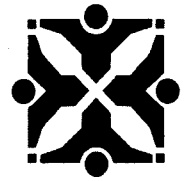


City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: B133-14

Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: May 19, 2014

Re: Ordinance Authorizing the Issuance of Water and Electric System Revenue Refunding Bond Series 2014A.

Documents Included With This Agenda Item

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

Supporting documentation includes: None

Executive Summary

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

Discussion

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

Fiscal Impact

Short-Term Impact: N/A

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

Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Governance and Decision Making

Strategic Plan Impact: Financial Health

Comprehensive Plan Impact: Not Applicable

Suggested Council Action

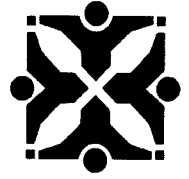
Approve the attached ordinance.

Legislative History

N/A

City of Columbia

701 East Broadway, Columbia, Missouri 65201



John Blattel

Department Approved

Mike Marts

City Manager Approved

ORDINANCE NO. _____

OF

THE CITY OF COLUMBIA, MISSOURI

Adopted _____, 2014

Authorizing

WATER AND ELECTRIC SYSTEM

REVENUE REFUNDING BONDS

2014 SERIES A

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Introduced by _____

First Reading _____

Second Reading _____

Ordinance No. _____

Council Bill No. B 133-14

AN ORDINANCE

authorizing the issuance and sale of Water and Electric System Revenue Refunding Bonds, 2014 Series A, of the City of Columbia, Missouri, for the purpose of refunding of the refunded bonds as described herein; prescribing the form and details of said bonds and the covenants and agreements made by the city to facilitate and protect the payment thereof; and prescribing other matters relating thereto; and fixing the time when this ordinance shall become effective.

WHEREAS, the City of Columbia, Missouri, a municipal corporation duly created, organized and existing under and by virtue of the laws of the State of Missouri and its home rule charter (the “**City**”), owns and operates a revenue producing municipal water and electric light works system (the “**System**”) serving the City and its inhabitants; and

WHEREAS, the System is operated as one plant and under one management, and the revenues produced by the water facilities and the revenues produced by the electric facilities are accounted to a common fund; and

WHEREAS, the City is fully authorized by its Charter and the Constitution and laws of the State of Missouri, including particularly Section 27 of Article VI of the Constitution of Missouri (the “**Act**”) to issue its Bonds as hereinafter described; and

WHEREAS, on February 27, 2003, the City issued and delivered \$8,950,000 principal amount of Water and Electric System Revenue Refunding Bonds, 2003 Series A (the “**2003 Series A Bonds**”), pursuant to Ordinance No. 017571 adopted on February 3, 2003 (the “**2003 Bond Ordinance**”), for the purpose of refunding certain Outstanding Bonds; and

WHEREAS, on March 15, 2004, the City Council of the City adopted Ordinance No. 018028 (the “**Master Ordinance**”) 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; and

WHEREAS, on March 30, 2004, the City issued and delivered \$17,095,000 principal amount of Water and Electric System Improvement Revenue Bonds, 2004 Series A (the “**2004 Series A Bonds**”), pursuant to Ordinance No. 018028 adopted on March 15, 2004 (the “**2004 Bond Ordinance**”), for the purpose of paying the cost of extending, expanding, improving, repairing, replacing and equipping the System; and

WHEREAS, on May 17, 2005, the City issued and delivered \$30,630,000 aggregate principal amount of Water and Electric System Refunding and Improvement Bonds, 2005 Series A (the “**2005 Series A Bonds**”), pursuant to Ordinance No. 018501 adopted May 2, 2005 (the “**2005 Bond Ordinance**”), for the purpose of refinancing a portion of the Series 2005A Bonds and of paying the cost of extending, expanding, improving, repairing, replacing and equipping the System; and

WHEREAS, on September 21, 2009, the City issued and delivered \$16,725,000 principal amount of Water and Electric System Improvement Revenue Bonds, 2009 Series A (the “**2009 Series A Bonds**”), pursuant to Ordinance No. 020419 adopted on September 21, 2009 (the “**2009 Bond Ordinance**”), for the purpose of paying the cost of extending, expanding, improving, repairing, replacing and equipping the System; and

WHEREAS, on May 17, 2011, the City issued and delivered \$84,180,000 principal amount of Water and Electric System Improvement Revenue Bonds, 2011 Series A (the “**2011 Series A Bonds**”), pursuant to Ordinance No. 020954 adopted on May 2, 2011 (the “**2011 Bond Ordinance**”), for the purpose of paying the cost of extending, expanding, improving, repairing, replacing and equipping the System; and

WHEREAS, the Outstanding 2003 Series A Bonds and 2004 Series A Bonds (collectively, 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 redemption dates established by the City (the “**Redemption Dates**”) on or after the following dates:

2003 Series A Bonds: December 1, 2011

2004 Series A Bonds: October 1, 2014

and the City is desirous of issuing bonds to refund the Refunded Bonds in order to realize debt service savings and to restructure the indebtedness of the City to provide for the more efficient and economical management thereof; and

WHEREAS, the City now finds it necessary and in the best interests of the City to adopt this 2014 Bond Ordinance (the “**2014 Bond Ordinance**”) authorizing the issuance of the City’s Water and Electric System Revenue Refunding and Improvement Bonds, 2014 Series A, for the purpose of refunding of the Refunded Bonds; and

WHEREAS, the City Council of the City does hereby determine that the City now issue the 2014 Series A Bonds for such purpose; and

WHEREAS, the 2014 Series A Bonds will be issued on a parity with the 2005 Series A Bonds, the 2009 Series A Bonds and the 2011 Series A Bonds (collectively the “**Outstanding Parity Bonds**”); and

WHEREAS, in the ordinances pursuant to which the Outstanding Parity Bonds were issued (the “**Outstanding Parity Bond Ordinances**”), the City covenanted that no Additional Bonds (other than Refunding Bonds) or other obligations would be issued on a parity with the

Bonds Outstanding unless Revenues Available for Debt Service (as defined in the Master Ordinance) or estimated Revenues Available for Debt Service, adjusted as provided in the Master Ordinance, for certain 12-month periods described in the Master Ordinance, were not less than one and twenty-five hundredths times the maximum total Debt Service for any succeeding Fiscal Year on all Bonds which would be Outstanding immediately after the issuance of the proposed Additional Bonds (as such capitalized terms are defined in the Master Ordinance); and

WHEREAS, the City has complied with the provisions of the Outstanding Parity Bond Ordinances described in the preceding paragraph, and, prior to the issuance of the 2014 Series A Bonds, the City will obtain a certificate of an Authorized Officer (as herein defined) of the City evidencing such compliance; and

WHEREAS, the City Council of the City has heretofore determined that it is in the best interest of the City to sell said 2014 Series A Bonds at a public sale and said bonds have been duly sold at public sale; and

WHEREAS, bids for the aforesaid 2014 Series A Bonds were received on _____, 2014 and the best offer therefor was submitted by [PURCHASER], which bid should now be accepted; and

WHEREAS, it is hereby found and determined that it is necessary and advisable and in the best interest of the City and of its inhabitants that revenue bonds be issued and secured in the form and manner as hereinafter provided to provide funds for the purpose hereinafter set forth.

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

ARTICLE I DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined in the Recitals hereto and elsewhere in this 2014 Bond Ordinance, the following words and terms as used in this 2014 Bond Ordinance shall have the following meanings:

“2014 Series A Bonds” or the **“Bonds”** means the City’s Water and Electric System Revenue Refunding Bonds, 2014 Series A.

“2014 Bond Account” means the Principal and Interest Account for Water and Electric System Revenue Refunding Bonds, 2014 Series A, created in **Section 501** of this 2014 Bond Ordinance.

“2014 Bond Ordinance” means this Ordinance No. _____ adopted on _____, 2014, which authorizes \$14,610,000* principal amount of Water and Electric System Revenue Refunding Bonds, 2014 Series A of the City.

“2014 Bond Reserve Account” means the Reserve Account for Water and Electric System Revenue Refunding Bonds, 2014 Series A, created in **Section 501** of this 2014 Bond Ordinance.

“2014 Rebate Account” means the Water and Electric System Refunding Revenue Bond Rebate Account, 2014 Series A created in **Section 501** of this 2014 Bond Ordinance.

“2014 Reserve Requirement” means initially \$_____ and thereafter the reserve requirement for the 2014 Series A Bonds redetermined in accordance with **Section 602** hereof.

“Act” means the City’s Charter and the Constitution and laws of the State of Missouri, including particularly Section 27 of Article VI of the Constitution of Missouri.

“Additional Bonds” means any bonds issued as Parity Bonds pursuant to the provisions hereof.

“Beneficial Owner” means any person for which a Participant acquires an interest in any Bond.

“Bond Counsel” means Thompson Coburn LLP, St. Louis, Missouri, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

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

“Business Day” means a day on which financial institutions located in New York, New York or St. Louis, Missouri are not required or authorized to remain closed.

“City” means the City of Columbia, Missouri.

“City Council” means the City Council of the City.

“Code” means the Internal Revenue Code of 1986, as amended and the applicable regulations of the Treasury Department proposed or promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

* Preliminary, subject to change.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement executed by the City and dated the date of issuance and delivery of the 2014 Series A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cumulative Reserve Requirement Bonds” means the 2005 Series A Bonds and the 2009 Series A Bonds.

“Defaulted Interest” means interest on any 2014 Series A Bond which is payable but not paid on any Interest Payment Date.

“Depository” means the depository of each fund established under the 2014 Series A Bond Ordinance, and any successor depository of such fund hereafter designated by the City from time to time by Supplemental Ordinance.

“Dissemination Agent” means UMB Bank N.A., and any successor or assigns.

“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 Agreement dated as of the date of issuance and delivery of the 2014 Series A Bonds between the City and the Escrow Agent.

“Financial Advisor” means Columbia Capital Management, LLC.

“Fitch” means Fitch, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“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.

“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 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.

“Original Purchaser” means [PURCHASER].

“Outstanding” means, when used in reference to System Revenue Bonds, all System Revenue Bonds which have been duly authenticated and delivered, with the exception of (a) System Revenue Bonds in lieu of which other System Revenue Bonds have been issued under agreement to replace lost, mutilated, stolen, or destroyed obligations, (b) System Revenue Bonds surrendered by the owners in exchange for other System Revenue Bonds hereunder, and (c) System Revenue Bonds for the payment of which provision has been made in accordance with the ordinances pursuant to which such System Revenue Bonds were issued.

“Outstanding Parity Bonds” means the 2005 Series A Bonds, the 2009 Series A Bonds and the 2011 Series A Bonds.

“Parity Bonds” means the Outstanding Parity Bonds, the 2014 Series A Bonds, and any Additional Bonds issued from time to time and secured on a parity basis by the Net Revenues.

“Paying Agent and Bond Registrar” means UMB Bank N.A., in St. Louis, Missouri, and its successors and assigns.

“Payment Date” means each date on which interest or principal is to become due on any Bonds, by maturity or mandatory sinking fund redemption, as established in this 2014 Bond Ordinance 2014 Series A.

“Permitted Investments” means the following to the extent permitted by Missouri law, and with respect to the 2014 Series A 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 S&P 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 S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody’s or S&P 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 S&P.

(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 Corporation and Moody’s Investor Services, or
 - b. Banks rated “A” or above by Standard & Poor’s Corporation and Moody’s Investor Services.
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.

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

“Record Date” means the fifteenth day (whether or not a business day) of the calendar month next preceding an interest payment date.

“Redemption Date” means the respective date established by the City for redemption of each series of Refunded Bonds.

“Refunded Bonds” means the 2003 Series A Bonds and the 2004 Series A Bonds.

“Renewal and Replacement Account” means the Renewal and Replacement Reserve Account ratified and confirmed in **Section 502** of this 2014 Bond Ordinance.

“Renewal and Replacement Requirement” shall mean, so long as the Outstanding 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.

