUMBIA, MISSOURI

\$53,735,000*

**WATER AND ELECTRIC SYSTEM REFUNDING AND IMPROVEMENT REVENUE BONDS
SERIES 2015**

MATURITY SCHEDULE*

Base CUSIP: 198072

<u>Due October 1</u>	<u>Principal Amount*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u>
2015	\$2,145,000			
2016	2,820,000			
2017	2,840,000			
2018	2,865,000			
2019	2,905,000			
2020	2,955,000			
2021	3,010,000			
2022	3,075,000			
2023	1,250,000			
2024	1,280,000			
2025	1,315,000			
2026	1,350,000			
2027	1,395,000			
2028	1,425,000			
2029	1,475,000			
2030	1,040,000			
2031	1,070,000			
2032	1,105,000			
2033	1,145,000			
2034	1,180,000			
2035	1,220,000			
2036	1,265,000			
2037	1,310,000			
2038	1,355,000			
2039	1,400,000			
2040	1,450,000			
2041	1,505,000			
2042	1,560,000			
2043	1,615,000			
2044	1,675,000			
2045	1,735,000			

* Preliminary, subject to change.

CITY OF COLUMBIA, MISSOURI

701 East Broadway
Columbia, Missouri 65201
(573) 874-7111

CITY OFFICIALS

Mayor

Bob McDavid

Council Members

Clyde Ruffin
Karl Skala
Laura Nauser

Michael Trapp
Ian Thomas
Betsy Peters

Administrative Officials

Mike Matthes, City Manager
Nancy Thompson, City Counselor
Sheela Amin, City Clerk
John Blattell, Finance Director
Tad Johnsen, Water and Light Director

CERTIFIED PUBLIC ACCOUNTANTS

McGladrey LLP
Kansas City, Missouri

BOND COUNSEL

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

FINANCIAL ADVISOR

Columbia Capital Management, LLC
Overland Park, Kansas

PAYING AGENT

UMB Bank, N.A.
St. Louis, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

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

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or "blue sky" laws. The Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City's current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENTS WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS SET FORTH IN **APPENDIX B**.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE CITY FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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- APPENDIX B:** City of Columbia, Missouri Comprehensive Annual Financial Report with Independent Auditor's Report for the Year Ended September 30, 2014
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OFFICIAL STATEMENT

CITY OF COLUMBIA, MISSOURI

\$53,735,000*

WATER AND ELECTRIC SYSTEM REFUNDING AND IMPROVEMENT REVENUE BONDS SERIES 2015

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information concerning the City of Columbia, Missouri (the “City”), the City-owned System (defined below) and the City’s \$53,735,000* Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the “Bonds”).

The City and the System

The City is a constitutional charter city and political subdivision of the State of Missouri, organized, existing and operating under the constitution and laws of the State of Missouri and the City Charter, adopted in 1949, and exercises powers of municipal government specifically granted by the State of Missouri. For more information about the City, see *Appendix A* and *Appendix B*.

The City owns and operates a water and electric utility that is composed of a water system (the “Water Utility”) and an electric power and light system (the “Electric Utility”) and collectively referred to herein as the “System.” See the sections herein captioned “**THE SYSTEM**,” “**THE ELECTRIC UTILITY**,” and “**THE WATER UTILITY**.”

Purpose of the Bonds

The Bonds are being issued pursuant to the Constitution, the laws of the State of Missouri and an ordinance to be passed by the City Council of the City on July 20, 2015 (the “Bond Ordinance”) for the purpose of providing funds, together with other funds of the City, to (i) extend and improve the System, (ii) currently refund all of the Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A (the “Refunded Bonds”); (iii) fund a debt service reserve account for the Bonds, and (iv) pay costs and expenses related to the issuance of the Bonds. See the section captioned “**PLAN OF FINANCING**.”

The Bond proceeds that will be used to extend and improve the System represent the first installment of \$63,100,000 of waterworks and electric system revenue bonds authorized by the required majority of the qualified voters of the City on April 7, 2015. See “**THE BONDS**” and “**PLAN OF FINANCING**.”

* Preliminary; subject to change.

Security and Source of Payment

The Bonds will be special limited obligations of the City payable solely from and secured by a pledge of the Net Revenues (as defined in the Bond Ordinance) of the System and certain accounts under the Bond Ordinance to the extent pledged under the Bond Ordinance. At the time of issuance of the Bonds, the City will fund a debt service reserve account for the Bonds in the amount of \$_____.

Outstanding System Revenue Bonds

The City has outstanding (i) \$16,635,000 principal amount of Water and Electric System Revenue Bonds, 2009 Series A (the “Series 2009 Bonds”), (ii) \$77,870,000 principal amount of Water and Electric System Revenue Refunding and Improvement Bonds, 2011 Series A (the “Series 2011 Bonds”), and (iii) \$12,830,000 principal amount of Water and Electric System Revenue Refunding Bonds, 2014 Series A (the “Series 2014 Bonds”). The Series 2009 Bonds, the Series 2011 Bonds and the Series 2014 Bonds are collectively referred to herein as the “Previously Issued Parity Bonds.” The Bonds will be issued on a parity with the Previously Issued Parity Bonds with respect to the Net Revenues of the System.

In addition, the City has outstanding \$22,885,000 principal amount of Special Obligation Refunding Bonds (Electric Utility Project – Annual Appropriation Obligation), Series 2012D (the “Series 2012D Bonds”), which have a subordinate lien on the Electric Utility revenues. Further, the City intends to make principal and interest payments from the revenues of its Electric Utility on the outstanding \$38,445,000 principal amount of Special Obligation Electric Utility Refunding Bonds (Annual Appropriation Obligation), Series 2012E (the “Series 2012E Bonds”), however such revenues are not pledged to the payment of the principal and interest on the Series 2012E Bonds.

The City has the right under the Bond Ordinance to issue additional bonds on a parity with the Bonds and the Previously Issued Parity Bonds payable from the same sources and secured by the same revenues as the Bonds and the Previously Issued Parity Bonds, but only in accordance with and subject to the terms and conditions set forth in the Bond Ordinance. The Previously Issued Parity Bonds and any additional bonds or other obligations hereafter issued or incurred pursuant to the Bond Ordinance and standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net Revenues of the System are collectively referred to as the “Parity Bonds.” The taxing power of the City is not pledged to the payment of the Bonds or the interest thereon. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein.

Financial Statements

Audited financial statements of the City as of and for the fiscal year ended September 30, 2014, are included in the City’s Comprehensive Annual Financial Report in **Appendix B** to this Official Statement. These financial statements have been audited by McGladrey LLP, Kansas City, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto.

Summary of the Bond Ordinance

A summary of the Bond Ordinance, including definitions of certain words and terms used herein and in the Bond Ordinance, is included in **Appendix C** to this Official Statement. Such summary and definitions do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance are qualified in their entirety by reference to the Bond Ordinance. Copies of the Bond Ordinance and this Official Statement may be viewed at the office of Columbia Capital Management, LLC, 6330 Lamar Ave., Overland Park, Kansas 66202 (913) 248-8500, or will be provided to any prospective purchaser requesting the same.

Continuing Disclosure Information

The City has agreed to provide certain annual financial information and notices of certain events to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system (“EMMA”), in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See “**CONTINUING DISCLOSURE**” herein and “**Summary of the Continuing Disclosure Undertaking**” in *Appendix C*.

THE BONDS

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

General Description

The Bonds will be issued in the principal amounts stated on the inside cover page of this Official Statement, will be dated the date of issuance thereof, and will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature, subject to redemption as described below, on October 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on April 1 and October 1 in each year, beginning on October 1, 2015. Principal will be payable by check or draft mailed by the Paying Agent upon presentation and surrender of the Bonds by the Registered Owners thereof at the principal payment office of UMB Bank, N.A., St. Louis, Missouri, Paying Agent. Interest shall be paid (a) to the Registered Owners of the Bonds as shown on the registration books of the Paying Agent (the “Bond Register”) at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to the address of such Registered Owners shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by any Registered Owner, or (b) in the case of an interest payment to any Registered Owner of \$500,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than five days prior to the Record Date for such interest, containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire directed.

Redemption Provisions

Optional Redemption. At the option of the City, the Bonds or portions thereof maturing on October 1, 2024 and thereafter will be subject to redemption and payment prior to maturity, on October 1, 2023, and thereafter in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

Selection of Bonds for Redemption. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the outstanding Bonds are to be redeemed, such Bonds shall be redeemed from maturities selected by the City, and Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

Notice and Effect of Call for Redemption. In the event any of the Bonds are to be redeemed and paid prior to the maturity thereof the City, or the Paying Agent acting on behalf of the City, shall give written notice of its intention to redeem and pay said Bonds on a specified date, the same being described by number and maturity, said notice to be given by first class, registered or certified mail addressed to the original purchaser of the Bonds and to the registered owner of each Bond, each of said notices to be mailed at least 30 days prior to the date fixed for redemption. Whenever any Bond is called for redemption and payment, all interest on

such Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

The Paying Agent, as long as a book-entry system is used for the Bonds, will send notices of redemption only to the Securities Depository, as the registered owner of the Bonds. It is expected that the Securities Depository will notify the DTC Participants and request the DTC Participants to notify the Beneficial Owners of the Bonds of such redemption. Any failure of the Securities Depository to advise any of the DTC Participants, or of any DTC Participant or any nominee to notify any Beneficial Owner of the Bonds, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption.

Registration, Transfer and Exchange of Bonds

Each Bond when issued shall be registered by the Paying Agent in the name of the owner thereof on the Bond Register. If the Book-Entry Only System (described under the following caption) is discontinued the following provisions would apply: Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same series, aggregate principal amount and maturity upon presentation to the principal payment office of the Paying Agent, subject to the terms, conditions and limitations set forth in the Bond Ordinance and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, transfer or exchange. Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same series, aggregate principal amount and maturity upon presentation to the principal payment office of the Paying Agent, subject to the terms, conditions and limitations set forth in the Bond Ordinance and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

Book-Entry Only System

Ownership interests in the Bonds will be available to purchasers only through a book-entry only system (the “Book-Entry Only System”) described in *Appendix D*.

PLAN OF FINANCING

Authorization and Purpose of the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 27 of the Missouri Constitution, as amended, and Chapter 250 of the Revised Statutes of Missouri, as amended (the “Act”), the City’s Charter and the Bond Ordinance. The Bonds are being issued to (i) extend and improve the System, (ii) refund the Refunded Bonds, (iii) fund a debt service reserve account for the Bonds and (iv) pay certain costs related to the issuance of the Bonds.

The Bond proceeds used to extend and improve the System represent the first installment of \$63,100,000 of waterworks and electric system revenue bonds authorized by the required majority of the qualified voters of the City on April 7, 2015 (the “2015 Voted Authority”). Upon the issuance of the Bonds, the City will have \$_____ of the 2015 Voted Authority remaining.

The Improvements

The Bonds are being issued, in part, for the purpose of extending and improving the Electric Utility component of the System. Generally, the improvements to the Electric Utility will include (i) new transmission and substation infrastructure, (ii) the replacement and upgrade of existing infrastructure, (iii) system modernization and (iv) a contingency amount (collectively, the “Project”). The estimated aggregate cost of the Project is \$31,000,000.

Specific Projects (anticipated as of the date of this Official Statement, but subject to change):

New Transmission and Substation Infrastructure:

- Construction, installation and equipping of a new 161/13.8 kV substation (south side of the City)
- Installation of new transmission lines (Mill Creek, Grindstone and Perche)
- Upgrades and repairs to existing substations (Grindstone and Perche)
- Installation of new underground distribution lines in transmission corridor
- Reconfiguration of substation feeders (various locations)

Replacement and Upgrade of Existing Infrastructure:

- Replace or upgrade distribution transformers and capacitors, as necessary (various locations)
- Replace or upgrade existing transmission system structures and equipment, as necessary (various locations)
- Replace a portion of the existing underground distribution lines
- Replace a portion of the existing overhead distribution lines
- Replace substation transformer, as necessary

System Modernization:

- Upgrades to the Power Plant to allow Unit #8 to feed existing 13.8 kV distribution buses.
- Low NOx burners and other boiler upgrades to Power Plant Boiler #8
- Replace existing Distributed Control Systems on the four gas turbines at the Columbia Energy Center

The City will deposit a portion of the proceeds of the Bonds in the 2015 Construction Account established under the Bond Ordinance. Such proceeds will be used by the City solely to pay costs of such improvements, in accordance with the report and estimate of the City’s engineers and plans and specifications for said improvements to be prepared by the City’s engineers. Construction of the improvements will begin in the fall of 2015, and is estimated to be completed by the summer of 2017.

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The Refunding Plan

The Bonds are being issued, in part, to currently refund all of the City's outstanding Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A (the "Refunded Bonds"), dated May 17, 2005, as shown in the table below.

Maturity Date	Par Refunded	Coupon	Redemption Date	Redemption Price
October 1, 2015	\$ 1,675,000.00	4.000%	N/A	N/A
October 1, 2016	1,755,000.00	5.250%	October 1, 2015	100%
October 1, 2017	1,855,000.00	5.250%	October 1, 2015	100
October 1, 2018	1,950,000.00	5.250%	October 1, 2015	100
October 1, 2019	2,055,000.00	5.000%	October 1, 2015	100
October 1, 2020	2,150,000.00	4.000%	October 1, 2015	100
October 1, 2021	2,250,000.00	5.000%	October 1, 2015	100
October 1, 2022	2,370,000.00	5.000%	October 1, 2015	100
October 1, 2023	570,000.00	4.125%	October 1, 2015	100
October 1, 2024	595,000.00	4.200%	October 1, 2015	100
October 1, 2025	620,000.00	4.250%	October 1, 2015	100
October 1, 2026	650,000.00	4.250%	October 1, 2015	100
October 1, 2027	680,000.00	4.300%	October 1, 2015	100
October 1, 2028	705,000.00	4.375%	October 1, 2015	100
October 1, 2029	740,000.00	4.375%	October 1, 2015	100
Total	\$20,620,000.00			

Sources and Uses of Funds

The following table summarizes the estimated sources of funds, including the proceeds from the sale of the Bonds, and the expected uses of such funds, in connection with the plan of financing:

Sources of Funds:

Proceeds of the Bonds	\$ _____
Transfer from Reserve Fund (Refunded Bonds)	_____
[Net] reoffering premium	_____
Total	\$ _____

Uses of Funds:

Deposit to 2015 Construction Account	\$ _____
Deposit to Escrow Account	_____
Deposit to 2015 Bond Reserve Account	_____
Costs of issuance for the Bonds	_____
Total	\$ _____

SECURITY FOR THE BONDS

Special Limited Obligations

The Bonds are special obligations of the City, payable from and secured as to the payment of principal and interest by a pledge of, the net income and revenues derived by the City from the operation of the System and, under certain circumstances, the net proceeds of insurance and other funds held under the Bond Ordinance, after payment of expenses of operation and maintenance of the System.

The Bonds will not be or constitute a general obligation of the City, nor will they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest.

The Bond Ordinance

Pledge of Revenues. The Bonds shall be special obligations of the City payable from, and secured as to the payment of principal and interest by a pledge of, the net income and revenues derived from the operation of the System, after providing for the costs of operation and maintenance thereof, and the City pledges said net income and revenues to the payment of the principal of and interest on the Bonds. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest.

The Bonds will be on a parity with the Parity Bonds with respect to the Net Revenues of the System.

The covenants and agreements of the City contained in the Bond Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Ordinance. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the net income and revenues derived from the operation of the System and in all other respects with the Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal or interest from said net income and revenues or otherwise over any Parity Bonds and any Parity Bonds shall not have any priority with respect to the payment of principal or interest from said net income and revenues or otherwise over the Bonds.

Debt Service Reserve Fund. The Bond Ordinance creates a 2015 Bond Reserve Account that will be funded in the amount of the 2015 Reserve Requirement at the time of issuance of the Bonds. So long as any of the Cumulative Reserve Requirement Bonds remain Outstanding and unpaid, the total funds on deposit in the Previously Issued Parity Bond Reserves, the 2015 Bond Reserve Account, and any reserve account established to secure any Additional Bonds that are hereafter issued, shall aggregate the maximum cumulative debt service payable in any Fiscal Year on the Previously Issued Parity Bonds, the Bonds and any such Additional Bonds that are hereafter issued; provided that in the event there are no longer Cumulative Reserve Requirement Bonds Outstanding such requirement shall not apply.

The 2015 Reserve Requirement shall be redetermined at the beginning of each Fiscal Year and shall be the lesser of the 2015 Reserve Requirement for the prior Fiscal Year or the maximum principal and interest coming due, whether at maturity or upon mandatory redemption on the Bonds during such Fiscal Year or any subsequent Fiscal Year. The City may provide, in lieu of any amounts required to be on deposit in the 2015 Bond Reserve Account, a bond insurance policy in favor of the Paying Agent issued by an insurance company rated (at the time of issuance of such policy) in the one of the two highest rating categories by one of the

Rating Agencies and sufficient to provide to the Bondowners the amounts which would otherwise have been on deposit in the 2015 Bond Reserve Account at the times the Bondowners would have otherwise received such amounts.

Except as provided in the Bond Ordinance, all amounts paid and credited to the 2015 Bond Reserve Account shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Bonds on any Maturity date or Interest Payment Date if the moneys in the 2015 Bond Account are insufficient to pay the interest on or principal of said Bonds as they become due. So long as the 2015 Bond Reserve Account aggregates the 2015 Reserve Requirement, no further payments into said Account shall be required, but if (i) the City shall ever be required to expend and use a part of the moneys in said Account for the purpose herein authorized and such expenditure shall reduce the amount of said Account below the 2015 Reserve Requirement, on or before each April 1 and October 1, after paying all Operating Expenses and making the required transfers pursuant to the Bond Ordinance, the City Council shall transfer from the System Revenue Fund to the 2015 Bond Reserve Account, one-half of the amount expended from said Account during the previous six month period until said Account shall aggregate a sum equal to the 2015 Reserve Requirement or (ii) the value (determined in accordance with the Bond Ordinance) of the amount held in the 2015 Bond Reserve Account is less than the 2015 Reserve Requirement due to market fluctuations, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the 2015 Bond Reserve Account, one-half of such deficiency so that said Account shall aggregate at the time of making the second of such transfers a sum equal to the 2015 Reserve Requirement.

The amounts required to be paid and credited to the 2015 Bond Reserve Account shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the bond reserve account established for the Parity Bonds under the provisions of any Parity Ordinance.

Moneys in the 2015 Bond Reserve Account may be used to call the Bonds for redemption and payment prior to their Stated Maturity, provided all of the Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Moneys in the 2015 Bond Reserve Account shall be used to pay and retire the last Outstanding Bonds unless such Bonds and all interest thereon are otherwise paid. Any amounts in the 2015 Bond Reserve Account in excess of the 2015 Reserve Requirement on any valuation date shall be transferred to the 2015 Bond Account.

If at any time the moneys in the System Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the 2015 Bond Reserve Account and to the debt service reserve funds established to protect the payment of any Parity Bonds, the available moneys in the System Revenue Fund shall be divided among such debt service reserve funds in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in such debt service reserve funds.

Renewal and Replacement Account. The Master Ordinance required that the City establish a Renewal and Replacement Reserve Account (the "Renewal and Replacement Account") in the amount of \$1,500,000, which is presently on deposit in said Account. So long as the Renewal and Replacement Account aggregates the Renewal and Replacement Requirement, no further payments shall be required, but if the amount in said Account is less than the Renewal and Replacement Requirement, after making the required transfers pursuant to the Bond Ordinance, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the Renewal and Replacement Account one-half of such deficiency so that said Account shall aggregate at the time of making the second of such transfers a sum equal to the Renewal and Replacement Requirement.