“Reserve Account Credit Facility” means any letter of credit, insurance policy, line of credit, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of the 2014 Bond Ordinance, thereby fulfilling all or a portion of the reserve requirement.

“Reserve Account Credit Facility Provider” means any provider of a Reserve Account Credit Facility.

“Revenues” means all revenues, income and rents accrued by the City from the ownership and operation of the System and the proceeds of any insurance covering business

interruption loss relating to the System, including interest received on any moneys or securities held pursuant to the Ordinance and paid into the Water and Electric Account.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of Standard & Poor’s Financial Services LLC, a part of McGraw Hill Financial, Inc., 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, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the City Council.

“Stated Maturity” when used with respect to any 2014 Series A Bond or any installment of interest thereon means the date specified in such 2014 Series A Bond and this 2014 Bond Ordinance as the fixed date on which the principal of such 2014 Series A Bond or such installment of interest is due and payable.

“Subordinate Bonds” means any 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 this 2014 Bond Ordinance. System as used in the 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 Outstanding Parity Bonds, the 2014 Series A Bonds, any Additional Bonds secured on a parity basis by the Net Revenues and any Subordinate Bonds.

“System Revenue Fund” means the System Revenue Fund ratified and confirmed in **Section 502** of this 2014 Bond Ordinance.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of the date of issuance of the 2014 Series A Bonds, between the City and the Bond Registrar / Paying Agent, as from time to time amended in accordance with the provisions thereof.

“Term Bonds” means Bonds which mature on one principal Maturity Date yet a portion of which are required to be redeemed, prior to maturity, under a schedule of mandatory redemptions established by the 2014 Series A Bond Ordinance.

Section 102. Authority for 2014 Bond Ordinance. This 2014 Bond Ordinance is adopted pursuant to the provisions of the Act, and is amendatory and supplemental to, and is authorized, executed and delivered in accordance with, Article II and Article X of the Master Ordinance.

Section 103. Applicability of Master Ordinance and 2014 Bond Ordinance. Except as otherwise provided in this 2014 Bond Ordinance, the provisions of the Master Ordinance are hereby ratified, approved and confirmed and incorporated herein and shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the 2014 Series A Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof.

ARTICLE II AUTHORIZATION AND SALE OF THE 2014 SERIES A BONDS

Section 201. Authorization of the 2014 Series A Bonds. There is hereby authorized to be issued, sold and delivered a series of Water and Electric System Revenue Refunding Bonds, 2014 Series A, of the City in the principal amount of \$14,610,000* (the “**Bonds**” or the “**2014 Series A Bonds**”) for the purpose of (i) refunding the Refunded Bonds, (ii) making the necessary deposit to the 2014 Bond Reserve Account and (iii) paying certain costs incurred in connection with the issuance of the 2014 Series A Bonds, as provided in this 2014 Bond Ordinance. The 2014 Series A Bonds shall be dated as of their date of initial issuance and delivery. Each 2014 Series A Bonds shall be numbered in a convenient manner, established by the Bond Registrar and shown by the Bond Register.

The 2014 Series A Bonds and the Bond Registrar’s Certificate of Authentication shall be in substantially the form set forth in **Exhibit A** attached hereto, with such variations, omissions, substitutions and insertions as are required or permitted by this 2014 Bond Ordinance.

The 2014 Series A Bonds shall bear interest at the rates per annum set forth below, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on each April 1 and October 1 of each year, beginning October 1, 2014, and shall mature annually on October 1 in the years and in the principal amounts as follows, unless earlier called for redemption:

SERIAL BONDS

Maturity	Principal Amount	Interest Rate
10/1/2014		
10/1/2015		
10/1/2016		
10/1/2017		
10/1/2018		
10/1/2019		

* Preliminary, subject to change.

10/1/2020		
10/1/2021		
10/1/2022		
10/1/2023		
10/1/2024		
10/1/2025		
10/1/2026		
10/1/2027		
10/1/2028		

TERM BONDS

Maturity	Principal Amount	Interest Rate
10/1/20__		

Section 202. Award of Sale of the 2014 Series A Bonds.

(a) The City offered the 2014 Series A Bonds at competitive public sale and bids for the 2014 Series A Bonds were received by the City on _____, 2014, in the manner as provided in the Notice of Sale.

(b) Pursuant to the Notice of Sale the following Bids were submitted to the City for the purchase of the Water and Electric System Revenue Refunding Bonds, 2014 Series A:

Rank	Firm	TIC	+ Discount/(Premium)	Total Interest
1st				
2nd				
3rd				
4th				
5th				

(c) The bid of [PURCHASER] is accepted as the best bid submitted for the purchase of \$14,610,000* Water and Electric System Revenue Refunding Bonds, 2014 Series A of the City, and the officers of the City and the Finance Director are authorized to enter into a contract selling the 2014 Series A Bonds to the purchaser on the basis of said bid and the terms specified in the Notice of Sale.

(d) The 2014 Series A Bonds, are hereby awarded to [PURCHASER] at a purchase price of \$_____ (which is equal to 100% of the principal amount of the 2014 Series A Bonds, plus a premium of \$_____, less a discount of \$_____), plus accrued interest to the date of delivery of said 2014 Series A Bonds and at a true interest cost of _____%.

Section 203. Preliminary and Final Official Statements. The Preliminary Official Statement, in substantially the form on file with the City Clerk, is hereby ratified and approved with such changes in said Preliminary Official Statement as shall be approved by the Director of Finance of the City. The final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction and as shall be approved by the Director of Finance of the City. The City Manager and Director of Finance of the City are hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Original Purchaser in connection with the reoffering of the 2014 Series A Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement, dated as of the date of payment for and delivery of the 2014 Series A Bonds.

For the purpose of enabling the Original Purchaser to comply with the requirements of Rule 15c2 12(b)(1) of the Securities and Exchange Commission, the City Council hereby authorizes the Director of Finance to deem 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 the Director of Finance is hereby authorized, if requested, to provide the Original Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officer in his reasonable judgment deem necessary to enable the Original Purchaser to comply with the requirement of such Rule.

The City agrees to provide to the Original Purchaser within seven business days of the date of the sale of Bonds 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 City Council.

* Preliminary, subject to change.

Section 204. Security for the 2014 Series A Bonds. The 2014 Series A Bonds and the interest thereon shall constitute special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues derived from the operation and ownership of the System (excluding amounts payable to the United States pursuant to Section 148 of the Code) and other funds herein pledged, and such obligations shall not constitute general obligations or an indebtedness of the State of Missouri, the City, the City Council or of the individual members of the City Council. The Bondowners of the 2014 Series A Bonds shall have no right to demand payment out of funds raised or to be raised by taxation or appropriation.

The covenants and agreements of the City Council contained herein and in the 2014 Series A Bonds shall be for the equal benefit, protection, and security of the legal Bondowners of any or all of the 2014 Series A 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 revenues herein pledged to the payment of the principal of and the interest on the 2014 Series A Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this 2014 Bond Ordinance.

The 2014 Series A Bonds shall stand on a parity and shall be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues of the System and in all other respects with the Outstanding Parity Bonds and any additional Parity Bonds issued from time to time. The 2014 Series A Bonds shall not have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the Outstanding Parity Bonds nor over any other Water and Electric System Revenue Refunding Bonds of the City hereafter issued in accordance with the provisions of this 2014 Bond Ordinance and standing on a parity with the 2014 Series A Bonds, nor shall the Outstanding Parity Bonds or any other Water and Electric System Revenue Refunding Bonds of the City hereafter issued have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the 2014 Series A Bonds.

Section 205. Description of the 2014 Series A Bonds. The 2014 Series A Bonds shall consist of fully registered bonds without coupons, numbered from R-1 consecutively upward in order of issuance, in the denomination of \$5,000 or any integral multiple thereof. The 2014 Series A Bonds shall be substantially in the form set forth in Exhibit A hereto, and shall be subject to registration, transfer and exchange as provided in Section 208 hereof. The 2014 Series A Bonds shall be dated the date of their original issuance and delivery to the Original Purchaser.

Section 206. Designation of Paying Agent and Bond Registrar. UMB Bank N.A., in St. Louis, Missouri, is hereby designated as the City's paying agent for the payment of principal of, redemption premium, if any, and interest on the 2014 Series A Bonds and bond registrar with respect to the registration, transfer and exchange of 2014 Series A Bonds (the "**Paying Agent and Bond Registrar**"). The City Manager and City Clerk are hereby authorized to execute on behalf of the City an agreement with said bank to act as Paying Agent and Bond Registrar for the 2014 Series A Bonds. The Paying Agent and Bond Registrar shall be paid the usual fees for its services in connection therewith, which said fees shall be paid as other Operating Expenses of the System are paid.

Section 207. Method and Place of Payment and Registration, Transfer and Exchange of 2014 Series A Bonds. The principal of, redemption premium, if any, and interest on the 2014 Series A Bonds shall be payable and shall be subject to registration, transfer and exchange in the manner as provided in the Master Ordinance.

Section 208. Execution, Authentication and Delivery of the 2014 Series A Bonds. The 2014 Series A Bonds shall be executed in the manner set forth in the Master Ordinance and delivered to the Bond Registrar for authentication and delivery to the Original Purchaser, but prior to or simultaneously with the authentication and delivery of the 2014 Series A Bonds by the Bond Registrar the following documents shall be filed with the Bond Registrar: (1) An opinion of Bond Counsel, which may appear on the 2014 Series A Bonds, to the effect that (i) the City has the right and power under the Act as amended to the date of such opinion to adopt this 2014 Bond Ordinance, and this 2014 Bond Ordinance has been duly and lawfully adopted by the City, is in full force and effect and is valid and binding upon the City and enforceable in accordance with its terms, and no other authorization for this 2014 Bond Ordinance is required; (ii) this 2014 Bond Ordinance creates the valid pledge and security interest which it purports to create of the Revenues, moneys, securities and funds held or set aside under this 2014 Bond Ordinance, subject to the application thereof to the purposes and on the conditions permitted by this 2014 Bond Ordinance; and (iii) the 2014 Series A Bonds are valid and binding obligations of the City as provided in this 2014 Bond Ordinance, enforceable in accordance with their terms and the terms of this 2014 Bond Ordinance and entitled to the benefits of this 2014 Bond Ordinance and of the Act as amended to the date of such opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such opinion, and in accordance with this 2014 Bond Ordinance; provided, however, that such Bond Counsel may qualify such opinion, insofar as the same relates to enforceability with respect to bankruptcy or other similar laws relating to the enforcement of creditors' rights generally;

(2) A copy of this 2014 Bond Ordinance authorizing the 2014 Series A Bonds, certified by the City Clerk, which shall specify or provide the manner of determining: (a) The maximum authorized principal amount, designation and Series of the 2014 Series A Bonds; (b) The purposes for which such 2014 Series A Bonds are being issued; (c) The date, and the maturity date or dates, of the 2014 Series A Bonds, provided that each maturity date shall fall upon an interest payment date; (d) The interest rate or rates of the 2014 Series A Bonds, and the interest payment dates therefor; (e) The denominations of and the manner of dating, numbering and lettering the 2014 Series A Bonds; (f) The Paying Agent or Paying Agents and Bond Registrar, and the manner and place or places of payment of the principal and redemption price, if any, of, and interest on, the 2014 Series A Bonds; (g) The redemption price or prices, if any, or provisions for determining redemption price or prices, if any, and, the redemption terms for the 2014 Series A Bonds or provisions for the redemption of the 2014 Series A Bonds; (h) If so determined by the City, provisions for the sale of the 2014 Series A Bonds; (i) The forms of the 2014 Series A Bonds and the Certificate of Authentication to be endorsed thereon; and (j) The amount, if any, to be deposited in the reserve account with respect to such series;

(3) A certificate of an Authorized Officer of the City stating that the City is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Outstanding Parity Bond Ordinances;

(4) A request and authorization to the Paying Agent and Bond Registrar on behalf of the City, executed by an Authorized Officer of the City, to authenticate the 2014 Series A Bonds and deliver the 2014 Series A Bonds to the Original Purchasers therein identified upon payment to the City of the purchase price thereof, the Paying Agent and Bond Registrar being entitled to conclusively rely upon such request and authorization as to the names of the Original Purchasers and the amount of such purchase price; and

(5) Such further documents, moneys and securities as are required by the provisions of this 2014 Bond Ordinance.

Section 209. Book Entry Bonds; Securities Depository.

(a) The Bonds shall be initially issued as one single authenticated fully-registered bond for each maturity of each series. Upon initial issuance, the ownership of such Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of the Securities Depository. The Bond Registrar and the City may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, giving any notice permitted or required to be given to Registered Owners of Bonds under this 2014 Bond Ordinance, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Bond Registrar nor the City shall be affected by any notice to the contrary. Neither the Bond Registrar nor the City shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any Participant, or any other Person which is not shown on the Bond Register kept by the Bond Registrar as being an Bondowner of any Bonds, with respect to the accuracy of any records maintained by the Securities Depository or any Participant, with respect to the payment by the Securities Depository or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to Bondowners of Bonds under this 2014 Bond Ordinance or with respect to any consent given or other action taken by the Securities Depository as Bondowner of the Bonds. The Paying Agent shall pay all principal of and interest on the Bonds only to Cede & Co. or any successor nominee of the Securities Depository in accordance with the Representation Letter, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No Person other than the Securities Depository, or the Bond Registrar as agent of the Securities Depository, shall receive an authenticated Bond evidencing the obligation of the City to make payments of principal and interest while Bonds are in book entry form. Upon delivery by the Securities Depository to the Bond Registrar of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (d) hereof.

(b) If the Participants holding a majority interest in the Bonds determine that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, such Participants may notify the Securities Depository and the Bond Registrar, whereupon the Securities Depository shall notify all Participants of the availability through the Securities Depository of Bond certificates. In such event, the Bonds will be transferable in accordance with paragraph (d) hereof. The Securities Depository may determine to discontinue providing its

services with respect to the Bonds at any time by giving notice to the City and the Bond Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (d) hereof. The Bond Registrar may rely on information from the Securities Depository or any Participant as to the principal amount held by and the names and addresses of the Beneficial Owners of the Bonds.

(c) Notwithstanding any other provision of this 2014 Bond Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Securities Depository, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Securities Depository as provided in the Representation Letter.

(d) In the event that any transfer or exchange of Bonds is permitted under paragraph (a) or (b) hereof, such transfer or exchange shall be accomplished upon receipt by the Bond Registrar from the Bondowners thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this 2014 Bond Ordinance. In the event Bonds are issued to holders other than Cede & Co., its successor as nominee for the Securities Depository as holder of all the Bonds, or other securities depository as holder of all the Bonds, the provisions of this 2014 Bond Ordinance shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds and the method of payment of principal of and interest on such Bonds.

Section 210. Continuing Disclosure Agreement. The City is authorized to enter into a Continuing Disclosure Agreement in connection with the issuance of the Bonds. The City Manager is authorized to execute the Continuing Disclosure Agreement with such changes therein as such official deems appropriate, for and on behalf of and as the act and deed of the City.

Section 211. Tax Compliance Agreement. The City Manager or Director of Finance of the City is hereby authorized and directed to execute the Tax Compliance Agreement with such changes therein as such official deems appropriate, for and on behalf of and as the act and deed of the City. The City Council of the City hereby approves the form of such Tax Compliance Agreement on file with the City Clerk.

ARTICLE III REDEMPTION OF BONDS

Section 301. Redemption.

(a) *Optional Redemption.* At the option of the City, the Bonds maturing on October 1, 2023 and thereafter are subject to optional redemption and payment prior to their Maturity, on October 1, 2022, and thereafter, in whole 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, at a redemption price of 100% of the principal amount being redeemed, without premium, together with accrued interest thereon to the date of redemption.

(b) *Mandatory Sinking Fund Redemption.* The Bonds maturing October 1, 20__ (collectively, the “Term Bonds”), shall be subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of this Section, at the principal amount thereof plus accrued interest to the redemption date, without premium. The City shall redeem, on October 1 in each of the following years, the following principal amounts of such Term Bonds:

	Principal
Year	Amount

* Maturity

The Paying Agent shall, in each year in which Term Bonds are to be redeemed pursuant to the terms of this Section, make timely selection of such Term Bonds or portions thereof to be so redeemed and shall give notice thereof as provided in this Article without further instructions from the City. The Paying Agent may, upon instructions from the City, use moneys on hand in the Debt Service Account for the Bonds at any time to purchase Term Bonds in the open market at a price not in excess of their principal amount plus accrued interest, and each Term Bond so purchased shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same maturity on the next mandatory redemption date applicable to such Term Bonds, and the principal amount of Term Bonds of such maturity to be redeemed by operation of this Section shall be reduced accordingly. At its option, to be exercised on or before the 60th day next preceding October 1 in the years in which Term Bonds are required by the terms of this Section to be redeemed, the City may: (i) deliver to the Paying Agent for cancellation Term Bonds in the aggregate principal amount desired; or (ii) furnish to the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any of said Term Bonds from any Owner thereof whereupon the Paying Agent shall expend such funds for such purposes to such extent as may be practical; or (iii) receive a credit in respect to the mandatory redemption obligation of the City under this Section for any Term Bonds of the same maturity which prior to such date have been redeemed (other than through the operation of the requirements of this Section) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this Section. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same maturity on such redemption date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same maturity in chronological order and the principal amount of Term Bonds of the same maturity to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise the option granted by the provisions of clauses (i), (ii) or (iii) of this paragraph, the City will, on or before the 60th day next preceding each October 1 in the years in which Term Bonds are required by the terms of this Section to be redeemed, furnish the Paying Agent a certificate signed by a representative of the City indicating to what extent the provisions of said clauses (i), (ii) and (iii) are to be complied with in respect to such mandatory redemption payment.

Section 302. Notice of Redemption. Notice of the City's intent to redeem Bonds (including, when only a portion of the Bonds are to be redeemed, the maturities of such Bonds and the principal amounts thereof) shall be given by or on behalf of the City by United States registered or certified mail, postage prepaid, to the Paying Agent, said notice to be mailed not less than forty-five (45) days prior to the date fixed for redemption. Notice of the selection or call for redemption identifying the Bonds or portions thereof to be redeemed, shall be given by the Paying Agent on behalf of the City by mailing a copy of the redemption notice at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption by registered or certified mail to the Purchaser and by first class, registered or certified mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books; and a second notice of redemption shall be sent by certified mail, return receipt requested, at such address to the Owner of any Bond who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption; provided, however, that neither any defect in giving such notice by mailing as aforesaid nor any defect in any notice so mailed shall affect the validity of any proceeding for the redemption of any Bond. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

Each notice of redemption shall state (i) the complete official caption, including the Bond series, of the Bonds; (ii) the date of mailing of the notice of redemption, (iii) the date fixed for redemption; (iv) the redemption price or prices; (v) the CUSIP numbers of all Bonds being redeemed; (vi) in the case of a partial redemption of Bonds, the principal amount of each Bond being redeemed; (vii) the date of issue of the Bonds as originally issued; (viii) the rate or rates of interest borne by each Bond being redeemed; (ix) the maturity date of each Bond being redeemed; (x) the place or places where amounts due upon such redemption will be payable; (xi) the notice shall be void and of no effect in the event the Paying Agent does not have sufficient money to pay the redemption price of the Bonds on the redemption date; and (xii) the address and telephone number of the contact person at the office of the Paying Agent with respect to such redemption. The notice shall require that such Bonds be surrendered at the principal corporate trust office of the Paying Agent for redemption at the redemption price and shall state that further interest on such Bonds will not accrue from and after the redemption date, provided the Paying Agent has on deposit sufficient funds to redeem the Bonds on such date.

Notice of such redemption shall also be sent by certified mail, return receipt requested, overnight delivery service or other secure means (including telecopier transmission), postage prepaid, to certain municipal registered securities depositories which are known to the Paying Agent to be holding Bonds and at least two of the national information services that disseminate securities redemption notices, when possible, at least two days prior to the mailing of notice required by the first paragraph above, but in any event at least thirty (30) days prior to the redemption date; provided that neither the failure to send such notice as aforesaid nor any defect in such notice shall affect the validity or sufficiency of the proceedings for the redemption of such Bonds.

Section 303. Selection of Bonds to Be Redeemed. Bonds shall be selected for redemption as follows:

(a) 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 of any maturity are to be redeemed and paid prior to maturity, such Bonds shall be selected by the Paying Agent by lot in \$5,000 units of face value in such equitable manner as the Paying Agent may determine.

(b) In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Owner of such Bond or his attorney or legal representative shall forthwith present and surrender such Bond to the Paying Agent (1) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Section 304. Effect of Call for Redemption. Whenever any Bond is called for redemption and payment as provided in this Article, 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.

ARTICLE IV FORM OF 2014 SERIES A BONDS

Section 401. Form of 2014 Series A Bonds. Each of the 2014 Series A Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be in substantially the form set forth in **Exhibit A**.

ARTICLE V ESTABLISHMENT AND RATIFICATION OF FUNDS AND ACCOUNTS

Section 501. Creation of Funds. There are hereby created and ordered to be established and held in the account of the City, separate and apart from all other funds and accounts, the following separate funds (provided that the Escrow Account shall be held by the Escrow Agent pursuant to the terms of the Escrow Agreement):

(a) Bond Account for Water and Electric System Revenue Refunding Bonds, 2014 Series A (the “**2014 Bond Account**”);

(b) Reserve Account for Water and Electric System Revenue Refunding Bonds, 2014 Series A (the “**2014 Bond Reserve Account**”); and

(c) Escrow Account for Water and Electric System Revenue Bonds, 2002 Series A (the “**Escrow Account**”).

Section 502. Ratification of Funds and Accounts. The creation and establishment by the Master Ordinance of the following separate accounts are hereby ratified and confirmed:

(a) Water and Electric Utility Fund of the City (the “**System Revenue Fund**”) held in the name of the City by a Depository;

(b) Water and Electric Bond Account (the “**Bond Account**”) which includes subaccounts for each Series of the Parity Bonds each held by the respective Bond Registrar and Paying Agent for the related Series of the Bonds;

(c) Water and Electric Reserve Accounts securing each of the Outstanding Parity Bonds (the “**Outstanding Parity Bond Reserves**”);

(d) Water and Electric Renewal and Replacement Account (the “**Renewal and Replacement Account**”) held by the City.

Section 503. Administration of Funds and Accounts. The funds and accounts established or ratified pursuant to **Sections 501** and **502** hereof shall be maintained and administered by the City, the Paying Agent and Bond Registrar, as the case may be, solely for the purposes and in the manner as provided in the Master Ordinance and this 2014 Bond Ordinance; provided that the Escrow Account shall be held and administered by the Escrow Agent as provided in the Escrow Agreement.

ARTICLE VI APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 601. Disposition of 2014 Series A Bond Proceeds and Other Moneys. The proceeds received from the sale of the 2014 Series A Bonds, including any accrued interest thereon, shall be deposited simultaneously with the delivery of the Series A Bonds, as follows:

(a) There shall be deposited in the 2014 Bond Account any amount received on account of accrued interest on the 2014 Series A Bond.

(b) The sum equal to the 2014 Reserve Requirement shall be deposited in the 2014 Bond Reserve Account from moneys on deposit in the reserve accounts for the Refunded Bonds.

(c) Amounts sufficient to pay the costs of issuance of the 2014 Series A Bonds shall be held by the City and applied by the Director of Finance to pay invoices submitted for such purposes.