All moneys in the Renewal and Replacement Account may be drawn on and used by the City Council for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, not paid as part of the ordinary and normal expense for the operation of the System, provided, however, in the event that the funds and investments in the 2015 Bond Reserve Account shall be reduced below the 2015 Reserve

Requirement, funds on deposit in the Renewal and Replacement Account shall be transferred to the 2015 Bond Reserve Account to the extent necessary to eliminate the deficiency in that Account.

Rate Covenant. The City has covenanted in the Bond Ordinance to charge and collect all rates, fees and other charges for the sale of electric power and energy, water and other services, facilities and commodities of the System as shall be required to provide such Revenues and income (including investment income) at least sufficient in each Fiscal Year which will:

- (1) equal at least 110% of the Debt Service Requirement on all Parity Bonds then Outstanding for the year of computation and 100% of the Debt Service Requirement on all Subordinate Bonds then Outstanding for the year of computation;
- (2) enable the City to make all required payments, if any, into the Reserve Account for any Parity Bonds, the Renewal and Replacement Account, the Rebate Account for any Parity Bonds and to any Credit Facility Provider, any Reserve Account Credit Facility Provider and any Qualified Hedge Provider (as such latter terms are defined in the Master Ordinance);
- (3) remedy all deficiencies in required payments into any of the funds and accounts established under the Master Ordinance, the Parity Ordinances or the Bond Ordinance from prior Fiscal Years; and
- (4) all other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

The collection of revenues and income (including investment income) in any Fiscal Year in an amount in excess of the aggregate payments specified in this section for such Fiscal Year shall not be taken into account as a credit against such aggregate payments for any subsequent Fiscal Year or years.

The City shall review its financial condition in accordance with the provisions of the Charter of the City for the purpose of estimating whether the Revenues and income (including investment income) from the operation of the System will be sufficient to provide all of the payments and meet all other requirements as specified in this Section. If as a result of such review the City determines that such Revenues and income may not be sufficient to provide such payments and meet such other requirements, it shall forthwith make a study for the purpose of making a schedule of rates, fees and charges for the System which will cause sufficient Revenues and income to be collected in the following Fiscal Year to provide funds for all the payments and other requirements as specified in this Section for such following Fiscal Year and will cause additional revenues and income to be collected in such following and later Fiscal Years sufficient to restore the amount of such deficiency at the earliest practicable time. If, in any Fiscal Year, the revenues and income collected shall not have been sufficient to provide all of the payments and meet all other requirements as specified above, the City shall as promptly as permitted by law establish and place in effect a schedule of rates, fees and charges which will cause sufficient revenues and income to be collected.

The City will not furnish or supply power, energy, water or any other service or commodity free of charge to any person, firm or corporation, public or private, and the City will promptly enforce the payment of any and all accounts owing to the City by reason of the ownership and operation of the System, to the extent dictated by sound business practice.

Additional Bonds and Refunding Bonds

The City reserves the right to issue Additional Bonds, including commercial paper and variable rate debt obligations, from time to time payable from the Net Revenues of the System and ranking on a parity with the Bonds and any Additional Bonds and Refunding Bonds theretofore issued if the following conditions are met:

(1) The City is not in default in the payment of principal or interest on the Bonds or any Parity Bonds or in making any deposit into the funds and accounts under this Ordinance or any Parity Ordinance; and

(2) The additional facility or facilities (if any) to be built or acquired from the proceeds of the Additional Bonds is, or will be, a part of the System, and its Net Revenues are pledged as additional security for the Additional Bonds and all System Revenue Bonds; and

(3) The City provides a certificate showing either of the following:

(A) A certificate of an authorized officer of the City certifying that the Revenues Available For Debt Service of any 12 consecutive calendar months out of the 24 calendar months immediately preceding the issuance of such proposed Additional Bonds, are not less than one and twenty-five percent (125%) of the maximum total Debt Service Requirement for any succeeding Fiscal Year on all Parity Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds. In the event any adjustment of rates with respect to the System has become effective subsequent to the beginning of the 12-month period selected for such calculation, the authorized officer may adjust the Revenues Available For Debt Service by adding thereto an estimate of such additional Revenues Available For Debt Service for such 12 month period which would have resulted had such rate adjustment been in effect for the entire period; or

(B) A Certificate of a Consulting Engineer certifying that the estimated Revenues Available For Debt Service for the Fiscal Year immediately following the year in which the project, the cost of construction of which is being financed by such Additional Bonds, is to be in commercial operation (or for the Fiscal Year immediately following the year in which such Additional Bonds are issued, if no project is to be financed thereby) are not less than one and twenty-five percent (125%) of the maximum total Debt Service Requirement for any succeeding Fiscal Year on all Parity Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds. The Consulting Engineer may adjust the estimated Revenues Available For Debt Service by adding thereto any estimated increase in revenue resulting from any increase in water and electric rates which, in the opinion of the Consulting Engineer, are economically feasible and reasonably considered necessary based on projected operations of the System. Additional Bonds may be issued notwithstanding the restrictions upon the issuance of Additional Bonds set out in this subparagraph, if in the opinion of the Consulting Engineer, the proceeds of such Additional Bonds are necessary to repair any damage or loss to the System if the System has been destroyed or damaged by disaster to such an extent that it cannot be operated or if it is necessary to keep the System in good operating condition after such damage or loss; and

(4) the City complies with the provisions of any Parity Ordinances relating to the issuance of Parity Bonds.

Refunding Bonds may be issued in accordance with the Bond Ordinance without regard to the requirements above.

Subordinated Indebtedness

The City reserves the right to issue subordinated bonds or other obligations, including commercial paper and variable rate debt obligations, payable from the Net Revenues of the System subject to the prior lien on the Net Revenues for payment of the Parity Bonds. The City currently has outstanding \$22,885,000 principal amount of the Series 2012D Bonds, which have a subordinate lien on the Electric Utility revenues.

THE SYSTEM

Management

The City Council is responsible for all basic policy decisions relating to the System, including rate making, approval of the operating budget, short-term and long-term capital budgets and, subject to voter approval, bond issues (which approval is not required for refunding issues). A Water and Light Advisory Board (the “Board”) is appointed by and renders advisory assistance to the City Council on the foregoing matters. The present members of the Board are:

<u>Name</u>	<u>Term Expires</u>
Mr. John Conway, Chairman	2018
Mr. Henry Ottinger	2019
Mr. Dick Parker	2019
Mr. Tom O’Connor	2016
Mr. Jack Clark	2017

Financial Statements

The financial records of the City, including those of the System, are audited annually by a firm of independent certified accountants in accordance with generally accepted auditing standards. McGladrey & Pullen, LLP of Kansas City, Missouri, completed the audit for the fiscal year ending September 30, 2014. The combined financial statements of the City and the System for the Fiscal Year ended September 30, 2014 are attached as *Appendix B* to this Official Statement.

System Maintenance, Expansion and Replacement

On an annual basis, the City obtains and files with the Trustee an insurance certificate. The process of obtaining the insurance certificate involves an annual and ongoing review of the System assets, including the identification of loss exposure, the review of past loss history, a review of the City financial statements, an evaluation of acquisitions, divestitures and changes within the System and an evaluation of market, legal, legislative and economic conditions which could affect the protection of assets. In addition, the City includes, as part of its Comprehensive Annual Financial Report, which it files with the Paying Agent and the Municipal Securities Rulemaking Board’s EMMA repository information on the System, including information on utility rates, customers, debt service and debt service coverage. Further, in connection with the renegotiation of power contracts, the City contracts with The Energy Authority (the “TEA”) of Jacksonville, Florida, for risk management and hedging analysis services to identify the types and quantities of resources that the System should seek to add to its portfolio that will allow the City to maintain a reliable wholesale power supply and minimize potential revenue impacts. The City receives monthly hedging reviews and applies semi-annual updates to the risk model.

The City updates its Capital Improvements Plan (the “CIP”) budget annually. The CIP is a five-year plan for capital expansion and the replacement of aging facilities. As part of preparing the CIP, the Water Utility and the Electric Utility are evaluated for adequacy and replacement requirements. The engineering staffs of the Water Utility and the Electric Utility, respectively, develop recommendations for the CIP. These recommendations then go through a review process that includes the Director of Water & Light, the City Manager, the Board and finally the City Council.

Electric Utility. Various evaluation tools are utilized to make the recommendations outlined in the annual CIP. This includes evaluation of circuit loading after system peak; evaluation of customer growth patterns; utility coordination with inter-connected systems; and the evaluation of the need to upgrade lower voltage lines and/or replace older lines due to a history of faults.

In addition, an active preventive maintenance program is in place. This program includes:

- 1.) Monthly walk-through inspections of electric substations;
- 2.) Annual oil testing of distribution transformers and other major equipment;
- 3.) Infrared scans of electric substations every six months;
- 4.) Infrared scans of transformers at large industrial customers annually; and
- 5.) Eleven tree trimming crews to maintain clearances on overhead lines.

Water Utility. Various evaluation tools are utilized to make the recommendations outlined in the annual CIP. This includes evaluation of fire flows and system pressure; evaluation of customer growth patterns; utility coordination with inter-connected systems; and the evaluation of the need to upgrade smaller size lines and/or replace older lines due to a history of breaks.

In addition, an active preventive maintenance program is in place. This program includes:

- 1.) Monthly walk-through inspections of pump stations and storage facilities;
- 2.) Annual flushing and testing of distribution systems;
- 3.) Sampling and monitoring of supply wells; and
- 4.) Cooperation and compliance with State operated agencies such as the Missouri Department of Natural Resources.

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Debt Service Requirements

The following table sets forth the estimated debt service on all of the outstanding bonds payable from the Net Revenues of the System, including debt service on (i) all Parity Bonds, (ii) the Series 2012D Bonds, which have a subordinate lien on the Electric Utility revenues, and (iii) the Series 2012E Bonds for which the City intends to make debt service payments from the Net Revenues of the System, however such Series 2012E Bonds do not have a lien on the Net Revenues.

Fiscal Year Ended September 30	Existing Principal & Interest Requirements of Outstanding Bonds ¹	The Bonds			
		Principal ²	Interest	Total Requirements	Total Requirements All Bonds
2015	\$13,919,034.62	-0-			
2016	11,259,975.02	\$ 2,145,000			
2017	10,714,500.02	2,820,000			
2018	12,696,125.02	2,840,000			
2019	12,702,700.02	2,865,000			
2020	12,719,525.02	2,905,000			
2021	12,719,550.02	2,955,000			
2022	12,731,150.02	3,010,000			
2023	12,745,731.27	3,075,000			
2024	12,750,862.52	1,250,000			
2025	12,753,987.52	1,280,000			
2026	12,760,425.02	1,315,000			
2027	12,775,140.64	1,350,000			
2028	11,637,921.89	1,395,000			
2029	11,642,987.51	1,425,000			
2030	10,595,618.75	1,475,000			
2031	10,598,071.88	1,040,000			
2032	10,603,493.76	1,070,000			
2033	7,516,893.76	1,105,000			
2034	7,535,093.76	1,145,000			
2035	5,965,921.88	1,180,000			
2036	4,569,900.00	1,220,000			
2037	4,565,862.50	1,265,000			
2038	1,345,140.63	1,310,000			
2039	1,341,028.13	1,355,000			
2040	1,344,981.25	1,400,000			
2041	1,341,912.50	1,450,000			
2042	1,341,112.50	1,505,000			
2043	-0-	1,560,000			
2044	-0-	1,615,000			
2045	-0-	1,675,000			
2046	-0-	1,735,000			
Total	\$252,573,761.17	\$53,735,000			

¹ Does not include the Refunded Bonds.

² Preliminary, subject to change.

Employee Relations

The System currently has approximately 283 full-time employees. On March 6, 2014, a vote was taken by the employees represented by the International Brotherhood of Electric Workers, Local 2 (the “IBEW”) to decertify, moving approximately 135 employees from IBEW representation to unrepresented status. Currently there are also 43 employees at the City’s municipal power plant (the “Power Plant”) who are members of the Laborers International Union of North America, Local 773. This group meets with the City under the State’s “meet and confer” statute. Neither the Water Utility nor the Electric Utility has ever experienced a strike or a slowdown, and the City considers its labor relations to be excellent. The Missouri Local Government Employees Retirement System administers the System’s pension plan

Payments to the City

The City’s Charter requires the City Council to set rates for water and electric services to produce sufficient revenue for several purposes, one of which is to pay into the General Fund of the City an amount substantially equal to the amount of taxes which would be due if the System were privately owned. There is paid to the General Fund monthly an amount representing the real estate taxes and the gross receipts tax to meet the requirements of the Charter. In Fiscal Year 2014 this amount equaled \$15,002,555. These payments are not included in the System’s Operating Expenses and may be paid only after all payments required to be paid from Net Revenues, including debt service and other payments required on System Revenue Bonds, have been made.

Service Area

The System’s area of service extends beyond the corporate limits of the City. The Electric Utility service area is approximately 60 square miles. As of December 2014, the System had 47,179 electric customers inside the City, plus 887 outside the City. The Water Utility service area is approximately 90 square miles. As of December 2014, the System had 44,564 water customers inside the City, plus 2,873 outside the City.

Rate Regulation

The System is not subject to federal or state regulation in the establishment of rates. The City Council has sole authority to set rates and charges applicable to the System.

Historical and Projected Operating Results

Combined operations of the System reflected Net Revenues of approximately \$36.2 million for the year ended September 30, 2014, which equaled 251% of annual debt service.

The table on the following page provides historical debt service coverage and operating results derived from the audited financial statements for the Fiscal Years 2010 through 2014, and projected operating results prepared by the City for the Fiscal Years 2015 through 2019.

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Water and Electric Utility Fund
Historical and Projected Schedule of Operating Revenues and Expenses

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>
REVENUES										
ELECTRIC UTILITY										
Residential Sales	\$47,314,389	\$48,637,638	\$47,303,944	\$47,060,942	\$49,591,661	\$52,947,847	\$54,253,549	\$57,178,989	\$59,197,407	\$61,287,076
Commercial and Industrial Sales	54,667,426	56,124,930	56,579,501	57,388,836	58,232,174	60,986,205	62,955,604	66,350,272	68,692,437	71,117,280
Intragovernmental Sales	814,900	983,746	1,200,868	1,289,376	1,291,969	1,397,041	1,504,059	1,585,160	1,641,116	1,699,048
Street Lighting and Traffic Signs	1,225,610	1,041,881	520,293	521,752	526,999	42,986	42,973	45,290	46,889	48,544
Sales to Public Authorities	8,237,656	8,891,753	8,576,399	8,431,125	8,534,864	9,442,921	9,883,815	10,416,766	10,784,478	11,165,170
Sales for Resale	5,364,906	8,480,462	1,928,953	4,102,189	3,200,755	1,100,000	1,200,000	1,215,000	1,233,225	1,251,723
Other	9,235,318	6,072,485	6,868,674	5,898,437	5,946,178	4,569,214	5,120,775	5,700,000	5,700,000	5,700,000
Total Electric Revenues	\$126,860,205	\$130,232,895	\$122,978,632	\$124,692,657	\$127,324,600	\$130,486,214	\$134,960,775	\$142,491,477	\$147,295,552	\$152,268,841
WATER UTILITY										
Water	16,773,898	19,522,028	23,497,540	22,204,235	23,112,295	23,768,000	23,755,000	24,479,296	25,216,735	25,849,675
Intragovernmental Sales	0	0	0	0	0	0	0	0	0	0
Sales to Public Authorities	0	0	0	0	0	0	0	0	0	0
Other	1,331,031	1,816,648	2,101,597	2,348,887	2,031,766	1,943,700	1,800,000	1,753,000	1,753,000	1,753,000
Total Water Revenues	18,104,929	21,338,676	25,599,137	24,553,122	25,144,061	25,711,700	25,555,000	26,232,296	26,969,735	27,602,675
TOTAL REVENUES	\$144,965,134	\$151,571,571	\$148,577,769	\$149,245,779	\$152,468,661	\$156,197,914	\$160,515,775	\$168,723,773	\$174,265,287	\$179,871,516
EXPENSES										
ELECTRIC UTILITY										
Fuel and Purchased Power	73,382,005	72,363,863	60,508,947	72,476,516	75,268,854	71,850,000	74,428,000	76,288,700	78,577,361	80,934,682
Other Production Expenses	4,409,017	5,852,005	7,542,382	6,957,585	7,176,835	10,532,574	10,831,742	11,048,377	11,269,344	11,494,731
Transmission and Distribution	11,368,196	11,826,102	12,366,207	11,939,383	12,273,478	12,734,318	11,811,363	12,165,704	12,530,675	12,906,595
Accounting and Collection	2,468,010	2,644,525	2,869,382	3,144,826	3,627,609	3,187,044	3,671,054	3,781,186	3,894,621	4,011,460
Administrative and General	3,762,170	4,556,656	4,404,841	4,449,549	4,934,248	6,011,041	7,593,876	7,821,692	8,056,343	8,298,033
Total Electric Expenses	95,389,398	97,243,151	87,691,759	98,967,859	103,281,024	104,314,977	108,336,035	111,105,659	114,328,344	117,645,501
WATER UTILITY										
Production	3,643,162	3,902,870	5,041,266	4,848,725	4,777,025	5,157,708	6,006,568	6,192,772	6,384,748	6,582,675
Transmission and Distribution	3,895,161	4,592,239	5,019,928	5,013,343	5,546,143	5,689,900	5,407,320	5,574,947	5,747,770	5,925,951
Accounting and General	1,377,304	1,455,628	1,536,633	1,572,631	1,842,698	1,612,025	1,591,884	1,641,232	1,692,111	1,744,566
Administrative and General	655,327	620,110	748,846	784,760	789,035	1,463,793	1,932,466	1,992,372	2,054,136	2,117,814
Total Water Expenses	9,570,954	10,570,847	12,346,673	12,219,459	12,954,901	13,923,426	14,938,238	15,401,323	15,878,765	16,371,006
TOTAL EXPENSES	104,960,352	107,813,998	100,038,432	111,187,318	116,235,925	118,238,403	123,274,273	126,506,982	130,207,109	134,016,507
NET REVENUES	\$40,004,782	\$43,757,573	\$48,539,337	\$38,058,461	\$36,232,736	\$37,959,511	\$37,241,502	\$42,216,791	\$44,058,178	\$45,855,009
DEBT SERVICE	\$10,226,577	\$10,529,157	\$14,074,110	\$15,046,203	14,463,290	13,919,035	13,404,975	13,534,500	15,536,125	15,567,700
COVERAGE	3.91x	4.16x	3.45x	2.53x	2.51x	2.73x	2.78x	3.12x	2.84x	2.95x

Source: City of Columbia

* Coverage includes debt services on the Series 2015 Bonds (estimated) and the Special Obligation Bonds Series 2012D and 2012E

THE ELECTRIC UTILITY

History

The City acquired the System in 1904 to supply water and electricity to its residents. During the 1960s, the City experienced rapid population growth, resulting in increased demand for electricity and caused the Electric Utility to operate at near-capacity levels. In 1976 a capacity purchase contract was entered into with the City of Sikeston, Missouri. A revised contract with the City of Sikeston, which became effective June 1, 1986, was signed in 1983 for capacity purchases through 2011, renewable by mutual agreement through 2021 or for the useful life of the Sikeston plant, whichever is longer.

In 1983, a capacity purchase contract was entered into with the Kansas City, Kansas Board of Public Utilities (the “BPU”) for capacity purchases through 1998. This contract was renewed at the City’s option for an additional 15 years or the useful life of the Nearman #1 plant operated by the BPU, whichever is longer. In April 2012, after an evaluation of operating cost of the Nearman #1 plant and projections of anticipated environmental upgrades required of the plant, the City sent BPU a notification of contract termination. As of the end of April 2013, the City no longer has a contract with BPU.