(d) The remaining balance of the proceeds derived from the sale of the 2014 Series A Bonds (\$_____), moneys on deposit in the bond accounts for the Refunded Bonds, the moneys remaining on deposit in the reserve accounts for the Refunded Bonds after making the transfer required in (b) above, and other available funds of the City needed to equal an amount sufficient to pay the principal of, redemption premium, and interest on the Refunded Bonds, taking into

consideration the redemption of the outstanding Refunded Bonds on their respective Redemption Dates, shall be forwarded to the Escrow Agent and irrevocably deposited in an Escrow Fund (the “**Escrow Fund**”) hereby established with the Escrow Agent and invested pursuant to the provisions of the Escrow Agreement for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds as and when the same become due. Any amounts remaining in the Escrow Fund after the payment in full of the principal of, redemption premium, if any, and interest on the Refunded Bonds shall be transferred and deposited in the 2014 Bond Account. The Mayor, City Clerk and Director of Finance are hereby authorized and directed to execute the Escrow Agreement, on behalf of the City, in substantially the form on file with the City Clerk.

(e) The disbursement of the proceeds from the sale of the 2014 Series A Bonds set forth in (b), (c) and (d) above may be adjusted at the direction of the Director of Finance as necessary to complete the refunding of the Refunded Bonds.

Section 602. Required Deposits into and Application of Moneys in the Outstanding Parity Bond Reserves, the 2014 Bond Reserve Account and Any Reserve Accounts Established For Additional Bonds.

(a) So long as any of the Cumulative Reserve Requirement Bonds remain Outstanding and unpaid, the total funds on deposit in the Outstanding Parity Bond Reserves, the 2014 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 Outstanding Parity Bonds, the 2014 Series A 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.

(b) The 2014 Reserve Requirement shall be redetermined at the beginning of each Fiscal Year and shall be the lesser of \$_____ or the maximum principal and interest coming due, whether at maturity or upon mandatory redemption on the 2014 Series A Bonds during such Fiscal Year or any subsequent Fiscal Year. Amounts held in the 2014 Bond Reserve Account shall be applied only to the payment of the principal of, premium, if any, or interest on the 2014 Series A Bonds.

(c) The City may provide, in lieu of any amounts required to be on deposit in the 2014 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 such Reserve Account at the times the Bondowners would have otherwise received such amounts.

Section 603. Investment of Funds. So long as any of the Outstanding Parity Bonds remain Outstanding, moneys held in any Fund or Account referred to in this 2014 Bond Ordinance may be invested by the City in accordance with the Tax Compliance Agreement in Permitted Investments. No such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such Fund or Account was created. All interest 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 this 2014 Bond Ordinance, obligations shall be valued as of March 15 and November 15 of each year at the market value thereof (exclusive of accrued interest) taking into account any contracts relating to the obligations held in such Fund or Account. If and when the amount held in any Fund or Account shall be in excess of the amount required by the provisions of this 2014 Bond Ordinance, such excess shall be paid and credited to the System Revenue Fund.

Section 604. Application of Moneys in the Escrow Fund. Under the Escrow Agreement, the Escrow Agent will apply moneys in the Escrow Fund to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow Agreement. The cash and Escrowed Securities held in the Escrow Fund will be applied by the Escrow Agent solely to the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds.

Section 605. Redemption of Refunded Bonds. The Refunded Bonds are hereby called for redemption and payment prior to maturity on their respective Redemption Dates. Said Refunded Bonds shall be redeemed at the office of the bond registrar and paying agent for said bonds, on said redemption date by the payment of the principal thereof, together with the redemption premium and accrued interest thereon to the redemption date. The officers of the City and the paying agent for said Refunded Bonds are hereby authorized and directed to take such action as may be necessary in order to effect the redemption and payment of said Refunded Bonds as herein provided.

Section 606. U.S. Treasury Obligations - State and Local Government Series. The Director of Finance and other officers and representatives of the City are hereby authorized to apply for, or to authorize the Financial Advisors, to apply for the purchase of U.S. Treasury Obligations - State and Local Government Series ("SLGs") to be deposited into the Escrow Fund to pay all or a portion of the Refunded Bonds, or if no such securities are available to take bids for other Permitted Investments.

ARTICLE VII PARTICULAR COVENANTS OF THE CITY

The City Council covenants and agrees, on behalf of itself and the City, with each of the Original Purchaser and owners of any of the 2014 Series A Bonds, that so long as any of the 2014 Series A Bonds remain Outstanding and unpaid, as follows:

Section 701. Performance of Duties. The City Council will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this 2014 Bond Ordinance and in each and every 2014 Series A Bond executed and delivered hereunder; that it will promptly pay or cause to be paid, but solely from the Trust Estate, the principal of and interest on every 2014 Series A Bond issued hereunder, on the dates and in the places and manner prescribed in such 2014 Series A Bond, and that it will, prior to the maturity of each installment of interest and prior to the maturity of each such 2014 Series A Bond, at the times and in the manner prescribed herein, deposit or cause to be deposited, from the Net Revenues

pledged, the amounts of money specified herein. All 2014 Series A Bonds, when paid, shall be cancelled by the Paying Agent and Bond Registrar.

Section 702. Legal Authority. The City Council is duly authorized under the Act, to issue the 2014 Series A Bonds, it is lawfully qualified to pledge the Net Revenues of the System and other income pledged to the payment of the 2014 Series A Bonds in the manner prescribed herein and has lawfully exercised such rights, all action on its part for the creation and issuance of the 2014 Series A Bonds has been duly and effectively taken, and the 2014 Series A Bonds in the hands of the owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

Section 703. Bondowner's Right of Inspection. The Bondowner or Bondowners of any of the 2014 Series A Bonds shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and any such Bondowner shall be furnished all such information concerning the System and the operation thereof which such Bondowner may reasonably request.

Section 704. Contract. The provisions of this 2014 Bond Ordinance shall constitute a contract between the City, acting by and through the City Council, and the owners of the 2014 Series A Bonds herein authorized to be issued, and each of them, and the said City Council hereby pledges its good faith to the performance of each and every covenant thereof.

ARTICLE VIII AMENDMENTS

Section 801. Amendments. Subject to the provisions hereinafter set forth, the rights and duties of the City, the City Council and the Bondowners, and the terms and provisions of the 2014 Series A Bonds or of this 2014 Bond Ordinance, may be amended or modified at any time in any respect by Ordinance of the City Council with the written consent of the Bondowners of not less than a majority in aggregate principal amount of the 2014 Series A Bonds then Outstanding such consent to be evidenced by an instrument or instruments executed and acknowledged by such Bondowners in like manner as a deed for the conveyance of real estate in the State of Missouri and accompanied by appropriate proof of ownership of the 2014 Series A Bond or Bonds with respect to which such consent is given, which said instruments shall be filed with the City Clerk, provided always:

(a) that the obligation of said City Council to pay the principal of the 2014 Series A Bonds at maturity, and the interest thereon, as the same from time to time become due, shall continue unimpaired and the maturity of any payment of principal or interest due upon any Bond shall not be extended;

(b) that no modification shall give any 2014 Series A Bond or 2014 Series A Bonds any preference over any other Bond or Bonds hereby authorized; and

(c) that no modification shall reduce the percentage of Bonds required for the modification or alteration of the terms and provisions of the 2014 Series A Bonds or this 2014 Bond Ordinance.

Any provision of the 2014 Series A Bonds or this 2014 Bond Ordinance may, however, be amended or modified by Ordinance duly adopted by the City Council at any time in any respect with the written consent of the Bondowners of all of the 2014 Series A Bonds at the time Outstanding.

Without the consent of Bondowners, the City Council may amend or supplement this 2014 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 interests of the Bondowners.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the City Clerk a copy of the ordinance of the City hereinabove provided for, duly certified, as well as proof of consent to such modification by the requisite Bondowners of the 2014 Series A Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The City Clerk shall furnish a complete, executed original transcript of proceedings had in connection with any amendment of, or supplement to, this 2014 Bond Ordinance to each Rating Service if then rating the 2014 Series A Bonds, within 30 days of the effective date of such amendment or supplementation.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 901. Notices, Consents and Other Instruments. Any notice, consent, request, direction, approval, objection or other instrument required by this 2014 Bond Ordinance to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondowners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this 2014 Bond Ordinance, and shall be conclusive in favor of the City and the Paying Agent and Bond Registrar with regard to any action taken, suffered or omitted under any such instrument, namely:

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

(b) The fact of ownership of bonds, the amount or amounts, numbers and other identification of bonds, and the date of holding the same shall be proved by the registration books of the City maintained by the Paying Agent and Bond Registrar.

Section 902. Further Authority. The officers of the City, including the City Manager, Director of Finance, City Clerk, and City Counselor, shall be, and they hereby are, authorized and directed to execute all agreements, documents and certificates and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this 2014 Bond Ordinance and to make alterations, changes or additions in the foregoing agreements,

statements, instruments and other documents herein approved, authorized and confirmed which they may approve and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 903. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this 2014 Bond Ordinance, or of the 2014 Series A Bonds, shall ever be held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this 2014 Bond Ordinance, or of the 2014 Series A Bonds, but this 2014 Bond Ordinance, and the 2014 Series A Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Section 904. Governing Law. This 2014 Bond Ordinance shall be governed exclusively by and constructed in accordance with the applicable laws of the State of Missouri.

Section 905. Effective Date. This 2014 Bond Ordinance shall take effect and be in full force from and after its adoption by the City Council.

PASSED this _____ day of _____, 2014.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

CERTIFICATE

STATE OF MISSOURI)
) SS.
COUNTY OF BOONE)

I, the undersigned, City Clerk of the City of Columbia, Missouri, hereby certify that the above and foregoing constitutes a full, true and correct copy of the Ordinance authorizing the issuance of Water and Electric System Revenue Refunding Bonds, 2014 Series A, of the City, duly adopted by the City Council of the City of Columbia, Missouri at a meeting duly and regularly held ____; that said Ordinance has not been modified, amended or repealed, and is in full force and effect as of the date hereof; and that the same is on file in my office.

WITNESS my hand and official seal on _____.

City Clerk

(Seal)

EXHIBIT A

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE (DESCRIBED HEREIN), THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (DESCRIBED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

Registered

Registered

No. R- _____

\$ _____

THE CITY OF COLUMBIA, MISSOURI

**WATER AND ELECTRIC SYSTEM
REVENUE REFUNDING BOND
2014 SERIES A**

Interest Rate

Maturity Date

Dated Date

CUSIP

_____%

October 1, _____

_____, 2014

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____

THE CITY OF COLUMBIA, MISSOURI, a municipal corporation duly organized and existing under the laws of the State of Missouri and its home rule charter (the “**City**”), acting through its City Council (the “**City Council**”), for value received, hereby promises to pay to the Registered Owner shown above or registered assigns, but solely out of the Net Revenues of the System as hereinafter provided, the Principal Amount shown above on the Maturity Date shown above, and to pay interest on said Principal Amount at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date shown above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually on April 1 and October 1 in each year, beginning October 1, 2014, until said Principal Amount shall have been paid.

The principal of and redemption premium, if any, on this Bond shall be paid at maturity or upon earlier redemption to the person in whose name such Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of such Bond at the principal payment office of UMB Bank N.A., St. Louis, Missouri (the “**Paying Agent and Bond**

Registrar”) or such location as otherwise directed by the Paying Agent. The interest payable on this Bond on any interest payment date shall be paid by check or draft mailed by the Paying Agent and Bond Registrar to the person in whose name such Bond is registered on the registration books maintained by the Paying Agent and Bond Registrar at the close of business on the Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register 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 electronic transfer to such Registered Owner upon written notice given to the Paying Agent by such Bondowner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal of, redemption premium, if any, and interest on this Bond shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of debts due the United States of America.

This Bond is one of a duly authorized series of bonds of the City designated “**Water and Electric System Revenue Refunding Bonds, 2014 Series A,**” aggregating the principal amount of \$14,610,000* (the “**Bonds**”), issued by the City for the purpose of refunding certain outstanding revenue bonds of the System, under the authority of and in full compliance with the Constitution and laws of the State of Missouri, including particularly Section 108.140 of the Revised Statutes of Missouri, as amended, and pursuant to an Ordinance duly adopted by the City Council (the “**Ordinance**”), the 2014 Series A Bonds being secured by a pledge of the Net Revenues derived by the City from the operation and ownership of the System.

At the option of the City, 2014 Series A Bonds or portions thereof maturing not later than October 1, 20__, and thereafter may be called for redemption and payment prior to the stated maturity thereof not later than October 1, 20__ and at any time thereafter, in whole at any time or in part on any interest payment date in any order of maturity selected by the City, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

Notice of redemption, unless waived, is to be given by the Bond Registrar by mailing an official redemption notice by first-class mail at least 30 days prior to the date fixed for redemption to the registered owner of the 2014 Series A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. Notice of redemption having been given as aforesaid, the 2014 Series A Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless

* Preliminary, subject to change.

the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

The 2014 Series A Bonds are special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of the Net Revenues derived from the operation and ownership of the System (excluding amounts payable to the United States pursuant to Section 148 of the Code), and said Net Revenues shall be set aside for that purpose in a special fund held pursuant to the Ordinance. This Bond shall not be deemed to be a general obligation or an indebtedness of the State of Missouri or of the City or of the City Council or of the individual members of said City Council.

The 2014 Series A Bonds stand on a parity and are equally and ratably secured with respect to the payment of principal and interest from the Net Revenues of the System of the City and in all other respects with the Outstanding Parity Bonds. Under the conditions set forth in the Ordinance, the City has the right to issue Additional Bonds payable from the same source and secured by the same revenues as the 2014 Series A Bonds; provided, however, that such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Ordinance.

The 2014 Series A Bonds are being issued by means of a book-entry system with no physical distribution of certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the 2014 Series A Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the 2014 Series A Bonds by the Securities Depository's participants, beneficial ownership of the 2014 Series A Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City, the Bond Registrar and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfers of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfers of principal, interest and any redemption premium payments to beneficial owners of the 2014 Series A Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City, the Bond Registrar and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of and interest on this Bond shall be made in accordance with existing arrangements among the City, the Bond Registrar and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES

DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. The 2014 Series A Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

This Bond may be transferred or exchanged, as provided in the Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent and Bond Registrar, upon surrender of this Bond together with a written instrument of transfer or authorization for exchange satisfactory to the Paying Agent and Bond Registrar duly executed by the registered owner or the registered owner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance, and upon payment of the charges therein prescribed. The City and the Paying Agent and Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication hereon shall have been executed by the Paying Agent and Bond Registrar.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the 2014 Series A Bonds have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of the 2014 Series A Bonds, provision has been duly made for the collection and segregation of the Revenues of the System and for the application of the same as herein provided.

IN WITNESS WHEREOF, THE CITY OF COLUMBIA, MISSOURI has executed this Bond by causing it to be signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and its official seal to be affixed hereto or imprinted hereon, and this Bond to be dated the Dated Date shown above.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2014 Series A Bonds
of the issue described in the within-mentioned
Ordinance.

**THE CITY OF COLUMBIA,
MISSOURI**

By _____
Mayor

Registration Date:

UMB Bank N.A.
Paying Agent and Bond Registrar

SEAL

By _____
Authorized Signature

ATTEST:

City Clerk

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security or
Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the books kept by the Paying Agent and Bond Registrar for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By _____
Title:

NEW ISSUE
Book-Entry Only

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

In the opinion of Thompson Coburn, LLP, Bond Counsel, conditioned on continuing compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) interest on the 2014 Series A Bonds (a) is excluded from gross income for federal income tax purposes and (b) is exempt from income taxation by the State of Missouri. Also in the opinion of Bond Counsel, interest on the 2014 Series A Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individuals. However, interest on the Bonds is not included in a corporate taxpayer's adjusted current earnings for purposes of determining its federal alternative minimum tax liability. In the opinion of Bond Counsel, the 2014 Series A Bonds are not "qualified tax-exempt obligations" within the meaning of the Code (relating to financial institution deductibility of interest expense). See "TAX MATTERS" herein.

\$14,610,000*

**CITY OF COLUMBIA, MISSOURI
Water and Electric System Revenue Refunding Bonds
2014 Series A**

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive certificates representing their interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the bondowners or registered owners shall mean Cede & Co. as aforesaid and shall not mean the Beneficial Owners of the Bonds. Principal of, redemption premium, if any, and interest on the Bonds is payable to the registered owners of the Bonds at the maturity or redemption date thereof upon the surrender thereof at the principal corporate trust office of UMB Bank, N.A., St. Louis, Missouri as paying agent (the "Paying Agent"). See the section entitled "BOOK-ENTRY-ONLY SYSTEM." Interest on the Bonds will be payable on October 1 and April 1 of each year, beginning on October 1, 2014.

The Bonds are subject to optional redemption prior to maturity as described under the caption "THE BONDS – Optional Redemption" herein.

The Bonds are special limited obligations of the City of Columbia, Missouri (the "City"), payable solely from the Net Revenues (as defined in the Ordinance) derived by the City from the operation of its Water and Electric System (the "System") and certain accounts under the Bond Ordinance to the extent pledged under the Bond Ordinance. The Bonds do not constitute a general obligation of the City and do not constitute or create an indebtedness, liability or moral obligation of the City within the meaning of any constitutional or statutory provision, limitation or restriction. The City is not obligated to levy taxes or resort to any other moneys of the City to pay the principal of and interest on the Bonds. Neither the faith and credit nor taxing power of the City is pledged to the payment of the Bonds or the interest thereon.

The Bonds are being issued to (i) currently refund all of the City's outstanding Water and Electric System Revenue Refunding Bonds, 2003 Series A and the Water and Electric System Improvement Revenue Bonds, 2004 Series A and (ii) pay costs and expenses incident to the issuance of the Bonds. See the section captioned "THE PLAN OF FINANCE" herein.

This cover page contains information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Thompson Coburn LLP, St. Louis, Missouri, Bond Counsel. It is expected that the Bonds will be available for delivery in St. Louis, Missouri, on or about July 7, 2014.

The date of this Official Statement is May 21, 2014

* Preliminary, subject to change.

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

MATURITY SCHEDULE
Base CUSIP: 198072

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

* Preliminary, subject to change.

CITY OF COLUMBIA, MISSOURI
701 East Broadway
Columbia, Missouri 65201
(573) 874-7111

ELECTED OFFICIALS

Bob McDavid, Mayor
Ginny Chadwick, Ward 1 Council Member
Michael Trapp, Ward 2 Council Member
Karl Skala, Ward 3 Council Member
Ian Thomas, Ward 4 Council Member
Laura Nauser, Ward 5 Council Member
Barbara Hoppe, Ward 6 Council Member

APPOINTED OFFICIALS

Mike Matthes, City Manager
John Blattel, Finance Director
Tad Johnsen, Water and Light Director

CITY COUNSELOR

Nancy Thompson

BOND COUNSEL

Thompson Coburn LLP
St. Louis, Missouri

FINANCIAL ADVISOR

Columbia Capital Management, LLC
St. Louis, Missouri

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

THE BONDS HAVE NOT BEEN REGISTERED WITH THE 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.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations with respect to the Bonds or offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the 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.

STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT THAT CONTAIN ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS A REPRESENTATION OF FACT. 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. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED 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 SUCH INFORMATION AND EXPRESSIONS OF OPINION SINCE THE DATE HEREOF.

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

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 more complete and detailed information 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 Water and Electric System (the “System”) and the City’s \$14,610,000* Water and Electric System Revenue Refunding and Improvement Bonds, 2014 Series A (the “Bonds”).

The City and the System

The City is a constitutional charter city organized and existing under the laws of the State of Missouri. See the section herein captioned “THE CITY.” 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 “Water and Electric System” or “System.” See the sections herein captioned “WATER AND ELECTRIC SYSTEM,” “THE ELECTRIC UTILITY,” and “THE WATER UTILITY.”

Purpose of the Bonds

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) currently refunding all of the Water and Electric System Revenue Refunding Bonds, 2003 Series A and the Water and Electric System Improvement Revenue Bonds, 2004 Series A; and (ii) paying costs and expenses incident to the issuance of the Bonds. See the section captioned “PLAN OF FINANCE”.

Security and Source of Payment for the Bonds

The Bonds are special limited obligations of the City payable solely from and secured by a pledge of the Net Revenues (as defined in the Ordinance) of the Water and Electric System and certain accounts under the Ordinance to the extent pledged under the Ordinance.

The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness, liability or moral obligation of the City within the meaning of any constitutional or statutory provision, limitation or restriction. The City is not obligated to levy taxes or resort to any other moneys of the City to pay the principal or interest on the Bonds. *Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Bonds or the interest thereon.*

* Preliminary, subject to change.

THE BONDS

Authorization for 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 the City's charter, and an Ordinance adopted by the governing body of the City (the "Ordinance").

Description of the Bonds

The Bonds will be issued in the principal amount of \$14,610,000*, will be dated as of the date of delivery, and will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, numbered from R-1 consecutively upward. The Bonds will mature on October 1 in the years and in the principal amounts set forth on the inside cover 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, 2014 (each, an "Interest Payment Date"). Principal will be payable at the principal corporate trust office of UMB Bank, N.A. (the "Paying Agent"). Interest shall be paid to the person appearing as the registered owner thereof at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to the Registered Owner at the address shown on the registration books kept by the Paying Agent or at such other address as is furnished to the Paying Agent in writing by such Registered Owner.

Optional Redemption

At the option of the City, the Bonds or portions thereof maturing on October 1, 2023 and thereafter may be called for redemption and payment prior to their stated maturity on October 1, 2022 and thereafter, in whole or in part at any time in any order of maturity selected by the City and by lot in multiples of \$5,000 within a maturity, at the redemption price equal to the principal amount thereof, plus accrued interest thereon to the date of redemption (the "Redemption Date").

Notice of Redemption

In the event of any such redemption, the Paying Agent will give written notice of the City's intention to redeem and pay said Bonds or any of them by first class mail to the registered owner of each Bond to be redeemed at the address shown on the Bond Register. Each of said notices are to be mailed at least 30 days but not more than 60 days prior to the redemption date.

Registration, Transfer and Exchange

The Paying Agent will maintain a Bond Register for the registration, transfer and exchange of the Bonds. Bonds may be transferred or exchanged only on the Bond Register maintained by the Paying Agent upon compliance with the terms, conditions and limitations set forth in the 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.

Book-Entry Only System

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.

* Preliminary, subject to change.

The following information concerning DTC and DTC's book-entry system has been obtained from DTC. The Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

1. The Depository Trust Company ("DTC"), New York, New York, 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 scheduled maturity of the Bonds, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 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.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. 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.

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

7. 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments 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 Issuer or 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 nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or 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.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

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

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof

SECURITY FOR THE BONDS

General

The Bonds are special limited obligations of the City payable solely from and secured by a pledge of the Net Revenues (as defined in the Ordinance) derived by the City from the ownership and operation of the Water and Electric System.

The Bonds will be on a parity with the City's outstanding \$80,245,000 principal amount of Water and Electric System Revenue Refunding and Improvement Bonds, 2011 Series A (the "2011 Series A Bonds"); \$16,725,000 principal amount of Water and Electric System Bonds, 2009 Series A (the "2009 Series A Bonds"); \$22,235,000 principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2005 A (the "2005 Series A Bonds"); and collectively with the 2011 Series A Bonds, 2009 Series A Bonds and 2005 Series A Bonds the "Outstanding Parity Bonds". In addition, the City has outstanding \$23,700,000 principal amount of Special Obligation Refunding Bonds, Series 2012D (Electric Utility Project – Annual Appropriation Obligation) (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 net revenues of its Electric Utility on the outstanding \$38,955,000 principal amount of Special Obligation Electric Utility Refunding Bonds (Annual Appropriation Obligation), Series 2012E (the "Series 2012E Bonds"), however such net revenues are not pledged to the Series 2012E Bonds. The payment of the principal of, premium, if any, and interest on the Bonds is secured by a pledge of (i) the Net Revenues and (ii) certain accounts established in the Ordinance, subject only to the provisions of the Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth in the Ordinance. The Bonds, the Outstanding Parity Bonds, together with such Additional Bonds and Refunding Bonds as may be issued on parity with such Bonds under the Ordinance are and will be equally and ratably secured by such pledge. See the subsection of this section entitled "Additional Bonds and Refunding Bonds."