In 2001, agreements were negotiated with Ameren Energy Development Company (“Ameren”) that allowed four (4) simple-cycle, natural gas, combustion turbines rated at 36.00 megawatts (MW) each to be sited at one of the Electric Utility’s substation properties. The completed 144.00 MW plant is called the Columbia Energy Center (the “CEC”). The agreements allowed for capacity purchases with the option to purchase 50% ownership of the CEC at a later date. In January 2010, the City purchased 25% of the CEC from Ameren and contracted with Ameren for operation services. In fall 2010, Ameren Energy Marketing offered to sell the City the remaining 75% interest in the CEC and on June 1, 2011, the City took full ownership of the CEC.

In 2006, unit power purchase agreements were negotiated with the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) for capacity and energy from their ownership share of power from two power plants under construction; the Prairie State Energy Campus and Iatan 2. The agreement for Prairie State Energy Campus, dated April 28, 2006, is for a total of 50.00 MW of capacity and energy with 25.00 MW coming from each of two units. The first unit began commercial operation in June 2012, and the second unit began commercial operation in November 2012. The agreement for Iatan 2, dated July 10, 2006, is for 20.00 MW of capacity and energy. Iatan 2 began commercial operation on January 1, 2011.

The City has interconnection agreements with Associated Electric Cooperative Inc. (“AECI”) and AmerenUE that provide for a full range of purchases and sales. The City has interchange agreements with various other utilities including Kansas City Power and Light and Missouri Public Service Company. The City has an interconnection agreement with the City of Fulton, Missouri. The Fulton system is part of the Columbia balancing authority. The City provides transmission service and area control for Fulton. The City also has a 69 kilovolt (kV) interconnection with the electric system of the University of Missouri.

In June 2004, the City joined the Midcontinent Independent Transmission System Operator, Inc. (the “MISO”) as a transmission owner (“TO”) and a market participant (“MP”). In December 2004, the City contracted with TEA to act as the MISO market participant for the City. All purchased power arrangements are handled by TEA.

Power Generation Facilities

The Electric Utility has a rated installed generation capacity of 245.50 MW, consisting of two coal-fired steam turbo-generators, one gas fired turbo-generator and one gas fired combustion turbine, twelve reciprocating internal combustion generator units, and four (4) simple-cycle, natural gas, combustion turbines rated at 36.00 megawatts (MW) each. Additional information follows:

<u>Turbine/Generator Output Rating in MW</u>	<u>Description</u>	<u>Year Installed</u>
16.50 MW	Westinghouse Turbo-generator (Coal)	1957
12.50 MW	Westinghouse Combustion Turbine (Gas or Oil)	1963
22.00 MW	Westinghouse Turbo-generator (Coal)	1965
35.00 MW	General Electric Turbo-generator (Gas or Oil)	1970
36.00 MW	36.00 MW GE Combustion Turbine (Gas)	2001
36.00 MW	36.00 MW GE Combustion Turbine (Gas)	2001
36.00 MW	36.00 MW GE Combustion Turbine (Gas)	2001
36.00 MW	36.00 MW GE Combustion Turbine (Gas)	2001
1.25 MW	Caterpillar Diesel Generator, model 3512B	2002
1.25 MW	Caterpillar Diesel Generator, model 3512B	2002
2.00 MW	Cummins Diesel Generator, model 2000DQKC	2004
2.00 MW	Cummins Diesel Generator, model 2000DQKC	2004
2.00 MW	Cummins Diesel Generator, model 2000DQKC	2004
1.00 MW	Cummins Diesel Generator, model 1000DQFAD	2008
1.00 MW	Cummins Diesel Generator, model 1000DQFAD	2008
1.00 MW	Cummins Diesel Generator, model 1000DQFAD	2008
1.00 MW	Cummins Diesel Generator, model 1000DQFAD	2008
1.00 MW	Jenbacher Landfill Gas Generator, model J320GS	2008
1.00 MW	Jenbacher Landfill Gas Generator, model J320GS	2008
1.00 MW	Jenbacher Landfill Gas Generator, model J320GS	2013

The first four large generating units are located at the Power Plant. Adjacent to the Power Plant is an open area owned by the Electric Utility and capable of holding a six-month supply of coal (approximately 25,000 tons). The nine distributed generation units are located at five locations. The two 1.25 MW units, one 2.00 MW unit and four 1.00 MW units are located at four industrial customer sites where the customer has contracted for backup power. The remaining two 2.00 MW units are located at the City's water treatment plant and serve as emergency backup. The three 1.00 MW landfill gas generators are located at the city owned landfill. These three generators are housed in a structure designed for the addition of one more generator for a total design capacity of four landfill gas generators. All eleven units are self-contained. The four 36.00 MW combustion turbines are located on property owned by the Electric Utility and adjacent to an existing substation.

On December 27, 2010, the Missouri Department of Natural Resources ("DNR") issued a Part 70 Permit to operate to the Power Plant. This permit, which expires on December 26, 2015, allows for the combustion of coal, distillate fuel oil, natural gas and acceptable biomass fuels.

In June of 2015, the City entered into a contract with Dynegy Inc. (the "Dynegy Contract"), which is effective beginning in Fiscal Year 2017 and extending through Fiscal Year 2026 for the purchase of MISO resource capacity. The Dynegy Contract is a capacity only contract and will allow the City to take advantage of market energy purchases while meeting all capacity requirements. The amount of capacity purchased under the Dynegy Contract is based on current projections of load growth and will increase during the first few years and remain constant for the last 6 years. This will allow the City to meet capacity requirements while evaluating future options as well as the regulatory climate.

Power Supply Agreements

Power Supply Contract with Sikeston, Missouri. The City has entered into two separate, consecutive contracts with the Sikeston Board of Municipal Utilities for the purchase of capacity from the Sikeston 235.00 MW coal-fired unit. The Sikeston plant was put in commercial operation on September 1, 1981 at an installed capital cost of approximately \$250,000,000. Under the contract, from 1986 to 2011, subject to extension as described below, the capacity participation is for 66.00 MW. The second contract will be automatically extended through 2021, or for the useful life of the Sikeston power plant, whichever is longer. However, either the City or the City of Sikeston may cancel the contract, at any time after September 2006, on five years' notice to the other party. At the time of issuance of the Bonds, neither party has issued such notice of cancellation.

Both contracts require the City to pay 110% of capital costs, operations and maintenance costs and fuel used. The City's obligations under the contracts to pay for the agreed-upon amount of power is absolute, regardless of whether the Sikeston plant is operating or operable, or whether power is available or delivered. Payments under the contract are Operating Expenses of the Electric Utility and are payable prior to the principal and interest of the Parity Bonds.

Notwithstanding these provisions, under the 1983 contract the City may terminate the contract if the Sikeston plant becomes permanently inoperable and is so certified by an independent consulting engineer.

Participation Power Sales Agreement with Missouri Joint Municipal Electric Utility Commission

In 2006 unit power purchase agreements were negotiated with MJMEUC for capacity and energy from their ownership share of power from two power plants; the Prairie State Energy Campus and Iatan 2. The agreement for Prairie State Energy Campus, dated April 28, 2006, is for a total of 50 MW of capacity and energy with 25.00 MW coming from each of the two units located at the Prairie State Energy Campus and became binding with the issuance of the Series 2008A Bonds. The first unit began commercial operation in June 2012, and the second unit began commercial operation in November 2012. The agreement for Iatan 2, dated July 10, 2006, is for 20 MW of capacity and energy. Iatan 2 began commercial operation on January 1, 2011.

Regional Transmission Organization

Federal Energy Regulatory Commission Order No. 2000 requested that all transmission-owning utilities place their facilities under the control of a Regional Transmission Organization ("RTO"). The City has decided to use MISO as its RTO. The City is participating in MISO as a Local Balancing Authority and as a Transmission Owner. The requirements for the Local Balancing Authority (which include Columbia, Fulton and the University of Missouri) are the operational responsibility of the City. The City signed an agreement to have TEA perform its market participant requirements. TEA is a pooled municipal resource that takes public power to the wholesale market and brings the market to public power through a variety of energy services.

Columbia Transmission System

The City's transmission network is comprised of approximately 40 miles of 69 kV circuits and 30 miles of 161 kV circuits. These transmission facilities carry the output of one generating plant to eight distribution substations within the Columbia area. The Electric Utility has one 161 kV interconnection with AmerenUE, two 161 kV interconnections with AECI and three 69 kV interconnections with AECI. The Electric Utility also has one 69 kV interconnection each with the City of Fulton and the University of Missouri. The Electric Utility has a 69 kV looped system surrounding the City with two looped and one radial 161 kV substations. Four 100 mega volt ampere (MVA) and one 168 MVA 161/69 kV autotransformers connect the two systems. The City's service area is a compact urban region totaling approximately 60 square miles. Transmission interconnections are ties to this system and emanate past the Electric Utility's service

area. The City is a Transmission Owning (“TO”) member of MISO. As such, the City is eligible for a prorated share of monthly transmission revenues administered by MISO.

Electric Distribution System

The Electric Utility’s distribution system consists of 286 circuit miles of overhead line and 523 miles of underground distribution lines. There are 49,990 electric meters in service, and 11,644 distribution transformers with 765,088 kilovolt-ampere (kVA) capacity. The distribution circuits are fed from the Power Plant and eight substations. The substations are controlled and monitored by a Supervisory Control and Data Acquisition (“SCADA”) system. The Electric Utility can operate from either of two control centers located within its Balancing Authority Area. The current SCADA system was updated in 2004 and a new Energy Management System with SCADA capability is currently being implemented with an expected operational date of March 2016.

Interconnection Agreements

The City has interconnection or interchange agreements with AmerenUE, AECI, Central Electric Power Cooperative and the Missouri Public Utility Alliance. These agreements allow transactions that provide economic, as well as reliability, benefits.

Fuel Supply

The City’s two natural gas units at the Power Plant and the four natural gas units at the CEC are used primarily through MISO market dispatch and serve as a revenue source for the utility. The units can be “must-run” by the City for system requirements or a cap on market price. The City does not have long-term contracts for the purchase of natural gas; however the primary use of natural gas is during the summer when supplies are readily available. The City also purchases between 20,000 and 30,000 tons of coal per year.

Power Supply Planning/Future Capital Expenditures

The City has a comprehensive and ongoing planning process for the System. Long-range forecasts have been prepared for both the Water Utility and Electric Utility. Bulk power supply planning has provided adequate but not excessive capacity through 2022. The City’s power supply includes the purchase of existing capacity, the adding of capacity in increments to attempt to match additions to load growth, rehabilitation of existing generation facilities, strategic purchase of energy from the MISO market, and a comprehensive demand-side management program. Cost-of-service studies and rate design are performed by staff personnel following a strategy developed to generate adequate revenues, charge customers according to cost, and through price differentials, induce customers to reduce use on-peak and increase use off-peak.

The City has developed a long-range financial strategy for capital improvements that uses a combination of internally generated revenues and bond sales to finance system expansion as well as reconstruction. It has been the policy of the City to finance major, long-lived equipment and improvements with bond financing. Improvements of smaller and medium sizes are financed approximately with 60% bonds and approximately 40% from operating revenues. All other items are financed solely from revenues.

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Electrical Demand and Capacity

The following table summarizes historical peak demand and capacity for 2005 to 2014 and projected data for the period 2015 to 2018 (in MW):

	<u>Peak Demand Requirement</u>	<u>Reserve Requirement</u>	<u>Net Capacity Requirement</u>	<u>Total Capacity</u>
2005	257	39	296	294
2006	272	41	313	297
2007	265	40	305	306
2008	257	39	296	313
2009	250	35	285	327
2010	265	37	302	368
2011	277	39	316	354
2012	272	38	310	385
2013	263	37	300	385
2014	264	37	301	385
2015*	289	40	329	385
2016*	293	41	334	385
2017*	299	42	341	385
2018*	306	43	349	385

*Projected

Source: City of Columbia

Electric Customers

The Electric Utility delivers electricity to approximately 47,786 customers within its service area. The number of customers and kilowatt hour sales distributed by customer classification served by the Electric Utility in each of the Fiscal Years ended September 30, 2010 through September 30, 2014 is as follows:

<u>Fiscal Year ending Sept. 30</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential					
Average # of Customers	39,024	39,350	39,742	40,380	41,191
Percent of Total Customers	86.28%	86.22%	86.21%	86.01%	86.20%
Sales – MWh	425,702	420,560	401,881	399,981	431,564
Percent of Total Sales	36.93%	36.47%	35.49%	35.54%	36.97%
Average kWh/Mth/Customer	909	891	843	825	873
Sales Revenue – (000)	\$47,729	\$48,302	\$46,586	\$46,398	\$49,517
Percent of Total Revenue	41.99%	41.65%	41.06%	40.67%	42.03%
Small General Service (SGS)					
Average # of Customers	5,177	5,202	5,240	5,487	5,541
Percent of Total Customers	11.45%	11.40%	11.37%	11.69%	11.60%
Sales – MWh	103,512	98,998	96,037	101,509	111,438
Percent of Total Sales	8.98%	8.59%	8.48%	9.02%	9.55%
Average kWh/Mth/Customer	1,666	1,586	1,527	1,542	1,676
Sales Revenue – (000)	\$11,119	\$10,840	\$10,540	\$11,507	\$12,471
Percent of Total Revenue	9.78%	9.35%	9.29%	10.09%	10.58%

Large General Services (LGS)	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Average # of Customers	1,000	1,055	1,055	1,046	1,020
Percent of Total Customers	2.21%	2.31%	2.31%	2.23%	2.14%
Sales – MWh	365,179	368,147	368,147	346,696	368,170
Percent of Total Sales	31.68%	31.93%	31.93%	30.81%	31.54%
Average kWh/Mth/Customer	30,432	29,080	29,080	27,621	30,068
Sales Revenue – (000)	\$33,576	\$34,865	\$34,865	\$33,389	\$35,206
Percent of Total Revenue	39.54%	30.06%	30.06%	29.27%	29.88%
Industrial					
Average # of Customers	30	31	34	36	33
Percent of Total Customers	0.07%	0.07%	0.07%	0.08%	0.07%
Sales – MWh	248,309	255,529	269,964	267,340	256,301
Percent of Total Sales	21.54%	22.16%	23.84%	23.75%	21.95%
Average kWh/Mth/Customer	689,747	686,906	661,676	618,842	651,131
Sales Revenue – (000)	\$19,527	\$20,495	\$21,687	\$21,887	\$20,627
Percent of Total Revenue	17.18%	17.67%	19.11%	19.18%	17.51%
Lighting					
Unmetered use – MWh	10,152	9,868	9,926	9,899	10,142
Sales Revenue – (000)	\$1,725	\$1,471	\$900	\$909	\$893
Totals					
Total Number of Customers	45,231	45,638	46,100	46,949	47,786
Total energy sales – MWh	1,152,854	1,153,102	1,132,423	1,125,425	1,177,615
Energy Losses – MWh	29,392	27,699	42,219	44,661	26,418
Total Energy Distributed – MWh	1,182,246	1,180,801	1,174,642	1,170,086	1,204,033
Total Revenues of Electricity – (000)	\$113,676	\$115,973	\$113,467	\$114,090	\$118,714

Source: City of Columbia

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Ten Largest Electric Customers

The ten largest customers served by the Electric Utility based on kilowatt-hour sales for the Fiscal Year ended September 30, 2014 are set forth in the table below:

<u>Customer</u>	<u>Billed kWh</u>	<u>Billed Revenue</u>
Columbia Foods	29,037,407	\$ 2,137,333
Boone Hospital Center	28,892,260	2,262,950
3-M Company	24,187,333	1,660,216
VA Hospital	18,913,382	1,536,036
Gates Rubber	11,186,860	1,149,061
Quaker Oats	11,024,329	1,150,544
University of Missouri Regional Hospital	10,110,848	793,625
PW Eagle	9,261,224	708,158
City of Columbia Sewer	8,262,574	609,219
GGP Ltd-Columbia Mall	8,081,377	743,396
	<u>158,957,594</u>	<u>\$12,750,538</u>

Source: City of Columbia

Electric Rates

The City Council has sole authority to set rates and charges applicable to the Electric Utility. The City reviews these rates and charges annually to determine if any changes therein are necessary to assure that adequate Net Revenues will be available for the System.

Currently the City maintains four schedules of rates for electric services for different classes of customers (residential, small general service, large general service and industrial). The schedule applicable to any customer is based upon the type and amount of services provided. Within each schedule, there is block rate structure that incorporates different charges based on the cost characteristics of providing power and energy.

The City has created a Rate Division in the Water and Light Department. This Division performs cost of service studies, load research and designs rates, and coordinates and initiates the preparation and execution of operating and capital budgets.

The City has a fuel adjustment clause which became effective in 1973 and was amended in 1975 to permit immediate recovery of (i) increases in energy charges (fuel expenses and the charges payable under power purchase contracts varying with the amount of energy delivered to the Electric Utility) and (ii) increases in charges payable under power purchase contracts.

Included in the charges to all customers is a payment in lieu of gross receipts tax equal to 7% of gross receipts. This amount, which is collected by the Electric Utility and remitted to the City's General Fund after deposits required by the Bond Ordinance, represents payments in lieu of taxes substantially equivalent to the gross receipts and real estate taxes paid by privately owned utilities. Customers not otherwise exempt are also subject to a sales tax, which includes the City's one-cent general sales tax, 1/2 cent transportation tax, 1/4 cent capital improvement tax and 1/4 cent local park tax.

The following table provides a schedule of electric rates currently in effect:

Schedule of Electric Service Rates (2014-2015)*

Residential service rate (per kilowatt hour):

Customer charge	\$15.60 per month
First 300 kWh (June through September)	7.52¢ per kWh
Next 450 kWh (June through September)	9.80¢ per kWh
Next 1250 kWh (June through September)	13.36¢ per kWh
All remaining kWh (June through September)	14.45¢ per kWh
First 300 kWh (October through May)	7.52¢ per kWh
Next 450 kWh (October through May)	9.80¢ per kWh
All remaining kWh (October through May)	11.32¢ per kWh
Electric Heating (October through May) first 300 kWh	7.52¢ per kWh
Electric Heating (October through May) next 450 kWh	9.80¢ per kWh
Electric Heating (October through May) remaining kWh	9.42¢ per kWh

Residential high-efficiency heat pump (October through May):

Customer charge	\$15.60 per month
First 300 kWh	7.52¢ per kWh
Next 450 kWh	9.80¢ per kWh
All remaining kWh	8.93¢ per kWh

Small general service rate (per kilowatt hour):

Customer charge (single-phase)	\$15.60 per month
Customer charge (three-phase)	\$25.70 per month
First 500 kWh (June through September)	8.00¢ per kWh
Next 1,000 kWh (June through September)	10.20¢ per kWh
All remaining kWh (June through September)	14.07¢ per kWh
First 500 kWh (October through May)	8.00¢ per kWh
All remaining kWh (October through May)	10.20¢ per kWh
Electric Heating (October through May) first 500 kWh	8.00¢ per kWh
Electric Heating (October through May) next 1,000 kWh	10.20¢ per kWh
Electric Heating (October through May) remaining kWh	9.40¢ per kWh

Small general service heat pump rate (October through May):

Customer charge (single-phase)	\$15.60 per month
Customer charge (three-phase)	\$25.70 per month
First 500 kWh	8.00¢ per kWh
Next 1,000 kWh	10.20¢ per kWh
All remaining kWh	8.86¢ per kWh

Outdoor area lighting rate:

100 Watt Mercury Vapor (M.V.)	\$ 4.00 per month
100 Watt High Pressure Sodium (H.P.S.)	\$4.38 per month
175 Watt M.V.	\$5.04 per month
250 Watt M.V.	\$7.13 per month
250 Watt H.P.S.	\$12.97 per month
400 Watt H.P.S.	\$15.57 per month
400 Watt M.V.	\$10.10 per month
700 Watt M.V.	\$20.75 per month
100 Watt H.P.S. PTL	\$9.78 per month
175 Watt M.V. PTL	\$9.72 per month

Large general service rate:		
Monthly base charge:	<u>Summer</u>	<u>Non-Summer</u>
Per Month	\$45	\$45
Monthly demand charge:	<u>Summer</u>	<u>Non-Summer</u>
First 25 kW or less billing demand	\$360.00	\$270.00
Additional kW	\$15.60 per kW	\$12.50 per kW
Energy charge:		
All kWh	5.63¢ per kWh	4.9¢ per kWh
Industrial service rate:		
Monthly base charge: per month	<u>Summer</u>	<u>Non-Summer</u>
	\$150.00	\$150.00
Demand charge:		
First 750 kW or less billing demand	\$15,525.00	\$12,375.00
All additional kW	\$20.70 per kW	16.50 per kW
Energy charge (all kWh)	4.73¢ per kWh	4.04¢ per kWh
Special outdoor lighting:		
Customer charge	\$55.00 per month	
Cost per kWh	12.49¢ per kWh	

69 KV service rate:

A sixty-nine kV service rate is available, however, due to the complexity of this type service and the volatility of the electric market, each application is considered on a case-by-case basis. A contract for such service is negotiated by the water and light director with final approval by the City Council.