The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness, liability or moral obligation of the City within the meaning of any constitutional or statutory provision, limitation or restriction. The City is not obligated to levy taxes or resort to any other moneys of the City to pay the principal or interest on the Bonds. *Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Bonds or the interest thereon.*

Rate Covenant

The City has covenanted in the Ordinance to 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 revenues and income (including investment income) at least sufficient in each Fiscal Year for the payment which:

- (a) will 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 System Revenue Bonds then Outstanding for the year of computation;
- (b) will enable the City to make all required payments, if any, into the Water and Electric Renewal and Replacement Account, and the Rebate Fund and to any Credit Facility Provider, any Reserve Account Credit Facility Provider, and any Qualified Hedge Provider;

- (c) will remedy all deficiencies in required payments into any of the funds and accounts established under the Bond Ordinance from prior Fiscal Years; and
- (d) will enable the City to pay and discharge all other charges or liens whatsoever payable out of Net 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 above 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 (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 the Ordinance. If as a result of such review the City determines that such Revenues 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 the Ordinance 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 the Ordinance, 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 to be collected. The failure in any Fiscal Year to comply with the rate covenant in the preceding paragraph shall not constitute an Event of Default under the Ordinance, if the City shall comply with the provisions of this paragraph.

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.

2014 Bond Reserve Account

The Ordinance establishes a Reserve Account (the "Reserve Account") and a Debt Service Reserve Requirement. So long as any of the 2005 Series A Bonds and 2009 Series A Bonds (the "Cumulative Reserve Requirement Bonds") remain outstanding, the total funds on deposit in the reserve accounts for the Outstanding Parity Bonds, the 2014 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 Outstanding Parity Bonds, the 2014 Series A Bonds and any such Additional Bonds.

At the time of the issuance of the Bonds, the Reserve Account will consist of a 2005 Series A Subaccount, a 2009 Series A Subaccount and a 2011 Series A Subaccount which together total \$9,758,103.23. The subaccount for each series of bonds is earmarked specifically for its bonds. In addition, the Ordinance creates a subaccount for the 2014 Series A Bonds (the "2014 Bond Reserve Account"), which will be funded at the time of issuance and delivery of the Bonds at the lesser of (a) maximum annual debt service on the outstanding 2014 Series A Bonds on the date of calculation, (b) 125% of average annual debt service on the outstanding 2014 Series A Bonds on the date of calculation, or (c) 10% of the Outstanding principal amount of the 2014 Series A Bonds. The 2014 Reserve Requirement shall be redetermined at the beginning of each Fiscal Year and shall be the lesser of the amount deposited in the 2014 Bond Reserve Account at closing or the maximum principal and interest coming due, whether at maturity or upon mandatory redemption on the 2014

Series A Bonds during such Fiscal Year or any subsequent Fiscal Year. Amounts held in the 2014 Bond Reserve Account shall be applied only to the payment of the principal of, premium, if any, or interest on the 2014 Series A Bonds.

The Reserve Requirement for any Additional Bonds shall be determined at the time of issuance of such Bonds and shall be established in the Approving Ordinance for such Bonds. **“Reserve Requirement”** means an amount established from time to time by the City in an Approving Ordinance related to an issuance of a series of Parity Bonds as a reasonable reserve for the payment of principal of and interest on Parity Bonds. Initially, this amount shall be the maximum annual Debt Service Requirement with respect to Parity Bonds in the then current or any succeeding Fiscal Year. The City may in its sole discretion change, reduce or increase this amount from time to time by Supplemental Ordinance or Approving Ordinance in connection with the issuance of a series of Additional Bonds, but in no event may the City reduce this amount below the greater of (i) the maximum annual Debt Service Requirement with respect to such series of Parity Bonds in the then current or any succeeding Fiscal Year, or (ii) 50% of the average annual Debt Service Requirement with respect to such series of Parity Bonds in the then current or any succeeding Fiscal Year, unless each Rating Agency with an outstanding rating on the Bonds indicates in writing to the City that such reduction will not, by itself, result in a reduction or withdrawal of its current Rating on the Bonds. Except as otherwise provided in the Ordinance, amounts held in the Reserve Account established in connection with a series of Additional Bonds shall be applied only to the payment of the principal of, premium, if any, or interest on such series of Additional Bonds.

Renewal and Replacement Account

The Ordinance requires that the City establish a Renewal and Replacement Account in the amount of \$1,500,000, which is presently on deposit in said Account. So long as any of the Outstanding Parity Bonds remain Outstanding, the City is required to maintain the Renewal and Replacement Account at all times so that the amount of monies and the value of all investments on deposit therein, determined each year at the end of the City’s Fiscal Year, at the lower of cost or market value, as provided in the Ordinance, is at least equal to \$1,500,000 and thereafter shall be the amount determined by the City as reasonably necessary for such purposes (the “Renewal and Replacement Requirement”).

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 Revenues of the Water and Electric System and ranking on a parity with the Bonds and any Additional Bonds and Refunding Bonds theretofore issued if there exists no default in the performance of any of the provisions of the Ordinance; and either

- (a) Net Revenues, as adjusted to reflect changes in rates which may have gone into effect, for any consecutive 12 calendar months out of the 24 calendar months next preceding the date of issuance of the Additional Bonds were equal to at least 125% of the maximum total Debt Service for any succeeding Fiscal Year on all Parity Bonds which will be outstanding immediately after the issuance of such Additional Bonds; or
- (b) the estimated Net Revenues, including an adjustment to reflect certain future changes in water and electric rates, in the Fiscal Year immediately following the year in which any project constructed with the proceeds of such Additional Bonds is to be in commercial operation, will be equal to at least 125% of the maximum total Debt Service for any succeeding Fiscal Year on all Parity Bonds which will be outstanding immediately after the issuance of such Additional Bonds.

Additional Bonds shall not be subject to the requirement of (a) or (b) above if such Additional Bonds are being issued because it is necessary, in the opinion of the Consulting Engineer, 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 if such repair is necessary to keep the System in good operating condition after such damage or loss.

Refunding Bonds may be issued in accordance with the Ordinance without regard to the requirements of (a) or (b) 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 Water and Electric System subject to the prior lien on the Net Revenues for payment of the Parity Bonds. The City currently has outstanding \$23,700,000 principal amount of Special Obligation Refunding Bonds, Series 2012D (Electric Utility Project – Annual Appropriation Obligation), which have a subordinate lien on the Electric Utility revenues.

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THE REFUNDING PLAN

The Bonds are being issued to currently refund all of the City's outstanding Water and Electric System Revenue Refunding Bonds, 2003 Series A and the Water and Electric System Improvement Revenue Bonds, 2004 Series A (collectively the "Refunded Bonds") as shown in the tables below.

Water and Electric System Revenue Refunding Bonds, 2003 Series A, dated February 15, 2003:

Maturity Date	Par Refunded	Coupon	Redemption Date	Redemption Price
December 1, 2014	\$985,000	3.750%	July 8, 2014	100%
December 1, 2015	1,025,000	4.000	July 8, 2014	100
Total	\$2,010,000			

Water and Electric System Improvement Revenue Bonds, 2004 Series A, dated March 30, 2004:

Maturity Date	Par Refunded	Coupon	Redemption Date	Redemption Price
October 1, 2014	\$630,000	4.000%	N/A	N/A
October 1, 2015	650,000	4.000	October 1, 2014	100%
October 1, 2016	675,000	4.000	October 1, 2014	100
October 1, 2017	700,000	4.000	October 1, 2014	100
October 1, 2018	730,000	4.000	October 1, 2014	100
October 1, 2019	760,000	4.000	October 1, 2014	100
October 1, 2020	790,000	4.000	October 1, 2014	100
October 1, 2021	825,000	4.000	October 1, 2014	100
October 1, 2022	870,000	4.100	October 1, 2014	100
October 1, 2023	910,000	4.100	October 1, 2014	100
October 1, 2024	950,000	4.200	October 1, 2014	100
October 1, 2025	995,000	4.250	October 1, 2014	100
October 1, 2026	1,040,000	4.250	October 1, 2014	100
October 1, 2027	1,085,000	4.250	October 1, 2014	100
October 1, 2018	1,135,000	4.250	October 1, 2014	100
Total	\$12,745,000			

Sources and Uses of Funds

The proceeds of the Bonds and the sources and uses of funds are estimated to be applied as follows:

Sources of Funds:

Principal Amount of the Bonds
Original Issue Premium/(Discount)
Transfer from the Reserve Subaccounts of the Refunded Bonds

Total

Uses of Funds:

Redeem the Refunded Bonds
Deposit to the 2014 Bond Reserve Account
Cost of Issuance
Underwriter's Discount

Total

THE WATER AND ELECTRIC SYSTEM

Management

The City Council is responsible for all basic policy decisions relating to the Water and Electric System, including rate making, approval of the operating budget, short-term and long-term capital budgets and, subject to voter approval of other than refunding issues, bond 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	2014
Mr. Henry Ottinger	2015
Mr. Dick Parker	2015
Mr. Tom O'Connor	2016
Mr. Jack Clark	2016

Financial Statements

The financial records of the City, including those of the Water and Electric 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, 2013. The combined financial statements of the City and the Water and Electric System for the Fiscal Year ended September 30, 2013 are attached in Appendix A 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 City's Water and Electric 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, FL, 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 and electric systems are evaluated for adequacy and replacement requirements. The engineering staff of the water and electric utilities develops 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. 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; communication 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 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.
- 5.) Eleven tree trimming crews to maintain clearances on overhead lines.

Water. 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; communication 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 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.
- 4.) Cooperation and compliance with State operated agencies such as the 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 Water and Electric System, including debt service on all Parity Bonds and on the Series 2012D Bonds, which have a subordinate lien on the Electric Utility revenues, and including debt service on the 2012E Bonds for which the City intends to make debt service payments from the Net Revenues, however do not have a lien on the Net Revenues.

Fiscal Year Ended September 30	Existing Principal & Interest Requirements of Outstanding Bonds ¹	<u>The Bonds</u>			
		Principal ²	Interest	Total Requirements	Total Requirements All Bonds
2014	\$12,276,323.78				
2015	12,344,448.78				
2016	12,310,198.78				
2017	12,295,655.03				
2018	14,283,067.53				
2019	14,285,611.28				
2020	14,306,023.78				
2021	14,303,173.78				
2022	14,317,373.78				
2023	14,323,755.03				
2024	12,451,861.28				
2025	12,457,016.28				
2026	12,460,758.78				
2027	12,475,061.90				
2028	11,339,260.65				
2029	11,335,109.39				
2030	11,351,806.25				
2031	10,598,071.88				
2032	10,603,493.76				
2033	7,516,893.76				
2034	7,535,093.76				
2035	5,965,921.88				
2036	4,569,900.00				
2037	4,565,862.50				
2038	1,345,140.63				
2039	1,341,028.13				
2040	1,344,981.25				
2041	1,341,912.50				
2042	1,341,112.50				
Total	\$ 276,985,918.63	\$			

¹ Does not include the Refunded Bonds.

² Preliminary, subject to change.

Employee Relations

The Water and Electric System currently has approximately 260 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 37 Power Plant employees who are members of the Public Service Employees Local 773 of the Laborers International Union. This group meets with the City under the State’s “meet and confer” statute. The Water and Electric System has never 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 2013 this amount was \$14,497,510. 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 Water and Electric System’s area of service extends beyond the corporate limits of the City. The electric service area is approximately 60 square miles. As of December 2013, the System had 46,577 electric customers inside the City, plus 889 outside the City. The water service area is approximately 90 square miles. As of December 2013, the System had 44,173 water customers inside the City, plus 2,869 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

System combined operations reflected Net Revenues of \$35.0 million for the year ended September 30, 2013. At September 30, 2013, Net Revenues were 233% 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 2009 through 2013, and projected operating results prepared by the City for the Fiscal Years 2014 through 2018.

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

	<u>2009</u>	<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>
REVENUES										
ELECTRIC UTILITY										
Residential Sales	\$40,239,328	\$47,314,389	\$48,637,638	\$47,303,944	\$47,060,942	\$50,227,568	\$52,212,433	\$53,789,249	\$54,865,034	\$56,799,026
Commercial and Industrial Sales	51,076,559	54,667,426	56,124,930	56,579,501	57,388,836	57,876,272	60,387,051	62,210,740	63,454,955	65,691,742
Intragovernmental Sales	812,276	814,900	983,746	1,200,868	1,289,376	1,398,497	1,453,762	1,497,666	1,527,619	1,581,468
Street Lighting and Traffic Signs	1,218,947	1,225,610	1,041,881	520,293	521,752	565,854	588,215	605,979	618,098	639,886
Sales to Public Authorities	7,899,621	8,237,656	8,891,753	8,576,399	8,431,125	9,197,809	9,561,283	9,850,034	10,047,034	10,401,192
Sales for Resale	5,940,915	5,364,906	8,480,462	1,928,953	4,102,189	3,000,000	2,000,000	2,040,000	2,080,800	2,132,820
Other	9,125,717	7,310,809	6,047,573	5,890,598	4,196,858	5,588,022	5,023,538	5,220,000	5,220,000	5,220,000
Total Electric Revenues	\$116,313,363	\$124,935,696	\$130,207,983	\$122,000,556	122,991,078	127,854,022	131,226,282	135,213,668	137,813,540	142,466,134
WATER UTILITY										
Water	15,366,698	16,773,898	19,522,028	23,497,540	22,238,952	23,380,000	23,500,000	23,964,498	25,177,102	26,580,725
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	735,892	1,120,130	1,796,806	1,577,321	958,377	1,694,690	1,677,000	1,713,850	1,713,850	1,752,543
Total Water Revenues	16,102,590	17,894,028	21,318,834	25,074,861	23,197,329	25,074,690	25,177,000	25,678,348	26,890,952	28,333,268
TOTAL REVENUES	\$132,415,953	\$142,829,724	\$151,526,817	\$147,075,417	146,188,407	152,928,712	156,403,282	160,892,016	164,704,492	170,799,402
EXPENSES										
ELECTRIC UTILITY										
Fuel and Purchased Power	67,127,555	73,382,005	72,461,470	60,553,372	72,476,516	77,115,000	75,360,000	77,620,800	79,949,424	82,347,907
Other Production Expenses	4,318,028	4,409,017	5,754,398	7,497,957	6,957,585	9,505,736	10,856,608	11,182,306	11,517,775	11,863,309
Transmission and Distribution	10,151,606	11,368,196	11,826,102	12,366,207	11,939,383	9,509,913	10,620,666	11,182,306	11,517,775	11,863,309
Accounting and Collection	2,828,384	2,468,010	2,644,525	2,869,382	3,144,826	4,354,292	3,967,067	4,086,079	4,208,661	4,334,921
Administrative and General	3,187,546	3,762,170	4,556,656	4,404,841	4,449,549	4,713,237	6,109,471	6,292,755	6,481,538	6,675,984
Total Electric Expenses	87,613,119	95,389,398	97,243,151	87,691,759	98,967,859	105,198,178	106,913,812	110,121,226	113,424,863	116,827,609
WATER UTILITY										
Production	5,010,747	3,643,162	3,902,870	5,041,266	4,848,725	5,114,758	5,472,905	5,642,565	5,817,485	5,997,827
Transmission and Distribution	4,421,648	3,895,161	4,592,239	5,019,928	5,013,343	5,026,469	4,818,987	4,968,376	5,122,395	5,281,189
Accounting and General	1,367,645	1,377,304	1,455,628	1,536,633	1,572,631	1,884,126	1,898,836	1,957,700	2,018,389	2,080,959
Administrative and General	680,867	655,327	620,110	748,846	784,760	1,105,290	1,567,658	1,616,255	1,666,359	1,718,016
Total Water Expenses	11,480,907	9,570,954	10,570,847	12,346,673	12,219,459	13,130,643	13,758,386	14,184,896	14,624,628	15,077,991
TOTAL EXPENSES	99,094,026	104,960,352	107,813,998	100,038,432	111,187,318	118,328,821	120,672,198	124,306,122	128,049,491	131,905,600
NET REVENUES	\$33,321,927	\$37,869,372	\$43,712,819	\$47,036,985	\$35,001,089	\$34,599,891	\$35,731,084	\$36,585,894	\$36,655,001	\$38,893,802
COVERAGE	3.33x	3.70x	4.15x	3.34x	2.33x	2.39x	2.55x	2.62x	2.74x	2.53x

Source: City of Columbia

* Coverage includes the Bonds and the Special Obligation Bonds Series 2012D and 2012E

THE ELECTRIC UTILITY

History

The City acquired the Water and Electric 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 Columbia Energy Center (the “CEC”). The agreements allowed for capacity purchases with the option to purchase 50% ownership of CEC at a later date. In January 2010, the City purchased 25% of 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 CEC. On June 1st, 2011, the City took full ownership of 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—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 (“AEC”) 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 System Operator (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 MP for the City. All purchased power arrangements are handled by TEA.

Power Generation Facilities

The System 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 on the same plant site. Adjacent to the plant is an open area owned by the System 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 and are available to meet capacity requirements. The four 36.00 MW combustion turbines are located on property owned by the System and adjacent to an existing substation.

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 System and are payable prior to the principal and interest of the 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 (MJMEUC).

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—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 ("FERC") 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 Midcontinent Independent System Operator ("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 The Energy Authority ("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 Associated Electric Cooperative Inc. ("AECI"), three 69 kV interconnections with AECI and one 69 kV interconnection with Ameren. 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 58 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 System's electric 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 nine substations. The substations are controlled and monitored by a Supervisory Control and Data Acquisition ("SCADA") system. The SCADA control station is located at the Power Plant. The SCADA system was updated in 2004.

Interconnection Agreements

The City has interconnection or interchange agreements with AmerenUE, Associated Electric Cooperative ("AEC"), 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 is currently negotiating a new four year coal contract. The City will purchase between 40,000 and 50,000 tons per year for the contract term.

The City's two natural gas units at the Municipal Power Plant and the four natural gas units at 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.

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 attempt 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.

Electrical Demand and Capacity

The following table summarizes historical peak demand and capacity for 2005 to 2013 and projected data for the period 2014 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*	285	40	325	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 46,949 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, 2009 through September 30, 2013 is as follows:

<u>Fiscal Year ending Sept. 30</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential					
Average # of Customers	38,479	39,024	39,350	39,742	40,380
Percent of Total Customers	85.63%	86.28%	86.22%	86.21%	86.01%
Sales – MWh	384,518	425,702	420,560	401,881	399,981
Percent of Total Sales	35.21%	36.93%	36.47%	35.49%	35.54%
Average kWh/Mth/Customer	833	909	891	843	825
Sales Revenue – (000)	\$40,260	\$47,729	\$48,302	\$46,586	\$46,398
Percent of Total Revenue	39.29%	41.99%	41.65%	41.06%	40.67%
Small General Service (SGS)					
Average # of Customers	5,403	5,177	5,202	5,240	5,487
Percent of Total Customers	12.02%	11.45%	11.40%	11.37%	11.69%
Sales – MWh	99,202	103,512	98,998	96,037	101,509
Percent of Total Sales	9.08%	8.98%	8.59%	8.48%	9.02%
Average kWh/Mth/Customer	1,530	1,666	1,586	1,527	1,542
Sales Revenue – (000)	\$9,970	\$11,119	\$10,840	\$10,540	\$11,507
Percent of Total Revenue	9.73%	9.78%	9.35%	9.29%	10.09%
Large General Services (LGS)					
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Average # of Customers	1,025	1,000	1,055	1,084	1,046
Percent of Total Customers	2.28%	2.21%	2.31%	2.35%	2.23%
Sales – MWh	349,041	365,179	368,147	354,615	346,696

Percent of Total Sales	31.96%	31.68%	31.93%	31.31%	30.81%
Average kWh/Mth/Customer	28,377	30,432	29,080	27,261	27,621
Sales Revenue – (000)	\$31,430	\$33,576	\$34,865	\$33,754	\$33,389
Percent of Total Revenue	30.67%	39.54%	30.06%	29.75%	29.27%
Industrial					
Average # of Customers	32	30	31	34	36
Percent of Total Customers	0.07%	0.07%	0.07%	0.07%	0.08%
Sales – MWh	249,217	248,309	255,529	269,964	267,340
Percent of Total Sales	22.82%	21.54%	22.16%	23.84%	23.75%
Average kWh/Mth/Customer	649,003	689,747	686,906	661,676	618,842
Sales Revenue – (000)	\$19,091	\$19,527	\$20,495	\$21,687	\$21,887
Percent of Total Revenue	18.63%	17.18%	17.67%	19.11%	19.18%
Lighting					
Unmetered use – MWh	10,189	10,152	9,868	9,926	9,899
Sales Revenue – (000)	\$1,721	\$1,725	\$1,471	\$900	\$909
Totals					
Total Number of Customers	44,939	45,231	45,638	46,100	46,949
Total energy sales – MWh	1,092,167	1,152,854	1,153,102	1,132,423	1,125,425
Energy Losses – MWh	15,161	29,392	27,699	42,219	44,661
Total Energy Distributed – MWh	1,107,328	1,182,246	1,180,801	1,174,642	1,170,086
Total Revenues of Electricity – (000)	\$102,472	\$113,676	\$115,973	\$113,467	\$114,090

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, 2013 are set forth in the table below:

<u>Customer</u>	<u>Billed kWh</u>	<u>Billed Revenue</u>
Boone Hospital Center	28,487,279	\$ 2,224,927
Columbia Foods	28,066,253	2,093,289
3M Company	23,813,699	1,636,520
VA Hospital	18,478,425	1,491,236
Quaker Oats	15,585,129	1,268,257
Gates Rubber	15,138,700	1,273,119
PW Eagle	10,673,917	796,282
University of Missouri Hospital and Clinics	10,156,246	801,501
GGP Ltd - Columbia Mall	8,714,221	799,454
Shelter Insurance	7,553,376	618,597
	<u>166,667,245</u>	<u>\$ 13,003,182</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 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 System) 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 System and remitted to the City's General Fund after deposits required by the 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*
2013-2014

Residential service rate (per kilowatt hour):

Customer charge	\$8.45 per month
First 750 kWh (June through September)	9.44¢ per kWh
Next 1250 kWh (June through September)	12.77¢ per kWh
All remaining kWh (June through September)	13.72¢ per kWh
First 750 kWh (October through May)	9.44¢ per kWh
All remaining kWh (October through May)	10.88¢ per kWh
Electric Heating (October through May) first 750 kWh	9.44¢ per kWh
Electric Heating (October through May) remaining kWh	8.3072¢ per kWh

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

Customer charge	\$8.45 per month
First 750 kWh	9.44¢ per kWh
All remaining kWh	8.024¢ per kWh

Small general service rate (per kilowatt hour):

Customer charge (single-phase)	\$8.45 per month
Customer charge (three-phase)	\$10.85 per month
First 1,500 kWh (June through September)	9.44¢ per kWh
All remaining kWh (June through September)	12.77¢ per kWh
All kWh (October through May)	9.44¢ per kWh
Electric Heating (October through May) first 1,500 kWh	9.44¢ per kWh
Electric Heating (October through May) remaining kWh	8.496¢ per kWh

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

Customer charge (single-phase)	\$8.45 per month
Customer charge (three-phase)	\$10.85 per month
First 1,500 kWh	9.44¢ per kWh
All remaining kWh	8.024¢ 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	\$9.31 per month
175 Watt M.V. PTL	\$9.26 per month

Large general service rate:

Monthly demand charge:	<u>Summer</u>	<u>Non-Summer</u>
First 25 kW or less billing demand	\$382.25	\$305.50
Additional kW	\$15.29 per kW	\$12.22 per kW
Energy charge:		
All kWh	5.555¢ per kWh	4.828¢ per kWh

Industrial service rate:	<u>Summer</u>	<u>Non-Summer</u>
Demand charge:		
First 750 kW or less billing demand	\$14,962.50	\$11,970.00
All additional kW	\$19.95 per kW	15.96 per kW
Energy charge (all kWh)	4.456¢ per kWh	3.819¢ per kWh
Special outdoor lighting:		
Customer charge		\$50.00 per month
Cost per kWh		11¢ 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 October 1, 2013. 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 October 1, 2013, 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 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.