* The rates shown in this table are those in effect June 1, 2015. The electric service rates for residential service, small general service, and the energy charge portion for large general service and industrial services, can be increased or decreased by a fuel adjustment allowance without further City Council action. The fuel adjustment is computed annually based on the energy costs estimate (purchased power and fuel) per kWh. As of June 1, 2015, the fuel adjustment amount was zero.

THE WATER UTILITY

Production and Distribution Facilities

The City's water supply was originally provided by a series of twelve deep wells located throughout the City. In the late 1960s, as area usage approached the safe perennial yield of these deep wells, a new, long-range source was developed. The deep wells, currently maintained to provide a reserve, have been replaced as the main source of water by a system of fifteen shallow wells. These wells draw on an underground aquifer located in the alluvial plain in the Missouri River valley eight miles southwest of the City. The shallow well field consists of fifteen wells having a firm capacity of 24.0 millions of gallons per day ("MGD"). In 2013, the City's Water Utility had an average demand of 11.5 MGD and a maximum demand of 19.7 MGD.

Water from the alluvial plain requires softening and treatment for iron removal. Accordingly, the City opened a treatment plant in 1972 with a capacity of 16.0 MGD. The entire system has been expanded to 32.0 MGD with two 36-inch transmission mains capable of distributing 48.0 MGD.

Storage and distribution facilities and equipment consist of numerous reservoirs, high service pumps, booster pumps, 5,780 fire hydrants, 679.9 miles of water main lines and 47,669 water meters in service.

The City has entered into a territory agreement with Public Water Supply District #9 of Boone County, Missouri (which district serves a portion of east central Boone County to the eastern city limits of the City and a portion of northwestern Callaway County).

Top Ten Water Users

The ten largest customers served by the Water Utility for the Fiscal Year ended September 30, 2014 are set forth below:

Largest Water Utility Customers September 30, 2014

Customer	Billed CCF	Billed Revenue
Columbia Foods	392,793	\$1,080,139
Boone Hospital Center	48,751	149,382
VA Hospital	42,713	128,290
3M Company	32,365	90,857
Linen King	27,032	75,587
University of Missouri	26,917	81,771
JM Eagle	24,115	67,227
Columbia Ready Mix	23,267	72,907
Executive Center	21,455	66,259
State Farm	18,118	64,131
	<u>657,526</u>	<u>\$1,881,550</u>

Source: City of Columbia

Water Rates

The following table shows water service rates currently in effect, as provided by the City:

Schedule of Water Service Rates

	Water Rates		
	Inside City Limits	Outside City Limits	Former Dist. O/S City
Residential:			
First 2 CCF (June through September)	\$2.79 per CCF	\$3.71 per CCF	\$3.23 per CCF
Remaining CCF (June through Sept)	\$3.91 per CCF	\$5.20 per CCF	\$4.52 per CCF
All CCF (October through May)	\$2.79 per CCF	\$3.71 per CCF	\$3.23 per CCF
Commercial:*			
First 70% (June through September)	\$2.60 per CCF	\$3.46 per CCF	\$3.01 per CCF
Remaining CCF (June through Sept)	\$3.91 per CCF	\$5.20 per CCF	\$4.52 per CCF
All CCF (October through May)	\$2.60 per CCF	\$3.46 per CCF	\$3.01 per CCF
Large Commercial:*			
First 70% (June through September)	\$2.43 per CCF	\$3.23 per CCF	\$2.81 per CCF
Remaining CCF (June through Sept)	\$3.91 per CCF	\$5.20 per CCF	\$4.52 per CCF
All CCF (October through May)	\$2.43 per CCF	\$3.23 per CCF	\$2.81 per CCF

* Summer surcharged rate for Commercial and Large Commercial customers:
(June through September water use in excess of 70% average for January through March use)

For lawn irrigation, the summer rate applies to all summer use.

* In effect 2015-2016

Meter Size	Minimum Charge Per Month		Former Water Dist. O/S City
	Inside City Limits	Outside City Limits	
5/8 & 3/4 inch	\$ 8.30	\$11.04	\$ 9.60
1 inch	8.73	11.61	10.10
1 1/2 inch	12.84	17.08	14.86
2 inch	13.46	17.90	15.57
3 inch	22.67	30.15	26.18
4 inch	33.61	44.70	38.82
6 inch	64.63	85.96	74.65

Note: The City of Columbia meters and bills in hundred cubic feet (CCF). There are approximately 748 gallons per 1 CCF.

Meter Size	Fire Flow Charge per Month		Former Water Dist. O/S City
	Inside City Limits	Outside City Limits	
5/8 & 3/4 inch	\$ 1.55	\$ 2.06	\$ 1.79
1 inch	1.64	2.18	1.90
1 1/2 inch	2.38	3.17	2.75
2 inch	2.56	3.40	2.96
3 inch	6.15	8.18	7.10
4 inch	9.51	12.65	10.98
6 inch	19.03	25.31	21.98

ENVIRONMENTAL AND REGULATORY MATTERS

Permitting

Wastewater Discharge Permits. The Clean Water Act contains requirements relating to the discharge of process waste water and storm water to navigable waters of the United States. DNR establishes the requirements for the City through issuance of National Pollutant Discharge Elimination system ("NPDES") permits. Section 316(b) of the federal Clean Water Act requires that NPDES permits for existing facilities with cooling water intake structures ensure that the location, design, construction and capacity of the structures reflect the Best Technology Available ("BTA") to minimize harmful impacts on fish and other aquatic life as the result of impingement or entrainment. After nearly 20 years of rulemaking, the EPA promulgated its final section 316(b) regulations on August 15, 2014. The City does not have any power station cooling water intake structures affected by the 316(b) rule.

The City also complies with two (2) NPDES permits, including requirements for storm water management. The EPA proposed national changes to the steam-electric generating effluent limitations guidelines (ELGs) on June 7, 2013. The proposed rule delineated eight different optional programs and identified four as the EPA's preferred options for consideration. The City believes it is in substantial compliance with all four of these preferred options. The City cannot predict whether the EPA will promulgate one of these preferred options or that DNR will require a more stringent variation of the final rule.

Air Emissions Operating Permits. The Federal Clean Air Act (“CAA”) and Missouri Air Pollution Control Program impose a suite of requirements on electric generating facilities. The City’s generating facilities are required to hold operating permits that (i) set forth emissions limits, (ii) require that pollution control equipment is operated and maintained pursuant to applicable environmental regulations and rules, (iii) require compliance with applicable new or amended air quality rules, and (iv) set forth monitoring, recordkeeping and reporting requirements. The several EPA air quality regulations are generally implemented by DNR.

Acid Rain Permits. The Federal Clean Air Act, Title IV, establishes the Acid Rain Program to address the effects of acid rain and impose restrictions on sulfur dioxide (SO₂) emissions and nitrogen oxide (NO_x) emissions from electric generating facilities, particularly those fueled by coal. SO₂ emissions were limited by means of a market-based cap and trade program. The City is allocated sufficient Acid Rain allowances for its generating units to continue normal operations.

Solid Waste Disposal Permits. DNR has adopted a permitting system for the management and disposal of solid waste generated by power stations. The City is in compliance with current permit requirements and regulations.

Environmental Regulation

Clean Air Act. In recent years, the EPA has promulgated a series of clean air regulations with a goal of reducing or eliminating emissions from coal-fired power plants. These are described below:

Cross-State Air Pollution Rule. The Clean Air Interstate Rule (“CAIR”) implemented reductions in Sulfur Dioxide (“SO₂”) and Nitrogen Oxide (“NO_x”) emissions in 28 states, including Missouri. In July 2011, the EPA finalized the Cross-State Air Pollution Rule (“CSAPR”), effective January 1, 2012, to replace the CAIR controls for SO₂ and NO_x emissions. CSAPR also covers fine particulate matter. CSAPR is based on a market-based cap-and-trade program similar to CAIR. CSAPR only covers individual electric generating units with an output greater than 25 megawatts.

In December 2011, the D.C. Circuit Court of Appeals stayed implementation of CSAPR on procedural grounds. In August 2012, the D.C. Circuit Court of Appeals vacated CSAPR and remanded the rule to EPA for a new rule to be issued in accordance with the Court’s opinion, leaving CAIR in place pending outcome of the cases. The EPA sought and was granted review by the U.S. Supreme Court and the U.S. Supreme Court heard oral argument on the review in December 2013. On April 29, 2014, the U.S. Supreme Court issued its decision reversing the D.C. Circuit Court of Appeals decision and remanded the cases for further proceedings. On June 26, 2014, the EPA filed a motion to lift the stay of the CSAPR. On October 23, 2014, the D.C. Circuit Court of Appeals ordered that the EPA’s motion to lift the stay of CSAPR be granted. Following the Court’s order, EPA issued an administrative rule that tolls CSAPR compliance Phase 1 and 2 schedules three (3) years. Phase 1 of CSAPR began January 1, 2015 and Phase 2 will begin implementation in 2017. The unit allocations (i.e., SO₂ and NO_x) issued to the City were insufficient for the City to operate in normal operations, and generation in calendar 2015 will be about 35% of historical levels. The City expects that sufficient allowances for future operations will be readily available as the market for CSAPR allowances develops and matures.

Mercury and Air Toxics Standards Rule. On February 16, 2012, the EPA issued the Mercury and Air Toxics Standards (“MATS”) to emissions of toxic air pollutants from power plants. These pollutants include mercury, arsenic, chromium, nickel, dioxins, furans, acid gases, hydrogen chloride and hydrogen fluoride. For existing coal-fired electric generating units, the MATS establishes numerical emission limits for mercury, particulate matter, a surrogate for toxic non mercury metals, and hydrogen chloride, a surrogate for acid gases. The EPA issued revised MATS effective April 24, 2014 to change the standards for new coal-fired electric generating units, and to amend the provisions on start-up and shut-down. The emission limits for existing units were to be met by April 16, 2015. None of the City’s units are affected by MATS.

IB MACT Rule. Section 112 of the CAA establishes requirements for major sources of hazardous air pollutants (“HAPs”). As required by subsection 112(b), the EPA had previously promulgated the IB MACT Rule (under 40 CFR Part 63 DDDDD) on September 13, 2004. The US Court of Appeals for the District of Columbia vacated this Rule on June 8, 2007. In response to the court’s vacature, the EPA Administrator signed a new IB MACT Rule published in the Federal Register on June 4, 2010 and finalized on March 21, 2011. However, on December 2, 2011, the EPA proposed reconsiderations to the publication leading to a final rule issued January 13, 2013. The Power Plant, a major source of HAPs, must comply with the final IB MACT Rule by no later than three years after its publication date (January 31, 2016).

In general, the IB MACT Rule requirements include: Emission limitations, operational limitations, work practice standards, compliance demonstration requirements, notifications, recordkeeping and reporting. Emission limits are set for mercury, particulate matter or total selected metals, hydrochloric acid and CO. Boilers 6, 7 and 8 at the Power Plant are all currently subject to the IB MACT Rule. After January 31, 2016, Boilers 6 and 7 at the Power Plant will be limited to an operating limit of 10% of the unit’s annual capacity factor on a heat input basis.

On March 16, 2015, the City filed an application with DNR for a construction permit to construct NO_x reduction upgrades on natural gas fired Boiler 8, and to convert Boilers 6 and 7 to 100% wood fuel. If the City converts to 100% wood fuel in the solid fuel boilers, then the City will no longer be a major source of HAPs and will instead be subject to the Area Source Boiler MACT regulations published in the Federal Register on February 1, 2013. A facility can be designated as an “Area Source” if it emits less than 10 tons per year (“TPY”) of any individual HAP and less than 25 TPY for all HAPs from all emissions sources at the facility. As an Area Source of HAPs, the City would not have any emission limits on Boilers 6 and 7 so long as they burn 100% biomass because there are no biomass boiler emission limits in the Rule. Boiler 8 would not be subject to the Rule as natural gas boilers are exempt from the Area Source Boiler MACT. The City is currently evaluating a potential project to convert Boilers 6 and/or 7 to burn 100% wood.

National Ambient Air Quality Standards. The Clean Air Act requires the EPA to establish National Ambient Air Quality Standards (“NAAQS”) for certain air pollutants. When a NAAQS has been established, each state must implement programs to achieve and maintain the NAAQS in that state. Each state must identify areas in its state that do not meet a NAAQS (known as “non-attainment areas”) and develop regulatory measures to reduce or control the emissions of that air pollutant in order to meet the NAAQS and become an “attainment area.”

The EPA is in the process of reviewing or has just completed review of NAAQS for certain air pollutants that are emitted by electric generating facilities including nitrogen dioxide, SO₂, ozone and PM. These NAAQS are in various stages of review and implementation. The EPA dramatically reduced the NAAQS for SO₂ on June 2, 2010. The EPA has designated areas in non-attainment status for SO₂ in the Kansas City and St. Louis metropolitan areas. No areas in Boone County have been designated as non-attainment areas. Designated non-attainment areas must be in compliance by 2017. On March 2, 2015, the EPA entered into a consent decree requiring another round of SO₂ designations be completed within 16-months. Two additional designation rounds are required by 2017 and 2020. The City’s emission units’ impact on the NAAQS will be determined through monitoring/modeling data during these next rounds. Ambient air quality monitoring data collected near one of the City’s facilities shows substantial compliance with the 2010 standard.

On January 19, 2010, the EPA published a proposed rule for stricter NAAQS for ground-level ozone. On November 25, 2014, the EPA re-proposed strengthening the NAAQS for ground-level ozone. The proposed rule was published in the Federal Register on December 17, 2014. The proposal calls for tightening of the 8-hour standard from its current 75 ppb level to a range between 65-70 ppb. The City cannot determine the impact of the level the EPA may set for ozone NAAQS in the Columbia/Boone County area. Further, compliance schedules in non-attainment areas for the proposed new ozone standard would not be required until 2020-2021, depending on severity of the designation.

The City is engaged in an overall compliance study to seek the most cost-effective compliance measures for these air rules. In addition, the City is considering potential impacts from pending EPA rules related to coal combustion waste (e.g., ash) management and process water effluents. The final scope and compliance requirements for all of these rules, taken together, may not be finalized until late 2015 or early 2016 time frames.

Internal Combustion Maximum Achievable Control Technology Rule. In 2010, the EPA issued a final rule regulating hazardous air pollutant emissions from Compression Ignition Reciprocating Internal Combustion Engines (“CI-RICE”) larger than 100 braking horsepower, including formaldehyde. The rule provided differing mandatory requirements for engines based on total horsepower, with the most stringent controls, including the installation of catalytic converters, reserved for units over 500 horsepower. The rule allows cities to designate these units for “emergency only” operation, and generate with the units without any emission controls when power is interrupted from their regular supplier. The City does not employ any reciprocating internal combustion engines for generation support. All of the City’s RICE engines are deployed for emergency operations to support plant functions (e.g., on-site fire suppression system pumps, water treatment plant back-up pumps, broadband system backup generators) and are therefore designated for emergency use. Accordingly, the City does not anticipate any material impact from the RICE regulations.

Climate Change and Green House Gas Emissions. Carbon Dioxide (“CO₂”) and other greenhouse gases (“GHG”) are believed to be linked to climate change. The House of Representatives in the 111th Congress passed H.R. 2454, the “American Clean Energy and Security Act of 2009” to regulate among other conditions, the emission of GHG. While several similar bills were introduced in the Senate, no bill passed out of committee or came to the Senate Floor for debate. No similar legislation has been filed and heard by committees of jurisdiction in either the House or Senate in either the 112th or 113th Congress.

The City cannot predict what, if any, bill may become law. From time to time various bills are introduced in Congress and in state legislatures and regulations are proposed by various agencies (both federal and state) that could, if enacted into law, impact the regulation of the electric industry. The City cannot predict at this time whether any additional legislation or rules will be enacted at the state or federal level that will affect Electric Utility operations, and if such laws are enacted, what the impact of such actions to the Electric Utility might be in the future.

The City is subject to monitoring and reporting requirements for GHG under EPA’s mandatory greenhouse gas reporting program for each of its affected facilities. The City began reporting under this program for the 2010 emission year.

Air Emissions New Source Review. Both the Federal Clean Air Act and Missouri Air Pollution Control Program contain new source review (“NSR”) requirements that require pre-construction permits authorizing the discharge of air emissions from new or modified facilities. Beginning in the late 1990’s, the EPA issued notices of violation against multiple utilities across the country for alleged violations of the NSR provisions. In many cases, the U.S. Department of Justice has filed lawsuits alleging NSR violations. Many of the lawsuits have been settled. Generally, the government alleged that projects performed at various coal-fired units were major modifications requiring permits and stringent air pollution controls under the Prevention of Significant Deterioration (“PSD”) and/or Title V programs. The lawsuits seek CAA statutory penalties and the installation of Best Available Control Technology (“BACT”). In May 2010, the EPA issued a final rule on GHG from stationary sources under the Clean Air Act. The so-called Tailoring Rule, which became effective January 2, 2012, applies to new facilities which emit at least 100,000 tons of GHG per year or substantially modified facilities which emit at least 75,000 tons of GHG per year. Affected facilities are required as part of the permitting process to undergo a BACT review to determine what additional emission controls or mitigation strategies, if any, could be implemented to further reduce emissions. The U.S. Supreme Court issued a ruling on June 23, 2014, invalidating that portion of the rule which requires new sources which would not be required to undergo Title V permitting or PSD review except for their emissions of CO₂, to do so.

The Electric Utility's generating facilities have not been subject to investigation as part of this enforcement initiative. Management believes that recent upgrades to existing facilities result in air pollution controls that constitute BACT.

New Source Performance Standards. In 2012 and in 2014, the EPA proposed New Source Performance Standards ("NSPS") for emissions of CO₂ from electric generating facilities. The proposed NSPS are strictly limited to new sources. The proposed rule does not include requirements for modified sources. As to existing electric generating facilities, the proposed rule states that the EPA will issue guidance for states to use as a basis to develop standards for a "best system of emissions reductions" which can include measures from CO₂ emissions standards to state or regional cap and trade programs to demand or supply side controls on electric generation. The June 25, 2013 Climate Action Plan issued by the President called for the EPA to issue the guidance to states by June 1, 2014.

On June 2, 2014, the EPA issued a proposed Clean Power Plan (CPP) that calls for a 21% reduction by 2030 in carbon emissions from existing power generation sources, when compared to 2012 levels. The State of Missouri is required to achieve a carbon intensity level of no more than 1,621 lbs of CO₂ per net megawatt hour (lbs/MWH) by 2020 and a carbon intensity level of no more than 1,544 lbs/net MWH by 2030. The draft guidelines were subject to comment until December 1, 2014. The ultimate impact of the rule, if adopted in its present form, cannot be determined by the City at this time, in part due to the need to finalize state goals and adopt state plans subject to EPA approval and the uncertainty as to how the state plans would ultimately affect the Electric Utility. Based on the proposed rule and the EPA's response to comments, the rule will likely be finalized no later than October 1, 2015, and states will be required to submit their implementation plans to the EPA no later than September 30, 2016, subject to the states being able to request more time to submit complete implementation plans and the EPA being able to allow states until September 30, 2017 or September 30, 2018, as appropriate, to submit additional information completing the plan that will be submitted no later than September 30, 2016.

Solid Waste Disposal. On May 18, 2010, the EPA released its proposed rules for regulating the disposal and management of coal combustible residuals. On December 19, 2014, the EPA Administrator signed the final rule for Disposal of Coal Combustion Residuals from Electric Utilities, which were published in the Federal Register on April 17, 2015 with an effective date of October 14, 2015. The final rule preserves the Bevill determination that coal combustion residuals are non-hazardous and maintains regulation CCR under Subtitle D of the Resource Conservation and Recovery Act (RCRA). Further, the rule supports recycling of CCR by encouraging safe, beneficial use practices currently used by the City. The final rule requires the City to demonstrate compliance for its CCR surface impoundments and landfills through verification and demonstration process, including establishing groundwater monitoring, development of fugitive dust plans and enhanced inspection programs. Elements of this demonstration and verification process may require capital investment, which could be significant depending on the results of the testing, and increased operating costs to the Electric Utility's coal-fired units.

FERC Regulation

The Energy Policy Act of 1992 (the "1992 Energy Act") made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access. With the passage of the 1992 Energy Act, the United States Federal Energy Regulatory Commission ("FERC") was given authority to direct utilities to make their transmission systems available for use by others at rates and terms comparable to the owners' uses of their own systems. In particular, the 1992 Energy Act provides the FERC with the authority, upon application by an electric utility, federal power marketing agency or other power generator, to require a transmitting utility to provide transmission services to the applicant essentially on the cost of service basis. Municipally-owned electric utilities are "transmitting utilities" for purposes of these provisions of the 1992 Energy Act. This "open access" environment provides an expanded and more competitive market for both generators and wholesale purchasers of electricity, and such increased competition is expected to continue in the future.

Under certain FERC regulations, FERC has required open-access, mandatory transmission tariffs to be placed into effect for all jurisdictional utilities. Utilities are authorized to file for changes in their tariffs under the Federal Power Act. The goal of these regulations, according to FERC, is to deny to an owner of transmission facilities any unfair advantage over its competitors that exists by virtue of such owner's control of its transmission system.

Order No. 1000, issued by FERC in 2011, requires public utility transmission providers to improve transmission planning processes and allocate cost for new transmission facilities to beneficiaries of those facilities, and requires public utility transmission providers to align transmission planning and cost allocation in order to remove barriers to development of transmission facilities. Municipally-owned electric utilities are not subject to FERC jurisdiction under these orders but may be denied transmission service by a FERC-jurisdictional utility if they do not offer comparable transmission services.

FERC stated that its overall objective was to ensure that all participants in wholesale electricity markets have non-discriminatory open-access to transmission service, including network transmission service and ancillary services. FERC also indicated that it intends to apply the principles set forth in the regulations to the maximum possible extent to municipal and other non-jurisdictional utilities, both in deciding requests for transmission services orders, as described above, and by requiring such utilities to agree to provide open access transmission service as a condition to securing transmission service from jurisdictional investor-owned utilities under open access tariffs.

Energy Policy Act of 2005. The Energy Policy Act of 2005 (the "2005 Energy Act") addressed a wide array of energy matters that affect the entire electric utility industry, including the Electric Utility. Among other things, the 2005 Energy Act: (a) authorizes FERC to require non-FERC jurisdictional utilities to provide open access to their transmission systems and to comply with certain rate change provisions of the Federal Power Act (the "FPA"); (b) authorizes FERC to order refunds for certain short-term, wholesale sales by state and municipal power entities if such sales violate FERC-approved tariffs or FERC rules; (c) allows load-serving entities that hold certain firm transmission rights to continue to use those rights to serve their customers; (d) provides for the establishment of a national electric reliability organization to develop and enforce, subject to FERC's oversight, mandatory reliability standards for operation of the transmission grid; (e) prohibits market manipulation and submission of false information; (f) gives FERC certain authority to issue construction permits for transmission projects that are to be located in "national interest electric transmission corridors" (to be designated by the Department of Energy); (g) eliminates certain ownership restrictions on qualifying cogeneration and small power production facilities under the Public Utility Regulatory Policies Act and authorizes FERC to eliminate prospective utilities' obligation to purchase from these qualifying facilities under certain circumstances; (h) requires state utility regulatory commissions and "non-regulated electric utilities" to consider adopting certain standards on net metering, fuel diversity, fossil fuel plant diversity, certain metering and time-based rate schedules and demand response, and interconnection with distributed generation facilities; (i) replaces regulation of utility holding companies under the Public Utility Holding Company Act of 1935 with more limited oversight of such companies; (j) increases FERC's authority to review mergers of public utility companies; and (k) directs FERC to establish, for transmission companies whose rates are regulated by FERC, rate incentives to invest in transmission.

The City has incurred significant costs related to monitoring and documenting compliance with mandatory reliability standards; however, those cost have been absorbed into on-going operating costs.

Natural Gas Distribution Regulation

As with the electrical utility industry, the natural gas distribution industry has undergone and is undergoing fundamental changes in the federal regulation of such industry, particularly in the area of distribution access. These changes are expected to increase competition in the natural gas distribution utility industry. The City cannot determine what effect such increased competition will have on the business and affairs of the System and its revenues.

Water Quality and Other Water Environmental Regulations

Water utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures that regulate the environmental impact of water utilities are subject to change. These changes arise from continuing legislative, regulatory and administrative actions regarding environmental standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory or administrative changes or enforcement actions involving environmental controls that could adversely affect the operation of the facilities of the Water Utility and impose increased costs on the Water Utility. For example, the Water Utility has made substantial expenditures in recent years in order to maintain compliance with evolving clean water regulations.

Drinking water regulations are promulgated by the EPA pursuant to the Safe Drinking Water Act ("SDWA"). The EPA sets legal limits on the levels of certain contaminants in drinking water. The legal limits reflect both the level that protects human health and the level that water systems can achieve using the best available technology.

For more than three decades, the City's water met or exceeded the maximum contaminant level set by the EPA. In May of 2008, customers were notified that the water had exceeded the maximum contaminant level set by the EPA for total trihalomethanes (THM). Recent water tests have shown decreased levels of THM; the City's water again now meets all quality standards. To further reduce THM levels, the Water Utility started using chloramines as a secondary disinfectant in August 2009. Subsequent testing has shown that the level of THMs has been reduced by 50% and is well below the maximum allowable level. Chloramine disinfection is a common technique used in many water systems over the last 90 years.

OTHER MATTERS AFFECTING THE CITY AND THE SYSTEM

Changes in the Electrical Utility Industry

General. The electric utility industry has been, and in the future will be, affected by a number of factors that will have an impact on the business, affairs and financial condition of both public and private electric utilities, including the Electric Utility.

Such factors include, among others (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) changes that might result from a regional or national energy pool, (d) increasing competition from independent power producers, marketers and brokers, (e) "self-generation" by certain industrial and commercial customers, (f) issues relating to the ability to issue tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations (g) changes from projected future load requirements, (h) increases in costs and effect of inflation on the operation and maintenance of an electric utility and its facilities, (i) shifts in the availability and relative costs of different fuels, (j) changes that may result from a national energy policy, climate change legislation and regulations that target contributions made by coal-fired and other fossil fueled generating units, (k) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, fuel and transmission capacity, (l) effects of financial instability of various participants in the power market, (m) issues related to reliability and cyber security at System facilities, (n) transmission availability and cost allocation, and (o) changes in revenue due to unseasonable changes in the weather. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The City cannot predict what effects these factors will have on the business, operations and financial condition of the City and the Electric Utility, but the effects could be significant. Certain sections of this Official Statement provide brief discussions of these factors. However, these discussions do not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date of this Official Statement. Extensive information on the electric and natural gas utility industries is available from legislative and regulatory bodies and other sources in the public domain.

FERC and the MISO

The MISO is the nation's first RTO approved by the FERC. The MISO is based in Carmel, Indiana, and is responsible for monitoring the electric transmission system that delivers power from generating plants to wholesale power transmitters (the entities that deliver power to distribution companies that, in turn, deliver power to residential and commercial customers). The MISO's role is to ensure equal access to the transmission system and to maintain or improve electric system reliability in the Midwest.

The MISO was founded on Feb. 12, 1996, and was specifically configured to comply with FERC's concept of an independent organization that will ensure the smooth regional flow of electricity in a competitive wholesale marketplace. The MISO's primary objective is to "direct traffic" on the wholesale bulk electric power lines. In this role, the MISO ensures that every electric industry participant has access to the lines and that no entity has the ability to deny access to a competitor. The MISO also manages the use of the lines to make sure that they do not become overloaded.

Utilities with more than 100,000 miles of transmission lines covering 1.1 million square miles from Manitoba, Canada, to Indiana have committed to participate in the MISO. MISO recently integrated a southern region which includes much of Arkansas, Mississippi and Louisiana.

The MISO administers the "tariff"—the terms, conditions and rate information applicable to various types of electric service. A tariff is consistent with the mandate of FERC Order No. 2000, which requires RTOs to provide real-time energy imbalance services and a market-based mechanism for congestion management. The MISO began selling transmission service under its "tariff" on February 1, 2002.

The MISO filed Certificates of Operational and Organizational Readiness with FERC and launched its Energy Markets on April 1, 2005. To incorporate ancillary services, the MISO launched the Energy and Operating Reserve Market on January 6, 2009.

The nature and operations of RTOs and RTO markets continue to evolve, and the City cannot predict whether their existence will meet FERC's goal of reducing transmission congestion and costs and creating a competitive power market.

Energy Policy Act of 1992 and Retail Wheeling

Regulatory authority with respect to retail wheeling, which allows a retail customer to be located in one utility's service area and to obtain power from another utility or non-utility source, is specifically excluded from the enhanced authority granted to the FERC under the Energy Policy Act. Many believe that this leaves the authority for regulation of retail wheeling with state legislative and regulatory bodies that, in several states, are now receiving and acting on requests for this service. One potential effect of this trend is that utilities with low-cost power may be better able to compete for new and existing loads. Neither the Missouri Legislature nor the Missouri Public Service Commission has yet taken any action relating to retail wheeling.

BONDOWNERS' RISKS

Factors Affecting the Business Operations of the System

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the System's operations and financial performance to an extent that cannot be determined at this time:

1. *Future Economic Conditions.* Increased unemployment, increased costs of supplies, material, labor, fuel power, energy or other adverse economic conditions or changes in demographics in the service area of the Water and Electric Utility.

2. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance. There can be no assurance that future claims would not exceed the City's reserve and insurance or materially adversely affect its operations or financial condition.

3. *Weather and Natural Disasters.* Weather conditions may affect the demand for both water and electricity. The occurrence of natural disasters, such as tornadoes, ice storms, snow storms, floods, earthquakes or droughts, could damage the facilities, affect fuel, power, energy or water supply or power and energy production facilities, interrupt services or otherwise impair operations and the ability of the City to produce revenues. There can be no assurance that future occurrences would not exceed the City's insurance or materially adversely affect its operations or financial condition.

4. *Environmental Requirements.* New or more stringent environmental protection requirements could be adopted by environmental protection agencies, which could require additional capital investment and increase operational expenses.

5. *Federal and State Energy Policy.* The federal and state governments could adopt new regulations and rules relating to how the System operates, which could materially adversely affect its financial condition.

Factors Relating to Security for the Bonds

Enforcement of the remedies under the Bond Ordinance may be limited or restricted by state and federal laws relating to bankruptcy, fraudulent conveyances, and rights of creditors and by application of general principles of equity affecting the enforcement of creditors' rights and liens securing such rights, and the exercise of judicial authority by state or federal courts, and may be subject to discretion and delay in the event of litigation or statutory remedy procedures. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies, and by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors. In the event of a default, no assurance can be given that the exercise of remedies provided in the Bond Ordinance will provide proceeds sufficient to make timely payments of principal of, premium, if any and interest on the Bonds.

No Mortgage on the Projects

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on the projects financed with the proceeds of the Bonds or the Refunded Bonds nor any other property of the City.

Certain Matters Relating to Enforceability

The remedies available upon a default under the Bond Ordinance, will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the United States Bankruptcy Code, the remedies specified in the Bond Ordinance may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Bonds will be expressly subject to the qualification that the enforceability of the Bond Ordinance is limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors and by the exercise of judicial discretion in appropriate cases.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on November 4, 1980. This amendment limits the ability of the City to impose new or increased taxes to provide funding for the payment of the Bonds, or other governmental purposes of the City, without voter approval. The amendment (popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes that may be imposed in any Fiscal Year, and the limit may not be exceeded without voter approval. Provisions are included in the amendment for rolling back property tax rates to produce an amount of revenue equal to that of the previous year if the definition of tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation. The limitation on local governmental units does not apply to taxes imposed for the payment of principal of and interest on general obligation bonds approved by the requisite percentage of voters.

The Hancock Amendment also requires political subdivisions of the State to obtain voter approval in order to increase any “*tax, license or fee.*” The precise meaning and application of the phrase “*tax, license or fee*” is unclear, but decisions of the Missouri Supreme Court have indicated that it does not apply to traditionally set user fees, including rates imposed by the City’s System. The limitations imposed by the Hancock Amendment restrict the City’s ability to increase many but not all taxes, licenses and certain fees without obtaining voter approval.

Risk of Taxability on Interest on the Bonds

For information with respect to events that may cause interest on the Bonds to be included in gross income for purposes of federal income taxation or not be exempt from income taxation by the State of Missouri, see “**TAX MATTERS**” herein. Furthermore, the Bond Ordinance does not require the City to redeem the Bonds or to pay any additional interest or penalty in the event that interest on the Bonds becomes taxable.

Risk of Audit of the Bonds

The Internal Revenue Service (the “Service”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Bonds. Owners of the Bonds are advised that, if an audit of the Bonds were commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer, and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

CONTINUING DISCLOSURE INFORMATION

The City has agreed to provide certain annual financial information and notices of certain events to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system (“EMMA”), in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”). The City has agreed to have updated financial information and operating data for the City available by the final day of the sixth month following the end of the City’s Fiscal Year. The financial statements of the City are audited by the City’s independent certified public accountants. The City has also agreed to provide prompt notice of the occurrence of certain material events with respect to the Bonds. See “**Summary of the Continuing Disclosure Undertaking**” in *Appendix C*.

Compliance with Prior Undertakings Under the Rule

The City’s record of compliance during the past five years is provided below:

<u>Fiscal Year</u>	<u>Filing Deadline</u>	<u>Filing Date</u>	<u>Link to Filing Documentation</u>
2010	3/29/2011	3/7/2011	http://emma.msrb.org/EP505759-EP394339-EP791548.pdf
2011	3/28/2012	2/9/2012	http://emma.msrb.org/ER582347-ER452231-ER854899.pdf
2012	3/29/2013	3/7/2013	http://emma.msrb.org/ER653829-ER507051-ER909781.pdf
2013	3/29/2014	2/10/2014	http://emma.msrb.org/EA582702-EA455043-EA850918.pdf
2014	3/29/2015	2/5/2015	http://emma.msrb.org/ER838445-ER654266-ER1056046.pdf

During the past five years, the City may not have made timely filings of event notices on EMMA relating to bond calls, defeasances or rating changes. The City believes this information was disseminated or available through other sources.

BASIC DOCUMENTATION

The City passed the Bond Ordinance for the purposes and subject to the terms and conditions described herein. A summary of the Bond Ordinance is contained in *Appendix C* to this Official Statement. Such summary of the Bond Ordinance does not purport to be complete and is qualified in its entirety by reference thereto.

LEGAL MATTERS

Legal Proceedings

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

Approval of Legality

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Bond Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof except for the matters appearing in the sections of this Official Statement captioned **“THE BONDS,” “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS,” “LEGAL MATTERS – Approval of Legality”** and **“TAX MATTERS.”**

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

Federal and Missouri Tax Exemption. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

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

Bond counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading **“TAX MATTERS.”**

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is the first price at which a substantial amount of the Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Bond. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

RATINGS

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), has assigned the Bonds the rating of "____" (____ Outlook). Ratings reflect only the view of S&P at the time such ratings are given, and the City and the Financial Advisor make no representation as to the appropriateness of such ratings or that such ratings will not be changed, suspended or withdrawn.

S&P relies on the City and others for the accuracy and completeness of the information submitted in connection with the ratings. Ratings are not "market" ratings nor recommendations to buy, hold or sell the Bonds, and such ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of ratings could have an adverse effect on the market price and marketability of the Bonds.

MISCELLANEOUS

Financial Statements

Audited financial statements of the City as of and for the Fiscal Year ended September 30, 2014, are included in **Appendix B**. These financial statements have been audited by McGladrey LLP, Kansas City, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B**.

Financial Advisor

Columbia Capital Management, LLC, Overland Park, Kansas, has acted as Financial Advisor to the City in connection with the sale of the Bonds. The Financial Advisor is a "municipal advisor" as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has assisted the City in the preparation of this Official Statement and in other matters relating to the issuance of the Bonds. The Financial Advisor has not, however, independently verified the factual information contained in this Official Statement. The Financial Advisor will not be a manager or a member of any underwriting group submitting a proposal for the purchase of the Bonds.

Underwriting

Based upon bids received by the City on July 20, 2015, the Bonds were awarded to _____ (the "Underwriter"). The Bonds are being purchased for reoffering by the Underwriter. The Underwriter has agreed to purchase the Bonds from the City at a price equal to \$_____ (representing the par amount of the Bonds less an underwriters' discount of \$_____ and plus a net original issue premium of \$_____). The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities. The Underwriter may sell certain of the Bonds at a price greater than such purchase price, as shown on the inside cover page hereof. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, 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 or projections will be realized. The descriptions contained in this Official Statement of the Bonds and the Bond Ordinance do not purport to be complete and are qualified in their entirety by reference thereto.

Simultaneously with the delivery of the Bonds, the Mayor of the City, acting on behalf of the City, will furnish to the Underwriter a certificate which shall state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

Additional Information

Additional information regarding the City or the Bonds may be obtained from John Blattell, Finance Director, at 701 East Broadway, Columbia, Missouri 65201 (573) 874-7368.

The form of this Official Statement, and its distribution and use by the Underwriter has been approved by the City. Neither the City nor any of its councilmembers, officers or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Bonds other than those either expressly or by fair implication imposed on the City by the Bond Ordinance.

CITY OF COLUMBIA, MISSOURI

By: _____
Mayor

APPENDIX A

CITY OF COLUMBIA, MISSOURI

GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY

Location and Size

The City of Columbia (the “City”) is located in Boone County, Missouri (the “County”), in the central portion of the State of Missouri, approximately 125 miles east of Kansas City and 125 miles west of St. Louis. The City encompasses approximately 64 square miles and has a current estimated population of approximately 115,000.

The City is a constitutional home rule charter city and was organized in 1892 pursuant to the laws of the State of Missouri. The City is governed by a home rule charter and has a Council-Manager, non-partisan form of government which was adopted in 1949. The Mayor and six council members are elected for three year staggered terms with two council members elected each year. The City is divided into six wards, with one council member representing each ward and the Mayor being elected at large.

The Mayor presides over meetings of the City Council. The City Council establishes utility and tax rates and authorizes all municipal indebtedness. Tax rates are established by the City Council in such amounts necessary to generate tax revenues shown in the adopted budget. As required by state law, the aggregate City budget may not include any expenditures in excess of anticipated revenues. The City’s fiscal year ends on September 30.

The City is a full service City which provides not only the traditional basic services such as public safety, public works and planning, but also a wide variety of enterprise activities. The City provides a majority of utility services including water, electricity, solid waste, storm water and sanitary sewers. Additionally, the City operates three transportation enterprises: the regional airport, public transportation and railroad operations.

Municipal Services and Utilities

The City provides the normal range of governmental services, such as street construction and maintenance, police protection, fire protection, streets and bridges, civil defense, code enforcement, building inspections, health services, animal control and parks. These items are financed from the revenues of the General Fund.

In addition, the City owns and operates several enterprise and internal service operations. Enterprise operations include: electric (generation and distribution), water, sewer, solid waste, airport, transit system, storm water, parking, railroad, transload and recreation services. Some enterprise operations receive operating subsidies from the General Fund. Internal service operations consist of custodial and maintenance service, utility customer services, information services, employee benefit, self-insurance, public communications, GIS services and fleet operations. These operations provide services to all City departments and assess charges to departments based upon usage in amounts sufficient to cover their costs of operation.

Economic Condition and Outlook

The City’s geographic location serves as a crossroad for travelers going east and west on Interstate 70 and north and south on U.S. 63. Columbia has excellent transportation resources being serviced by the Columbia Regional Airport, Columbia Terminal Railroad, Columbia Transit and two interstate bus services.

The City is the location of the main campus of the University of Missouri, Columbia College, and Stephens College. Approximately 52,613 students attend these institutions of higher education during the regular school year. In addition to higher education, Columbia is also a regional medical center with eight hospitals. Insurance is a major business operation in the City with home offices of Shelter Insurance Company,

the Columbia Insurance Group, and a regional office of State Farm Insurance Company. Columbia is a regional shopping area for central Missouri with 16 shopping centers. Other area industry consists of printing, structural metal fabrication, structural materials production, electronic products, auto parts and food processing.

All of these activities have given the City a fairly stable employment base. The unemployment rate in Columbia, approximately 4.0% in January 2015, has been well below the national average of approximately 5.7%.

<u>Major Employers</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1. University of Missouri – Columbia	Education	8,708
2. University Hospital and Clinics	Medical	4,487
3. Columbia Public Schools	Education	2,141
4. Boone Hospital Center	Medical	1,623
5. U.S. Department of Veterans Affairs	Government	1,374
6. City of Columbia	Government	1,354
7. State Farm	Insurance	1,168
8. Veterans United Home Loans	Lender	1,100
9. Shelter Insurance	Insurance	1,078
10. MBS Textbook Exchange	Textbook Distribution	919

Source: Comprehensive Annual Financial Report, Fiscal Year 2014

The following table sets forth employment figures for the Columbia, Missouri MSA for the past five calendar years:

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2010	94,216	88,125	6,091	6.46%
2011	95,331	89,600	5,731	6.02%
2012	97,468	92,894	4,574	4.68%
2013	97,983	93,500	4,483	4.59%
2014	98,216	94,156	4,060	4.10%

Source: Bureau of Labor Statistics (www.bls.gov)

General Demographic Statistics

The following table sets forth statistical information for the Columbia area at fiscal year-end for the past five years:

<u>Year</u>	<u>Estimated Population</u>	<u>Median Age</u>	<u>Personal Income (\$000)</u>	<u>Per Capita Personal Income</u>
2009	97,403	28.2	\$6,025,000	\$36,241
2010	98,893	26.5	6,293,000	35,875
2011	111,213	26.5	6,567,000	37,350
2012	112,414	29.8	6,667,000	39,557
2013	115,276	26.9	7,006,491	41,028

Source: Comprehensive Annual Financial Report, Fiscal Year 2014

Building Permits

The following table sets forth statistical information regarding the number and estimated valuation of building permits within the City for the past five fiscal years:

<u>Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	<u>Number of Permits</u>	<u>Estimated Valuation</u>	<u>Number of Permits</u>	<u>Estimated Valuation</u>
2010	32	\$15,776,890	374	\$ 69,360,630
2011	33	20,508,272	424	112,250,462
2012	34	64,741,303	411	94,993,740
2013	42	55,728,531	953	214,609,987
2014	36	59,173,040	577	209,135,925

Source: Comprehensive Annual Financial Report, Fiscal Year 2014

DEBT STRUCTURE OF THE CITY

Current Long-Term General Obligation Indebtedness

The City has no outstanding general obligation debt.

History of General Obligation Indebtedness

The City has not had any outstanding general obligation bond indebtedness since 2002. The City has never defaulted on the payment of any of its debt obligations.

Overlapping General Obligation Indebtedness

The following table sets forth overlapping indebtedness of political subdivisions with boundaries overlapping the City as of September 30, 2014 and the percent attributable (on the basis of assessed valuation) to the City:

<u>Jurisdiction</u>	<u>Bond Issues Outstanding</u>	<u>Amount Available Debt Service Funds</u>	<u>Net Debt Outstanding</u>	<u>Amount Applicable to City of Columbia</u>	<u>Amount Applicable to City of Columbia</u>
Columbia SD	\$225,302,000	\$17,411,960	\$207,890,040	82.9%	\$172,239,307
Boone County	<u>4,153,230</u>	<u>368,566</u>	<u>3,784,664</u>	72.4%	<u>2,738,437</u>
Totals	<u>\$229,455,230</u>	<u>\$17,780,526</u>	<u>\$211,674,704</u>		<u>\$174,977,744</u>

Source: Comprehensive Annual Financial Report, Fiscal Year 2014

Legal Debt Capacity

Under Article VI, Section 26(b), (c) and (d) of the Constitution of Missouri, the City may incur indebtedness for authorized City purposes not to exceed 20% of the valuation of taxable tangible property in the City according to the last completed assessment upon the approval of four-sevenths of the qualified voters in the City voting on the proposition at any municipal primary or general election or two-thirds voter approval on any other election date. As of September 30, 2014, the legal debt limit of the City is \$360,946,391. The City has no outstanding indebtedness, which leaves a legal debt margin of \$360,946,391.

Other Long-Term Obligations of the City

Revenue Bonds. The City had the following outstanding revenue bonds payable solely from the revenues of the applicable systems, as of September 30, 2014:

Revenue Bonds*	Interest Rate	Date of Issue	Term In Years	Maturity Date	Original Issue	Amount Outstanding
2005 Water & Electric System Refunding & Improvement Bonds	3.00 – 5.25%	05/17/05	24	10/01/29	\$30,630,000	\$ 22,235,000
2009 Water & Electric System Revenue Bonds Series A	3.00 – 4.125%	9/29/2009	25	10/01/34	16,725,000	16,725,000
2011 Water & Electric System Revenue Refunding and Improvement Series A	3.00 – 5.00%	5/17/2011	30	10/01/41	84,180,000	80,245,000
2014 Water & Electric System Revenue Refunding Bonds Series A	2.00 – 3.00%	7/7/2014	14	10/1/28	14,180,000	14,180,000
1999 Sanitary Sewerage System Revenue Bonds Series A	3.625 – 5.250%	06/01/99	20	01/01/20	3,730,000	1,275,000
1999 Sanitary Sewerage System Revenue Bonds Series B	4.125 – 6.000%	12/01/99	20	07/01/20	1,420,000	485,000
2000 Sanitary Sewerage System Revenue Bonds Series B	4.350 – 5.625%	11/01/00	20	07/01/21	2,445,000	970,000
2002 Sanitary Sewerage System Revenue Bonds	3.000 – 5.375%	05/08/02	24	01/01/23	2,230,000	1,105,000
2003 Sanitary Sewerage System Revenue Bonds	2.00 – 5.25%	04/09/03	20	01/01/24	3,620,000	395,000
2004 Sanitary Sewerage System Revenue Bonds	2.00 – 5.25%	05/28/04	20	01/01/25	650,000	425,000
2006 Sanitary Sewerage System Revenue Bonds Series B	4.00 – 5.00%	11/01/06	20	07/01/26	915,000	595,000
2007 Sanitary Sewerage System Revenue Bonds	4.00 – 5.00%	11/15/07	20	01/01/28	1,800,000	1,330,000
2009 Sanitary Sewerage System Build America Revenue Bonds	5.44 – 6.02%	9/29/2009	25	10/01/34	10,405,000	10,405,000
2010 Sanitary Sewerage System Revenue Bonds Series A**	1.49%	1/14/2010	22	7/01/2032	59,335,000*	54,238,545
2012 Sanitary Sewerage System	0.35 – 3.75%	3/29/12	24	10/1/2036	9,365,000	8,805,000
2013 Sanitary Sewerage System	0.38 – 1.10%	7/2/13	5	10/1/2017	3,325,000	<u>2,655,000</u>
Total Revenue Bonds						<u>\$216,068,545</u>

** The Series 2010 Sanitary Sewer System Revenue Bonds have a not to exceed amount of \$59,335,000. As of September 30, 2014 the outstanding principal amount for this issue was \$54,238,545.

In addition to the Revenue Bonds included in the table above, the City issued \$18,200,000 of its Sewerage System Revenue Bonds, Series 2015 on March 31, 2015.

Special Obligation Bonds: The City has ten series of special obligation bonds outstanding. The City may make payments on the outstanding special obligation bonds from any funds of the City legally available for such purposes, subject to annual appropriation by the City Council. However, the City expects to make payments from revenues of the sewer system, solid waste system, parking system and electric utility of the City, as applicable, as well as from the Capital Improvement Sales Tax. The total debt service for these ten currently outstanding issues is set forth in the table below.

Special Obligation Bonds
Series 2006A, 2006B, 2008B, 2009A*
2012A-1, 2012A-2, 2012B, 2012C, 2012D and 2012E

Fiscal Year	Maturing Principal	Interest Due*	Total Debt Service
2015	\$ 7,755,000	\$ 4,579,708	\$ 12,334,708
2016	8,055,000	4,239,740	12,294,740
2017	4,625,000	3,975,196	8,600,196
2018	6,260,000	3,803,742	10,063,742
2019	6,505,000	3,561,389	10,066,389
2020	6,760,000	3,301,341	10,061,341
2021	7,005,000	3,034,267	10,039,267
2022	6,775,000	2,764,139	9,539,139
2023	6,995,000	2,524,031	9,519,031
2024	7,225,000	2,275,643	9,500,643
2025	7,465,000	2,024,429	9,489,429
2026	7,715,000	1,762,660	9,477,660
2027	7,200,000	1,503,249	8,703,249
2028	7,470,000	1,232,165	8,702,165
2029	5,535,000	997,890	6,532,890
2030	5,715,000	799,381	6,514,381
2031	5,905,000	590,355	6,495,355
2032	5,480,000	384,178	5,864,178
2033	2,565,000	179,973	2,744,973
2034	2,660,000	60,725	2,720,725
	<u>\$125,670,000</u>	<u>\$43,594,199</u>	<u>\$169,264,199</u>

* The Series 2009A Taxable Build America Bonds are shown gross of the 35% interest subsidy.

Other obligations: In addition to the above listed Bonds, the City has two outstanding bank loans and a direct loan agreement with the Missouri Transportation Finance Corporation that are described in Notes E and F of the September 30, 2014 Comprehensive Annual Financial Report included as **Appendix B**.

Future obligations: At a November 5, 2013 election, the voters of the City authorized \$32,340,000 of sanitary sewerage system revenue bonds. The City currently has \$21,561,000 remaining from such authority.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the private purpose trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

The financial statements for the pension and other post-employment benefit trust funds are prepared using the economic resources management focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each

plan are recognized when due, as the City has a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt is recognized when due, or when payments are due early in the next fiscal year, and the advance of resources to the debt service fund is mandatory, and debt service expenditures are recognized before year-end to match the resources provided for these payments.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so they have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City is required by law to prepare an annual budget of estimated receipts and disbursements for the coming fiscal year under the direction of the City Manager which is presented to the City Council in August for approval after a public hearing. The City's fiscal year is October 1 through September 30. The budget lists estimated receipts by fund, sources and estimated disbursements by fund and purposes, and includes a statement of the rate of levy per hundred dollars of assessed valuation required to raise each amount shown on the budget as coming from ad valorem taxes.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by McGladrey LLP. Copies of past audit reports are on file in the City Clerk's office and are available for review. Financial Statements are also available online at the City's website www.gocolumbiamo.com.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the 2013 and 2014 fiscal years:

<u>Source</u>	<u>2013</u>	<u>2014</u>
General Property Taxes	\$ 7,228,203	\$ 7,319,211
Sales Tax	21,627,785	22,463,031
Other Local Taxes	12,262,325	12,804,876
Licenses and Permits	921,132	965,309
Fines	1,970,138	1,883,631
Fees and Service Charges	12,658,150	2,961,020
Intragovernmental Revenues	3,931,555	3,944,617
Revenue from other Governmental Units	4,103,531	5,015,621
Investment Revenue	(397,290)	567,866
Miscellaneous Revenue	<u>1,208,861</u>	<u>1,316,818</u>
Totals	<u>\$55,514,390</u>	<u>\$59,242,000</u>

Source: Comprehensive Annual Financial Report, Fiscal Years 2013 and 2014

Sales tax revenues currently represent nearly 38% of the City of Columbia's general fund revenues. The sales tax revenues of the City are derived from a 1-cent General Sales tax, a ½-cent Transportation Sales Tax, a ¼-cent Capital Improvements Sales Tax and a ¼-cent Local Parks Sales Tax.

The General Sales Tax is used to fund basic government services such as Police, Fire, Health and other City services. A small portion of the General Sales Tax is also dedicated to capital projects for basic governmental operations. This is a permanent tax with no expiration date.

Transportation Sales Tax revenues are used to pay for basic maintenance of streets, provide subsidies to the operations of the bus system and airport and provide funding for capital projects for the bus system and the airport. Any remaining funds (approximately \$1 million annually) are available for road projects. This is a permanent tax with no expiration date.

The City of Columbia has utilized the Capital Improvements Sales Tax to meet capital needs for Public Safety, Parks and Transportation. This ¼-cent tax was first approved by voters in 1991 and has been renewed in 1995, 2001 and 2005. The current tax expires on December 31, 2015.

Sales Tax Revenues

<u>Year</u>	<u>General</u>	<u>Transportation</u>	<u>Capital Improvements</u>	<u>Local Park</u>
2010	\$18,794,534	\$9,349,477	\$4,674,637	\$4,674,563
2011	19,891,980	9,898,088	4,949,012	4,949,003
2012	20,840,696	10,393,186	5,196,536	5,193,354
2013	21,627,785	10,800,210	5,399,873	5,398,029
2014	22,463,031	11,153,372	5,576,735	5,576,587

Source: Comprehensive Annual Financial Report, Fiscal Years 2010-2014

Summary of Receipts, Expenditures and Fund Balances. The following table sets forth a summary of revenues and expenditures of the General Fund for the last 5 fiscal years:

Audited Financial Summary (\$ in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operating Revenues	\$55.08	\$54.70	\$55.37	\$55.51	\$59.24
Operating Expenditures	<u>71.55</u>	<u>72.48</u>	<u>71.82</u>	<u>74.05</u>	<u>75.07</u>
Excess/(Deficiency)	(16.47)	(17.78)	(16.45)	(18.54)	(15.82)
Other Financing Sources/(Uses)	17.41	19.09	18.35	18.40	19.99
Ending Fund Balance	\$26.60	\$27.92	\$29.82	\$29.68	\$33.85

Source: Comprehensive Annual Financial Report, Fiscal Years 2010-2014

Risk Management. The City has established a risk management program for workers' compensation, liability and property losses. Premiums are charged to other funds by the Self Insurance Reserve Trust Fund and are available to pay claims, claim reserves and administrative costs of the program. An actuary is used to determine the level of reserves. An excess coverage insurance policy covers individual claims in excess of \$500,000 for general liability, \$100,000 for property losses, and workers' compensation claims in excess of \$500,000. The City carries insurance policies with outside insurers for airport, railroad and boiler, health clinic, and explosion claims.

PROPERTY TAX INFORMATION CONCERNING THE CITY

Property Valuations

Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the Boone County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 0.5%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; poultry, 12%; and certain tools and equipment used for pollution control, used in retooling for the purpose of introducing new product lines or used for making improvements to existing products by certain types of companies specified by state law, 25%.

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The Boone County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The Boone County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation:

The following table shows the 2014 final assessed valuation as of December 31, 2014, by category, of all taxable tangible property situated in the City as reported by the Boone County Clerk:

	<u>Assessed Valuation</u>	<u>Assessment Rate*</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$1,022,348,184	19.00%	\$5,380,779,916
Agricultural	6,278,850	12.00	52,323,750
Commercial	<u>477,511,200</u>	32.00	<u>1,492,222,500</u>
Subtotal	\$1,506,138,234		\$6,925,326,166
Personal Property	303,450,790	33.33	910,352,370
State RR & Utility Prop.	<u>4,095,085</u>	33.33	<u>12,285,255</u>
TOTAL	\$1,813,684,109		\$7,847,963,791

* Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

History of Property Valuation:

The following table shows total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, applicable during each of the following fiscal years of the City (rounded to nearest thousands), including the assessed valuation of property in the City for the previous December 31 assessed valuation.

<u>Fiscal Year</u>	<u>Assessed Valuation (December 31)</u>	<u>Percent Change</u>
2015	\$1,813,684,109	3.53%
2014	1,751,870,633	1.77
2013	1,721,464,211	2.27
2012	1,683,324,254	1.66
2011	1,655,914,159	1.01
2010	1,639,395,223	0.67
2009	1,628,439,181	---

Property Tax Levies and Collections

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September 1 for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due in full on December 31 and become delinquent on January 1. The delinquent penalty for 2014 was 9% in January, increased by 2% in each succeeding month up through September for a maximum of 25%.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

Debt Service Levy. The City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments. Since the city has no general obligation bonds outstanding, the City has no debt service levy.

Other Levies. The total tax levy of the City for the fiscal year ended September 30, 2014 was \$0.95 per \$100 of assessed valuation and for the current fiscal year is also \$0.95 per \$100 of assessed valuation. The levy for the General Fund does not require annual voter approval but the City Council cannot raise the rate above that approved in the last election without the approval of a majority of the voters voting thereon. Under

Article X, Section 11(c) of the Missouri Constitution, any increase in the City's General Fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

The following table shows the City's tax levies (per \$100 of assessed valuation) for each of the last five fiscal years:

**Property Tax Rates
(Per \$100 Assessed Value)**

Fiscal Year	General Fund	Library	Total
2015	0.41	0.54	0.95
2014	0.41	0.54	0.95
2013	0.41	0.53	0.94
2012	0.41	0.52	0.93
2011	0.41	0.52	0.93

Source: City; Comprehensive Annual Financial Report, Fiscal Years 2010-2014

Tax Collection Record

The following table sets forth tax collection information for the City for the last five fiscal years.

**Property Tax Levies and Collections
(amounts expressed in millions)**

Fiscal Year	Taxes Levied	Current & Delinquent Taxes Collected Amount	%
2014	\$7,086,610	\$7,055,890	99.57%
2013	6,862,793	6,850,525	99.82
2012	6,780,699	6,724,628	99.17
2011	6,615,690	6,505,263	98.33
2010	6,783,852	6,730,379	99.21

Source: City; Comprehensive Annual Financial Report, Fiscal Years 2010-2014

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Major Property Taxpayers

The following table sets forth the ten largest property taxpayers in the City based upon local assessed valuation for fiscal year 2014.

Company Name	Type	Valuation	Percentage of Total Assessed Valuation
Union Electric	Utility	\$18,143,872	1.04%
Shelter Insurance	Insurance	15,261,791	0.87
TKG Biscayne LLC	Property/Developer	9,955,619	0.57
3M Company	Manufacturer	8,359,076	0.48
Breckenridge Group	Property/Developer	7,939,457	0.45
Grindstone Properties	Property/Developer	7,845,770	0.45
JDM II SF	Insurance	7,807,371	0.45
Hubbell Power Systems	Manufacturer	7,716,492	0.44
Century Tel	Utility	6,965,237	0.40
The Links Columbia	Property/Developer	6,839,287	0.39
Total		\$96,833,972	5.54%

Source: Comprehensive Annual Financial Report, Fiscal Year 2014

APPENDIX B

CITY OF COLUMBIA, MISSOURI

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

APPENDIX C

SUMMARY OF THE BOND ORDINANCE AND THE CONTINUING DISCLOSURE UNDERTAKING

SUMMARY OF THE BOND ORDINANCE

The following is a summary of certain provisions contained in the Bond Ordinance. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Bond Ordinance for a complete recital of the terms thereof.

Definitions

In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Bond Ordinance and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Bond Ordinance for complete definitions of all terms.

“2015 Bond Account” means the Principal and Interest Account for the Series 2015 Bonds created in the Bond Ordinance.

“2015 Bond Reserve Account” means the Reserve Account for the Series 2015 Bonds created in the Bond Ordinance.

“2015 Construction Account” means the Project Account for the Series 2015 Bonds created in the Bond Ordinance.

“2015 Rebate Account” means the Rebate Account for the Series 2015 Bonds created in the Bond Ordinance.

“2015 Reserve Requirement” means the Initial 2015 Reserve Requirement and thereafter the reserve requirement for the Series 2015 Bonds as redetermined in accordance with the Bond Ordinance.

“Accountant” means an independent certified public accountant or firm of certified public accountants.

“Act” means Article VI, Section 27 of the Missouri Constitution and Chapter 250 of the Revised Statutes of Missouri, as amended.

“Bond Counsel” means Gilmore & Bell, P.C., Kansas City, Missouri, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“Bond Payment Date” means any date on which principal of or interest on any Series 2015 Bond is payable at the Maturity thereof or on any Interest Payment Date.

“Bond Register” means the books for the registration, transfer and exchange of Series 2015 Bonds kept at the office of the Paying Agent.

“Bondowner” or **“Owner”** or **“Registered Owner”** or the lower case forms of such words means the person in whose name a Series 2015 Bond is registered in the registration books maintained by the Bond Registrar.

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

“City” means the City of Columbia, Missouri, and any successors or assigns.

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

“Consultant” means the Consulting Engineer, an Accountant or a registered municipal advisor.

“Consulting Engineer” means each independent engineer or engineering firm with experience in designing and constructing wastewater treatment, sanitary sewerage or water pollution control facilities, and retained by the City.

“Continuing Disclosure Instructions” means the Continuing Disclosure Undertaking dated the date set forth therein, the form of which is attached to the Bond Ordinance.

“Cumulative Reserve Requirement Bonds” means the Series 2009 Bonds.

“Debt Service Requirement” has the meaning set forth in the Master Ordinance.

“Defaulted Interest” means interest on any Series 2015 Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated not lower than the rating of the United States Government by Moody's or Standard & Poor's.

"Escrow Account" means the Escrow Account held by the Escrow Agent pursuant to the provisions of the Escrow Agreement.

"Escrow Agent" means UMB Bank N.A., and any successor or assigns.

"Escrow Agreement" means the Escrow Letter of Instructions dated the date set forth therein, and delivered by the City to the Escrow Agent.

"Federal Tax Certificate" means the Federal Tax Certificate dated as of the date set forth therein, delivered by the City, which sets forth certain facts, covenants, representations, and expectations relating to the use of Series 2015 Bond proceeds and the use of property financed or refinanced with those proceeds, and the investment of the Series 2015 Bond proceeds and certain other related money in order to comply with the requirements of Code imposed on the Series 2015 Bonds.

"Fiscal Year" means the fiscal year of the City, currently October 1 to September 30.

"Interest Payment Date" means the Stated Maturity of an installment of interest on any Series 2015 Bond.

"Master Ordinance" means Ordinance No. 018028 adopted on March 15, 2004 (as supplemented and amended) which created and established an issue of Bonds of the City to be designated "Water and Electric System Revenue Bonds" to be authorized and issued, from time to time, in separate series authorized by ordinance of the City Council.

"Maturity" when used with respect to any Series 2015 Bond means the date on which the principal of such Series 2015 Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the City.

"Net Revenues" means all Revenues less Operating Expenses.

"Operating Expenses" means the City's expenses of operating the System, including all costs due under any type of contractual arrangement in respect of power and power entitlements, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administrative and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes, and other expenses actually paid or accrued, including, without limitation, any expenses of the City applicable to the System, as recorded on its books pursuant to standard governmental accounting practice and any other expenses of the City applicable to the System, as recorded on its books pursuant to standard governmental accounting practice. Operating Expenses shall not include any costs or expenses for new construction, charges for depreciation, voluntary payments in lieu of taxes, payments in respect of any "take or pay" power contract under which no power is available to the City for such payment, or payment of principal or interest on the System Revenue Bonds.

"Outstanding," when used with reference to the Series 2015 Bonds, means, as of any particular date of determination, all Series 2015 Bonds theretofore issued and delivered under the Bond Ordinance, except the following Series 2015 Bonds:

(a) Series 2015 Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Series 2015 Bonds deemed to be paid in accordance with the provisions of the Bond Ordinance; and

(c) Series 2015 Bonds in exchange for or in lieu of which other Series 2015 Bonds have been registered and delivered under the Bond Ordinance.

“Parity Bonds” means the Previously Issued Parity Bonds and any Additional Bonds or other obligations hereafter issued or incurred pursuant to the Bond Ordinance and standing on a parity and equality with the Series 2015 Bonds with respect to the payment of principal and interest from the Net Revenues of the System.

“Parity Ordinances” means the Previously Issued Parity Ordinances and the ordinance or ordinances under which any additional Parity Bonds are hereafter issued pursuant to the Bond Ordinance.

“Paying Agent” means UMB Bank, N.A., St. Louis, Missouri, and any successors and assigns.

“Permitted Investments” means the following to the extent permitted by Missouri law, and with respect to the Series 2015 Bonds for the investment of funds of the City:

(a) Direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export Import Bank: Direct obligations or fully guaranteed certificates of beneficial ownership;

2. Farmers Home Administration: Certificates of beneficial ownership;

3. Federal Financing Bank;

4. Federal Housing Administration Debentures;

5. General Services Administration: Participation certificates;

6. Government National Mortgage Association (“GNMA”): GNMA guaranteed mortgage backed bonds; GNMA guaranteed pass through obligations (not acceptable for certain cash-flow sensitive issues);

7. U.S. Maritime Administration: Guaranteed Title XI financing; and

8. U.S. Department of Housing and Urban Development: Project Notes and Local Authority Bonds; New Communities Debentures - U.S. government guaranteed debentures; U.S. Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds.

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following United States government agencies (non full faith and credit agencies) (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System: Senior debt obligations;
2. Federal Home Loan Mortgage Corporation: Participation Certificates: Senior debt obligations;
3. Federal National Mortgage Association: Mortgage backed securities and senior debt obligations;
4. Student Loan Marketing Association: Senior debt obligations;
5. Ordinance Funding Corporation: obligations; and
6. Farm Credit System: Consolidated systemwide bonds and notes.

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of AAAM G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Bondowners must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation including BIF and SAIF.

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements.

(h) Commercial paper rated, at the time of purchase, "Prime 1" by Moody's or "A 1" or better by Standard & Poor's.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's or Standard & Poor's in one of the two highest rating categories assigned by such agencies.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime 1" or "A3" or better by Moody's and "A 1" or "A" or better by Standard & Poor's.

(k) Repurchase Agreements for 30 days or less must follow the following criteria. Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the City (buyer/lender), and the transfer of cash from the City to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the City in exchange for the securities at a specified date.

1. Repos must be between the City and a dealer bank or securities firm.

- a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's and Moody's, or
 - b. Banks rated "A" or above by Standard & Poor's and Moody's.
- 2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC).
 - b. The term of the repos may be up to 30 days.
 - c. The collateral must be delivered to the City, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral.
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
 - (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.
- 3. Legal opinion which must be delivered to the City:
 - a. Repo meets guidelines under state law for legal investment of public funds.

"Person" means any natural person, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

"Previously Issued Parity Bonds" means, collectively, the Series 2009 Bonds, the Series 2011 Bonds and the Series 2014 Bonds.

"Previously Issued Parity Ordinances" means, collectively, the Series 2009 Ordinance, the Series 2011 Ordinance and the Series 2014 Ordinance.

“Project” means improving and extending the City’s revenue producing municipal water and electric light works system.

“Purchaser” means _____, [City], [State], the original purchaser of the Series 2015 Bonds.

“Rating Agencies” means Moody’s and S&P.

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

“Redemption Date” when used with respect to any Series 2015 Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Ordinance.

“Redemption Price” when used with respect to any Series 2015 Bond to be redeemed means the price at which such Series 2015 Bond is to be redeemed pursuant to the terms of the Bond Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Replacement Bonds” means Series 2015 Bonds issued to the beneficial owners of the Series 2015 Bonds in accordance with the Bond Ordinance.

“Renewal and Replacement Account” means the Renewal and Replacement Reserve Account ratified and confirmed in the Bond Ordinance.

“Renewal and Replacement Requirement” shall mean, so long as the Previously Issued Parity Bonds are Outstanding, the amount required to be on deposit in the Renewal and Replacement Account pursuant to the Master Ordinance, and thereafter, shall be the amount determined by the City as reasonably necessary for such purposes.

“Revenues” means all income and revenues derived from the ownership and operation of the System, including investment and rental income, net proceeds from business interruption insurance, sales tax revenues which have been annually appropriated by the City or which are limited solely to the payment of improvements to or expenses of the System, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of System facilities to be applied during the period of determination to pay interest on System Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Revenues Available For Debt Service” means for any Fiscal Year or period of 12 calendar months shall mean all Net Revenues for such year or period.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Series 2009 Bonds” means the Water and Electric System Revenue Bonds, 2009 Series A, of the City, in the aggregate principal amount of \$16,725,000, authorized and issued pursuant to the Series 2009 Ordinance.

“Series 2009 Ordinance” means Ordinance No. 020419 of the City passed on September 21, 2009, under which the Series 2009 Bonds were issued.

“Series 2011 Bonds” means the Water and Electric System Revenue Refunding and Improvement Bonds, 2011 Series A, of the City, in the aggregate principal amount of \$84,180,000, authorized and issued pursuant to the Series 2011 Ordinance.

“Series 2011 Ordinance” means Ordinance No. 020954 of the City passed on May 2, 2011, under which the Series 2011 Bonds were issued.

“Series 2012D Bonds” means the Special Obligation Refunding Bonds (Electric Utility Project – Annual Appropriation Obligation), Series 2012D, of the City, in the aggregate principal amount of \$22,885,000, which are secured by a subordinate lien on the Net Revenues.

“Series 2014 Bonds” means the Water and Electric System Revenue Refunding Bonds, 2014 Series A, of the City, in the aggregate principal amount of \$14,180,000, authorized and issued pursuant to the Series 2014 Ordinance.

“Series 2014 Ordinance” means Ordinance No. 022074 of the City passed on June 2, 2014, under which the Series 2014 Bonds were issued.

“Series 2015 Bonds” means the Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, of the City, authorized and issued pursuant to the Bond Ordinance.

“Special Record Date” means the date fixed by the Paying Agent pursuant to the Bond Ordinance for the payment of Defaulted Interest.

“Stated Maturity” when used with respect to any Series 2015 Bond or any installment of interest thereon means the date specified in such Series 2015 Bond and the Bond Ordinance as the fixed date on which the principal of such Series 2015 Bond or such installment of interest is due and payable.

“Subordinate Bonds” means the Series 2012D Bonds and any other bonds issued on a junior lien basis to the Parity Bonds with respect to the pledge of the Net Revenues.

“System” means (i) properties and assets relating to the City’s wholly-owned water and electric system to which legal title is vested in the City and all properties and assets acquired by the City as renewals and replacements, additions and expansion, and improvements thereto, as recorded in the books of the City pursuant to standard governmental accounting practices, and (ii) all renewals and replacements, additions and expansions and improvements thereto paid for or financed in whole or in part from Revenues, proceeds of System Revenue Bonds, Subordinate Bonds or other funds under the Bond Ordinance. System as used in the Bond Ordinance shall not include any facilities for the generation of power and energy financed by the City through the issuance of obligations of the City which shall be secured in part by contracts with other utilities for the sale of the power and energy from such facilities.

“System Revenue Bonds” means the Previously Issued Parity Bonds, the Series 2015 Bonds, any Additional Bonds secured on a parity basis by the Net Revenues and any Subordinate Bonds.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation).

Establishment of Funds and Accounts

There are created and ordered to be established and maintained in the treasury of the City the following separate accounts to be known respectively as the:

- (a) 2015 Construction Account.
- (b) 2015 Bond Account.
- (c) 2015 Bond Reserve Account.
- (d) 2015 Rebate Account.
- (e) Escrow Account.

The funds and accounts referred to in paragraphs (a) through (e) of this Section shall be maintained and administered by the City solely for the purposes and in the manner as provided in the Act and in the Bond Ordinance and in the Previously Issued Parity Ordinances so long as any of the Series 2015 Bonds or the Previously Issued Parity Bonds remain outstanding within the meaning of the Bond Ordinance and said Previously Issued Parity Ordinances, respectively.

The City acknowledges the creation and continuing existence of the System Revenue Fund, the Renewal and Replacement Account and the other reserve accounts, debt service accounts, principal accounts and interest accounts established under the Master Ordinance and the other Previously Issued Parity Ordinances.

Application of Moneys in the 2015 Construction Account

Money in the 2015 Construction Account shall be used solely for the purpose of (a) paying the cost of the Project as provided in the Bond Ordinance, in accordance with the plans and specifications therefor prepared by the City's Consultant for the Project, as approved by the Council of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consultant and approved by the Council of the City, and (b) paying the costs and expenses incident to the issuance of the Series 2015 Bonds.

Upon completion of the Project as hereinbefore provided, any surplus money remaining in the 2015 Construction Account and not required for the payment of unpaid costs thereof shall be deposited into the 2015 Bond Account.

System Revenue Fund

The City covenants and agrees that from and after the delivery of the Series 2015 Bonds, and continuing as long as any of the Series 2015 Bonds remain Outstanding under the Bond Ordinance, all of the Revenues derived and collected from the operation of the System shall as and when received be paid and deposited into the System Revenue Fund unless otherwise specifically provided by the Bond Ordinance. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The System Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the Master Ordinance, the Previously Issued Parity Ordinances and the Bond Ordinance.

Application of Moneys in Fund and Accounts

The City covenants and agrees that from and after the delivery of the Series 2015 Bonds and continuing so long as any of the Series 2015 Bonds shall remain Outstanding, it will administer and allocate all of the moneys then held in the System Revenue Fund as follows:

- (a) *Operating Expenses.* Operating Expenses of the System shall be payable, as a first charge, from the System Revenue Fund as the same become due and payable.
- (b) *Debt Service Account.* On the 25th day of each month, there shall next be paid and credited to the 2015 Bond Account, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Series 2015 Bonds, the following sums:
 - (1) Beginning with the first of said deposits and continuing on the 25th day of each month thereafter to and including September 25, 2015, an equal *pro rata* portion of the amount of interest becoming due on the Series 2015 Bonds on October 1, 2015; and thereafter, beginning on October 25, 2015, and continuing on the 25th day of each month thereafter so long as the Series 2015 Bonds shall remain outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Series 2015 Bonds on the next succeeding Interest Payment Date; and
 - (2) Beginning with the first of said deposits and continuing on the 25th day of each month thereafter to and including September 25, 2015, an equal *pro rata* portion of the amount of principal becoming due on the Series 2015 Bonds on October 1, 2015; and thereafter, beginning on October 25, 2015, and continuing on the first day of each month thereafter so long as the Series 2015 Bonds shall remain outstanding and unpaid, an amount not less than 1/12 of the amount of principal that will become due on the Series 2015 Bonds on the next succeeding Maturity.

The amounts required to be paid and credited to the 2015 Bond Account pursuant to this Section shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinances.

If at any time the moneys in the System Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the 2015 Bond Account and to the debt service accounts established to pay the principal of and interest on any Parity Bonds, the available moneys in the System Revenue Fund shall, unless otherwise directed by the Master Ordinance or the Previously Issued Parity Ordinances, be divided among such debt service accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in said debt service accounts.

All amounts paid and credited to the 2015 Bond Account shall be expended and used by the City for the sole purpose of paying the interest on and principal of the Series 2015 Bonds as and when the same become due on each Bond Payment Date.

- (c) *Debt Service Reserve Fund.* So long as any of the Cumulative Reserve Requirement Bonds remain Outstanding and unpaid, the total funds on deposit in the Previously Issued Parity Bond Reserves, the 2015 Bond Reserve Account, and any reserve account established to secure any Additional Bonds that are hereafter issued, shall aggregate the maximum cumulative debt service payable in any Fiscal Year on the Previously Issued Parity Bonds, the Series 2015 Bonds and any such Additional Bonds that are hereafter issued; provided that in the event there are no longer Cumulative Reserve Requirement Bonds Outstanding such requirement shall not apply.

The 2015 Reserve Requirement shall be redetermined at the beginning of each Fiscal Year and shall be the lesser of the 2015 Reserve Requirement for the prior Fiscal Year or the maximum principal and interest coming due, whether at maturity or upon mandatory redemption on the Series 2015 Bonds during such Fiscal Year or any subsequent Fiscal Year.

The City may provide, in lieu of any amounts required to be on deposit in the 2015 Bond Reserve Account, a bond insurance policy in favor of the Paying Agent issued by an insurance company rated (at the time of issuance of such policy) in the one of the two highest rating categories by one of the Rating Agencies and sufficient to provide to the Bondowners the amounts which would otherwise have been on deposit in the 2015 Bond Reserve Account at the times the Bondowners would have otherwise received such amounts.

Except as provided in the Bond Ordinance, all amounts paid and credited to the 2015 Bond Reserve Account shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Series 2015 Bonds on any Maturity date or Interest Payment Date if the moneys in the 2015 Bond Account are insufficient to pay the interest on or principal of said Series 2015 Bonds as they become due. So long as the 2015 Bond Reserve Account aggregates the 2015 Reserve Requirement, no further payments into said Account shall be required, but if (i) the City shall ever be required to expend and use a part of the moneys in said Account for the purpose herein authorized and such expenditure shall reduce the amount of said Account below the 2015 Reserve Requirement, on or before each April 1 and October 1, after paying all Operating Expenses and making the required transfers pursuant to subparagraphs (a) and (b) above, the City Council shall transfer from the System Revenue Fund to the 2015 Bond Reserve Account, one-half of the amount expended from said Account during the previous six month period until said Account shall aggregate a sum equal to the 2015 Reserve Requirement or (ii) the value (determined in accordance with the Bond Ordinance) of the amount held in the 2015 Bond Reserve Account is less than the 2015 Reserve Requirement due to market fluctuations, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the 2015 Bond Reserve Account, one-half of such deficiency so that said Account shall aggregate at the time of making the second of such transfers a sum equal to the 2015 Reserve Requirement.

The amounts required to be paid and credited to the 2015 Bond Reserve Account shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the bond reserve account established for the Parity Bonds under the provisions of any Parity Ordinance.

Moneys in the 2015 Bond Reserve Account may be used to call the Series 2015 Bonds for redemption and payment prior to their Stated Maturity, provided all of the Series 2015 Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Moneys in the 2015 Bond Reserve Account shall be used to pay and retire the last Outstanding Bonds unless such Series 2015 Bonds and all interest thereon are otherwise paid. Any amounts in the 2015 Bond Reserve Account in excess of the 2015 Reserve Requirement on any valuation date shall be transferred to the 2015 Bond Account.

If at any time the moneys in the System Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the 2015 Bond Reserve Account and to the debt service reserve funds established to protect the payment of any Parity Bonds, the available moneys in the System Revenue Fund shall be divided among such debt service reserve funds in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in such debt service reserve funds.

- (d) *Renewal and Replacement Account.* So long as the Renewal and Replacement Account aggregates the Renewal and Replacement Requirement, no further payments shall be required, but if the amount in said Account is less than the Renewal and Replacement Requirement, after making the required transfers pursuant to subparagraphs (a), (b) and (c) above, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the Renewal and Replacement Account one-half of such deficiency

so that said Account shall aggregate at the time of making the second of such transfers a sum equal to the Renewal and Replacement Requirement.

All moneys in the Renewal and Replacement Account may be drawn on and used by the City Council for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, not paid as part of the ordinary and normal expense for the operation of the System, provided, however, in the event that the funds and investments in the 2015 Bond Reserve Account shall be reduced below the 2015 Reserve Requirement, funds on deposit in the Renewal and Replacement Account shall be transferred to the 2015 Bond Reserve Account to the extent necessary to eliminate the deficiency in that Account.

- (e) *Deficiency of Payments into Accounts.* If at any time the Revenues shall be insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received by the City, such payments and credits being made and applied in the order specified above.
- (f) *Application of Moneys in the 2015 Rebate Account.* There shall be deposited in the 2015 Rebate Account such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money in the 2015 Rebate Account shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), for payment to the United States of America, and neither the City nor the Registered Owner of any Series 2015 Bond shall have any rights in or claim to such money.

Payments Due on Saturdays, Sundays and Holidays

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

Nonpresentment of Bonds

If any Series 2015 Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Series 2015 Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Series 2015 Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Series 2015 Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Ordinance or on, or with respect to, said Series 2015 Bond. If any Series 2015 Bond is not presented for payment within one year following the date when such Series 2015 Bond becomes due at Maturity, the Paying Agent shall repay to the City the funds theretofore held by it for payment of such Series 2015 Bond, and such Series 2015 Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Deposit and Investment of Moneys

Money in each of the funds and accounts created by and referred to in the Bond Ordinance shall be deposited in a bank or banks located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks holding such deposits as provided by the laws of the State of Missouri.

Moneys held in any fund or account held in the custody of the City referred to in the Bond Ordinance may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund or account was created. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of the Bond Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided, however, that the investments held in the 2015 Bond Reserve Account shall be valued at market value only. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of the Bond Ordinance, the City shall direct that such excess be paid and credited to the System Revenue Fund.

Efficient and Economical Operation

The City will continuously own and will operate the System as a revenue producing facility in an efficient and economical manner and will keep and maintain the same in good repair and working order at a reasonable cost. The City will establish and maintain such rules and regulations for the use of the System as may be necessary to assure maximum utilization and most efficient operation of the System.

Rate Covenant

(a) The City shall charge and collect rates, fees and other charges for the sale of electric power and energy, water and other services, facilities and commodities of the System as shall be required to provide such Revenues and income (including investment income) at least sufficient in each Fiscal Year which will:

(1) equal at least 110% of the Debt Service Requirement on all Parity Bonds then Outstanding for the year of computation and 100% of the Debt Service Requirement on all Subordinate Bonds then Outstanding for the year of computation;

(2) enable the City to make all required payments, if any, into the Reserve Account for any Parity Bonds, the Renewal and Replacement Account, the Rebate Account for any Parity Bonds and to any Credit Facility Provider, any Reserve Account Credit Facility Provider and any Qualified Hedge Provider (as such latter terms are defined in the Master Ordinance);

(3) remedy all deficiencies in required payments into any of the funds and accounts established under the Master Ordinance, the Parity Ordinances or the Bond Ordinance from prior Fiscal Years; and

(4) all other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

The collection of revenues and income (including investment income) in any Fiscal Year in an amount in excess of the aggregate payments specified in this subsection (a) for such Fiscal Year shall not be taken into account as a credit against such aggregate payments for any subsequent Fiscal Year or years.

(b) The City shall review its financial condition in accordance with the provisions of the Charter of the City for the purpose of estimating whether the Revenues and income (including investment income) from the operation of the System will be sufficient to provide all of the payments and meet all other requirements as specified in this Section. If as a result of such review the City determines that such Revenues and income may not be sufficient to provide such payments and meet such other requirements, it shall forthwith make a study for the purpose of making a schedule of rates, fees and charges for the System which will cause sufficient Revenues and income to be collected in the following Fiscal Year to provide funds for all the payments and other requirements as specified in this Section for such following Fiscal Year and will cause

additional revenues and income to be collected in such following and later Fiscal Years sufficient to restore the amount of such deficiency at the earliest practicable time. If, in any Fiscal Year, the revenues and income collected shall not have been sufficient to provide all of the payments and meet all other requirements as specified in said subsection (a), the City shall as promptly as permitted by law establish and place in effect a schedule of rates, fees and charges which will cause sufficient revenues and income to be collected.

(c) The City will not furnish or supply power, energy, water or any other service or commodity free of charge to any person, firm or corporation, public or private, and the City will promptly enforce the payment of any and all accounts owing to the City by reason of the ownership and operation of the System, to the extent dictated by sound business practice.

(d) The failure in any Fiscal Year to comply with the covenant in subsection (a) of this Section shall not constitute an Event of Default under the Bond Ordinance, if the City shall comply with subsection (b) of this Section.

Nothing in the Bond Ordinance contained shall be construed to prevent the continuous collection of reasonable rates, charges, and fees for the use of said System and facilities after the Series 2015 Bonds issued pursuant to the Bond Ordinance shall have been paid and redeemed, together with all interest thereon, nor to prevent at that time the pledge and application of said Net Revenues to the payment of other bonds which may be issued by the City.

Restrictions on Mortgage or Sale of System

The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may:

(a) sell at fair market value any portion of the System which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the System, and in the event of sale, the City will apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing repayment of Series 2015 Bonds in advance of Stated Maturity, or (2) replacement of the property so disposed of by other property the revenues of which shall be incorporated into the System as provided in the Bond Ordinance;

(b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City; or

(c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the System. Property being leased as lessor and/or lessee pursuant to this subparagraph (c) shall not be treated as part of the System for purposes of this Section and may be mortgaged, pledged or otherwise encumbered.

Insurance

The City will carry and maintain insurance with respect to the System and its operations against casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability insurance, business interruption insurance, worker's compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other municipalities or public entities engaged in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the

proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the City will pay and deposit the proceeds of such insurance into the System Revenue Fund. The City will annually review the insurance it maintains with respect to the System to determine that such insurance is customary and adequate to protect its property and operations. The cost of all insurance obtained pursuant to the requirements of this Section shall be paid as an Operating Expense out of the Revenues.

Annual Budget

Prior to the commencement of each Fiscal Year, the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year. The City Clerk, promptly upon the filing of said budget in the City Clerk's office, will mail a copy of said budget to the original Purchaser of the Series 2015 Bonds.

Annual Audit

Annually, promptly after the end of the Fiscal Year, the City will cause an audit to be made of the System for the preceding Fiscal Year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the revenues of the System. Said annual audit shall cover in reasonable detail the operation of the System during such Fiscal Year.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk, and a duplicate copy of said audit shall be mailed to the Purchaser of the Series 2015 Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the System, any Registered Owner of any of the Series 2015 Bonds, or by anyone acting for or on behalf of such taxpayer, user or Registered Owner. A copy of any such audit will, upon request and upon receipt by the City of payment of the reasonable cost of preparing and mailing the same, be sent to any Bondowner or prospective Bondowner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of the Bond Ordinance, the City will promptly cure such deficiency and will promptly proceed to increase the rates and charges to be charged for the use and services furnished by the System as may be necessary to adequately provide for such requirements.

Tax Covenants

The City covenants that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from federal gross income of the interest on the Series 2015 Bonds, and (2) it will not use or permit the use of any proceeds of the Series 2015 Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion from federal gross income of the interest on the Series 2015 Bonds. The City will also pass such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future law in order to ensure that the interest on the Series 2015 Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

The City covenants and agrees that (1) it will use the proceeds of the Series 2015 Bonds as soon as practicable for the purposes for which the Series 2015 Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Series 2015 Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the Series 2015 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

The City covenants that it will pay or provide for the payment from time to time of all arbitrage rebate to the United States pursuant to Section 148(f) of the Code and the Federal Tax Certificate. This covenant shall survive payment in full or defeasance of the Series 2015 Bonds. The Federal Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the Series 2015 Bonds.

The City covenants that it will not use any portion of the proceeds of the Series 2015 Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any Series 2015 Bond to be a “private activity bond” within the meaning of Section 141 of the Code.

Senior Lien Bonds

The City covenants and agrees that so long as any of the Series 2015 Bonds remain Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the City for the payment of moneys determined in accordance with generally accepted accounting principles including capital leases as defined by generally accepted accounting principles, payable out of the net income and revenues of the System or any part thereof which are superior to the Series 2015 Bonds.

Parity Lien Bonds

The City covenants and agrees that so long as any of the Series 2015 Bonds remain Outstanding, it will not issue any Parity Bonds payable out of the Net Revenues of the System or any part thereof which stand on a parity or equality with the Series 2015 Bonds (“Parity Bonds”) unless the following conditions are met:

(1) The City is not in default in the payment of principal or interest on the Series 2015 Bonds or any Parity Bonds or in making any deposit into the funds and accounts under the Bond Ordinance or any Parity Ordinance; and

(2) The additional facility or facilities (if any) to be built or acquired from the proceeds of the Additional Bonds is, or will be, a part of the System, and its Net Revenues are pledged as additional security for the Additional Bonds and all System Revenue Bonds; and

(3) The City provides a certificate showing either of the following:

(A) A certificate of an authorized officer of the City certifying that the Revenues Available For Debt Service of any 12 consecutive calendar months out of the 24 calendar months immediately preceding the issuance of such proposed Additional Bonds, are not less than one and twenty-five percent (125%) of the maximum total Debt Service Requirement for any succeeding Fiscal Year on all Parity Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds. In the event any adjustment of rates with respect to the System has become effective subsequent to the beginning of the 12-month period selected for such calculation, the authorized officer may adjust the Revenues Available For Debt Service by adding thereto an estimate of such additional Revenues Available For Debt Service for such 12 month period which would have resulted had such rate adjustment been in effect for the entire period; or

(B) A Certificate of a Consulting Engineer certifying that the estimated Revenues Available For Debt Service for the Fiscal Year immediately following the year in which the project, the cost of construction of which is being financed by such Additional Bonds, is to be in commercial operation (or for the Fiscal Year immediately following the year in which such Additional Bonds are issued, if no project is to be financed thereby) are

not less than one and twenty-five percent (125%) of the maximum total Debt Service Requirement for any succeeding Fiscal Year on all Parity Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds. The Consulting Engineer may adjust the estimated Revenues Available For Debt Service by adding thereto any estimated increase in revenue resulting from any increase in water and electric rates which, in the opinion of the Consulting Engineer, are economically feasible and reasonably considered necessary based on projected operations of the System. Additional Bonds may be issued notwithstanding the restrictions upon the issuance of Additional Bonds set out in this subparagraph, if in the opinion of the Consulting Engineer, the proceeds of such Additional Bonds are necessary to repair any damage or loss to the System if the System has been destroyed or damaged by disaster to such an extent that it cannot be operated or if it is necessary to keep the System in good operating condition after such damage or loss; and

(4) the City complies with the provisions of any Parity Ordinances relating to the issuance of Parity Bonds.

Junior Lien Bonds and Other Obligations

Nothing shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the facility and benefiting the System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the revenues of the System, provided at the time of the issuance of such additional revenue bonds or obligations the City is not in default in the performance of any covenant or agreement contained in the Bond Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Series 2015 Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Series 2015 Bonds, or if the City is in default in making any payments required to be made by it under the provisions of the Bond Ordinance, the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or obligations out of moneys in the System Revenue Fund.

Refunding Bonds

The City shall have the right, without complying with the provisions of the Bond Ordinance, to refund any of the Series 2015 Bonds or any Parity Bonds under the provisions of any law then available in a manner which provides present value debt service savings, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Series 2015 Bonds or the Parity Bonds which are not refunded, if any, upon the Net Revenues of the System.

Acceleration of Maturity Upon Default

The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Series 2015 Bonds as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of the Bond Ordinance or of the constitution or statutes of the State of Missouri, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the Registered Owner of any Series 2015 Bond then Outstanding, then, at any time thereafter and while such default continues, the Registered Owners of 25% in principal amount of the Series 2015 Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Series 2015 Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Series 2015 Bonds shall become and be immediately due

and payable, anything in the Bond Ordinance or in the Series 2015 Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Series 2015 Bonds, except interest accrued but not yet due on such Series 2015 Bonds, and all arrears of principal upon all of said Series 2015 Bonds has been paid in full and all other defaults, if any, by the City under the provisions of the Bond Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as specified in the Bond Ordinance may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Other Remedies

The provisions of the Bond Ordinance, including the covenants and agreements contained in the Bond Ordinance, shall constitute a contract between the City and the Registered Owners of the Series 2015 Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Series 2015 Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Series 2015 Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Ordinance or by the Constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Series 2015 Bonds.

Limitation on Rights of Bondowners

No one or more Bondowners secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Ordinance, or to enforce any right under the Bond Ordinance, except in the manner provided in the Bond Ordinance, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Series 2015 Bonds.

No Obligation to Levy Taxes

Nothing contained in the Bond Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred in the Bond Ordinance or to pay the principal of or interest on the Series 2015 Bonds.

Defeasance

When any or all of the Series 2015 Bonds or the interest payments thereon have been paid and discharged, then the requirements contained in the Bond Ordinance and the pledge of revenues made under the Bond Ordinance and all other rights granted shall terminate with respect to the Series 2015 Bonds so paid and discharged. Series 2015 Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or

prior to the Stated Maturity or Redemption Date of said Series 2015 Bonds, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Series 2015 Bonds, and/or interest to accrue on such Series 2015 Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments.

Amendments

The Continuing Disclosure Instructions are exempt from the provisions of this Section and are subject to amendment and modification only as provided therein. The rights and duties of the City and the Bondowners, and the terms and provisions of the Series 2015 Bonds or of the Bond Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Series 2015 Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Series 2015 Bond;
- (b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Series 2015 Bond;
- (c) permit the creation of a lien on the Net Revenues of the System prior or equal to the lien of the Series 2015 Bonds or Parity Bonds;
- (d) permit preference or priority of any Series 2015 Bonds over any other Series 2015 Bonds; or
- (e) reduce the percentage in principal amount of Series 2015 Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

Any provision of the Series 2015 Bonds or of the Bond Ordinance may, however, be amended or modified by ordinance duly adopted by the governing body of the City at any time in any respect with the written consent of the Registered Owners of all of the Series 2015 Bonds at the time Outstanding.

Without notice to or the consent of any Bondowners, the City may amend or supplement the Bond Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the security of the Bondowners.

SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING

The following is a summary of certain provisions of the Continuing Disclosure Undertaking. The following is not a comprehensive description, however and is qualified in its entirety by reference to the Continuing Disclosure Undertaking for a full recital of the provisions thereof.

Definitions

In addition to the definitions set forth in the Bond Ordinance, which apply to any capitalized term used in the Continuing Disclosure Undertaking unless otherwise defined below, the following capitalized terms have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, the Continuing Disclosure Undertaking.

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

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures.

“Material Events” means any of the events listed in the Continuing Disclosure Undertaking.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” means the MSRB.

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

Provision of Annual Reports

The City shall, not later than 180 days after the end of the City’s fiscal year, provide to the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):

(1) The audited financial statements of the City for the prior fiscal year prepared in accordance with the accounting principles described in the notes to the financial statements included as part of the Official Statement for the Bonds and audited by its independent auditors (or if not available as of such date, the unaudited financial statements of the City and as soon thereafter as available such audited financial statements of the City); and

(2) To the extent not otherwise included in the City’s audited financial statements, updates as of the end of the fiscal year of the financial information and operating data contained in **Appendix A** to the final Official Statement for the Bonds in substantially the scope and form contained in such Appendix in the tables labeled or identified as follows, which information may be contained in the audited financial statements of the City or any schedules supplemental thereto:

- A. All of the tables under the heading **“FINANCIAL INFORMATION CONCERNING THE CITY.”**
- B. All of the tables under the heading **“PROPERTY TAX INFORMATION CONCERNING THE CITY.”**
- C. The information contained in the table **“Water and Electric Utility Fund - Historical and Projected Schedule of Operating Revenues and Expenses”** under the heading **“THE SYSTEM”** for the most recently ended fiscal year (located in the body of the Official Statement).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an **“obligated person”** (as defined by the Rule), which have been provided to the MSRB and is available through EMMA or to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; *provided* that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event.

Reporting of Material Events

Pursuant to the provisions of the Continuing Disclosure Undertaking, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds, if material (**“Material Events”**):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the City has not submitted the Annual Report to the MSRB by the date required above, the City shall send a notice to the MSRB of the failure of the City to file on a timely basis the Annual Report.

Termination of Reporting Obligation

The City's obligations under the Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations under the Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with the Continuing Disclosure Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Material Event.

Designated Agents

The City may, from time to time, appoint or designate one or more agents (each, a "designated agent") to submit Annual Reports, Material Event notices, and other notices or reports with the MSRB.

Amendment; Waiver

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the City may amend the Continuing Disclosure Undertaking and any provision of the Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in United States securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking.

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

Additional Information

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

Default

If the City fails to comply with any provision of the Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to

comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking shall not be deemed an event of default under the Bond Ordinance or the Bonds, and the sole remedy under the Continuing Disclosure Undertaking in the event of any failure of the City to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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

General. The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the **"Book-Entry System"**) maintained by The Depository Trust Company (**"DTC"**), 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 each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book Entry Only System, as described below.

DTC and its Participants. DTC, the world's largest 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. DTC holds and provides asset servicing for over 3.5 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (**"Beneficial Owner"**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of

Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 Ordinance. 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 Paying Agent 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 within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Payments of Principal, Redemption Price and Interest. Payment of principal or redemption price of 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 City or the Paying Agent, on the payment 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, its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized

representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described in the Bond Ordinance.

RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE CITY AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF, AND NEITHER THE PARTICIPANTS NOR THE BENEFICIAL OWNERS SHOULD RELY ON THE FOREGOING INFORMATION WITH RESPECT TO SUCH MATTERS BUT SHOULD INSTEAD CONFIRM THE SAME WITH DTC OR THE PARTICIPANTS, AS THE CASE MAY BE.