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Top Ten Water Users

The ten largest customers served by the Water Utility for the Fiscal Year ended September 30, 2013 are set forth below:

Largest Water Utility Customers September 30, 2013

<u>Customer</u>	<u>Billed CCF</u>	<u>Billed Revenue</u>
Columbia Foods	416,033	\$ 1,023,809
VA Hospital	58,207	145,387
3M Company	55,509	131,714
Boone Hospital Center	53,692	129,497
University of Missouri	40,357	103,792
Linen King	30,594	71,301
PW Eagle	24,620	58,263
State Farm	24,373	76,339
Best Men LLC	21,582	52,605
Columbia Ready Mix	17,539	49,458
	<u>742,506</u>	<u>\$ 1,842,165</u>

Source: City of Columbia

Water Rates

The following table shows water service rates currently in effect.

Schedule of Water Service Rates

	<u>Water Rates</u>			
	<u>Inside Limits</u>	<u>City Limits</u>	<u>Outside Limits</u>	<u>City Former Dist. O/S Water City</u>
Residential:				
First 4 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 80% (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 80% (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 80% average for January through March use)
For lawn irrigation, the summer rate applies to all summer use.

* In effect 2012-2013

	Minimum Charge Per Month		Former Water Dist. O/S City
	Inside City Limits	Outside City Limits	
<u>Meter Size</u>			
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.

	Fire Flow Charge per Month		Former Water Dist. O/S City
	Inside City Limits	Outside City Limits	
<u>Meter Size</u>			
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

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ENVIRONMENTAL AND REGULATORY MATTERS

Air

The Columbia Municipal Power Plant is subject to various parts of the Clean Air Act, including the Clean Air Interstate Rule (“CAIR”). CAIR requires utilities to reduce emissions of nitrogen oxides and sulfur dioxide from power plants in the eastern half of the United States, through a two-phase cap and trade program. On December 23, 2008, the US Court of Appeals of the DC Circuit remanded, but did not vacate CAIR. CAIR remains in place while the Environmental Protection Agency (“EPA”) finalizes a new rule to be known as the Clean Air Transport Rule. In addition, the Municipal Power Plant will be subject to the EPA’s proposed Utility Maximum Achievable Control Technology (“MACT”) rule. This rule will regulate the emission of hazardous air pollutants, which include mercury, particulate matter, hydrogen chloride, carbon monoxide, and dioxin/furans. On December 27, 2010, the Missouri Department of Natural Resources issued a Part 70 Permit to Operate to the Municipal 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.

Water

The Water Utility is a public water system subject to Federal & State regulation, including various regulations issued pursuant to the federal Safe Drinking Water Act and the Missouri Drinking Water Law. 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 WATER AND ELECTRIC 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 City’s Electric Utility.

Such factors include, among others (i) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (ii) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (iii) changes that might result from a regional or national energy pool, (iv) increasing competition from independent power producers, marketers and brokers, (v) “self generation” by certain industrial and commercial customers, (vi) issues relating to the ability to issue tax-exempt obligations, (vii) service restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations (viii) changes from projected future load requirements, (ix) increases in costs, and (x) shifts in the availability and relative costs of different fuels. 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 continually monitors factors that will impact the operation of the Electric Utility. The following information does 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 utility industry is, and is expected to be, available from legislative and regulatory bodies and other sources in the public domain.

The Federal Energy Regulatory Commission (“FERC”) and Midcontinent Independent System Operator (“MISO”).

The Midcontinent Independent Transmission System Operator, Inc. is the nation’s first Regional Transmission Organization (“RTO”) approved by the Federal Energy Regulatory Commission (“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 Feb. 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.

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 Water and Electric Utility

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the Water and Electric Utility'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 Water and Electric Utility 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.

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No Mortgage of 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 nor any property of the City, nor by any pledge of the revenues from the operations of the Projects or the City's enterprise systems.

Certain Matters Relating to Enforceability

The remedies available upon a default under the 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 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 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 2014 Series A Bonds

For information with respect to events that may cause interest on the 2014 Series A 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 2014 Series A Bonds or to pay any additional interest or penalty in the event that interest on the 2014 Series A Bonds becomes taxable.

Risk of Audit of the 2014 Series A 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 covenanted in the Ordinance and in the Continuing Disclosure Certificate to provide certain financial information and operating data relating to the City and notices of material events to each nationally recognized municipal securities information repository, in compliance with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission and provide a copy to Ambac Assurance. A summary of the Continuing Disclosure Certificate is included as Appendix C to this Official Statement. The City has not defaulted in its obligations to disclose information pursuant to Rule 15c2-12.

The City's record of compliance with its disclosure obligations over the last five years is provide below:

<u>Fiscal Year</u>	<u>Filing Deadline</u>	<u>Filing Date</u>	<u>Link to Filing Documentation</u>
2009	3/29/10	3/8/10	http://emma.msrb.org/EP401557-EP315781-EP711880.pdf
2010	3/29/11	3/7/11	http://emma.msrb.org/EP505759-EP394339-EP791548.pdf
2011	3/28/12	2/9/12	http://emma.msrb.org/ER582347-ER452231-ER854899.pdf
2012	3/29/13	3/7/13	http://emma.msrb.org/ER653829-ER507051-ER909781.pdf
2013	3/29/14	2/10/14	http://emma.msrb.org/EA582702-EA455043-EA850918.pdf

LEGAL MATTERS

Litigation

There is no litigation pending or threatened that, in the opinion of the City Counselor, would have a material adverse effect on the operations or financial condition of the City. There is not now pending against the City any litigation restraining or enjoining the issuance or delivery of the Bonds, questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued or questioning or affecting the obligations of the City under the Ordinance.

Legal Proceedings

All matters incident to the authorization and issuance by the City of the Bonds are subject to the approving opinion of Thompson Coburn LLP, St. Louis, Missouri, Bond Counsel. Bond Counsel has not reviewed this Official Statement except for the matters appearing in the sections of this Official Statement captioned "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "THE REFUNDING PLAN," "LEGAL MATTERS—Legal Proceedings," and "TAX MATTERS" herein and, accordingly expresses no opinion as to the accuracy or sufficiency thereof except for the matters appearing in such sections.

TAX MATTERS

Tax Exemption. The opinion of Thompson Coburn LLP, Bond Counsel, to be delivered upon the issuance of the 2014 Series A Bonds will state that, under existing law, (a) interest on the 2014 Series A Bonds (including any original issue discount properly allocable to an owner thereof as discussed in the portion of this Official Statement captioned "**TAX MATTERS – 2014 Series A Bonds – Original Issue Discount**") is excluded from gross income for federal income tax purposes and (b) is exempt from income taxation by the State of Missouri.

Bond Counsel's opinion will be conditioned on continuing compliance by the City with all requirements of the Code that must be satisfied in order that interest on the 2014 Series A Bonds (including any original issue discount properly allocable to an owner thereof) be, and continue to be, excluded from gross income for federal income tax purposes and exempt from income taxation by the State of Missouri. The City is to covenant in the Bond Ordinance and the Tax Compliance Agreement to comply with all such requirements. In addition, Bond Counsel will rely on representations by the City and others, with respect to matters solely within their knowledge, which Bond Counsel has not independently verified. Failure to comply with the requirements of the Code (including due to the foregoing representations being determined to be inaccurate or incomplete), may cause interest on the 2014 Series A Bonds (including any original issue discount properly allocable to an owner thereof) to be included in gross income for federal income tax purposes and not be exempt from income taxation by the State of Missouri retroactive to the date of issuance of the 2014 Series A Bonds. Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the 2014 Series A Bonds. In addition, the Bond Ordinance does not require the City to redeem the 2014 Series A Bonds or to pay any additional interest or penalty in the event that interest on the 2014 Series A Bonds becomes taxable.

In addition, the opinion of Bond Counsel will state that, under existing law, interest on the 2014 Series A Bonds (including any original issue discount properly allocable to an owner thereof) (a) is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individuals. However, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is not included in a corporate taxpayer's adjusted current earnings for purposes of determining its federal alternative minimum tax liability. Furthermore, the opinion of Bond Counsel will state the 2011 Series A Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (relating to financial institution deductibility of interest expense).

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences arising with respect to the 2014 Series A Bonds.

Bond Counsel's opinions are based on Bond Counsel's knowledge of facts as of the date thereof. Further, Bond Counsel's opinions are based on existing legal authorities, cover certain matters not directly addressed by such authorities and represent Bond Counsel's legal judgment as to the proper treatment of the 2014 Series A Bonds for federal and State of Missouri income tax purposes. Such opinions are not a guarantee of result and are not binding on the Service or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Service. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur.

Original Issue Discount. The initial public offering prices of certain maturities of 2014 Series A Bonds, as set forth on the inside cover page of this Official Statement, may be less than the respective stated redemption prices at maturity (such 2014 Series A Bonds are hereinafter referred to as "**2014 Series A OID Bonds**"). An amount equal to the difference between the initial public offering price of a 2014 Series A OID Bond (assuming a substantial amount of such maturity is first sold at that price) and its stated redemption price at maturity constitutes original issue discount. The amount of original issue discount properly accruable with respect to a 2014 Series A Bonds that is a 2014 Series A OID Bond is excluded from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri (subject to compliance by the City with the requirements of the Code). The amount of properly accruable original issue discount during the period that the owner holds a 2014 Series A OID Bond is added to the owner's tax basis for purposes

of determining gain or loss upon maturity, redemption, prior sale or other disposition of such 2014 Series A OID Bond.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis under the constant yield method. The amount of original issue discount that accrues during any accrual period to an owner of a 2014 Series A OID Bond who purchases such 2014 Series A OID Bond in this initial offering at the initial offering price generally equals (i) the issue price of such 2014 Series A OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such 2014 Series A OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest on such 2014 Series A OID Bond payable during, or otherwise allocable to, such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period. Each owner of a 2014 Series A OID Bond may select accrual periods that may vary in length over the term of the 2014 Series A OID Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period.

Original issue discount on a 2014 Series A Bond as described above (a) is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individuals. However, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is not included in a corporate taxpayer's adjusted current earnings for purposes of determining its federal alternative minimum tax liability.

Owners of 2014 Series A OID Bonds (and particularly those not purchasing in this initial offering at the initial offering prices) should consult their own tax advisors with respect to the determination and treatment of original issue discount for federal and State of Missouri income tax purposes and with respect to other federal, state, local and foreign tax consequences of owning or disposing of such 2014 Series A OID Bonds.

Premium. An amount equal to the excess of the purchase price of a 2014 Series A Bond over its stated redemption price at maturity constitutes amortizable bond premium on such 2014 Series A Bond. A purchaser of a 2014 Series A Bond generally must amortize any premium over such 2014 Series A Bond's term using constant yield principles, based on the purchaser's yield on the 2014 Series A Bond to maturity; provided that the premium must be amortized over the period to a call date with respect to the 2014 Series A Bond, based on the purchaser's yield on the 2014 Series A Bond to such call date, if the call by the City on such date would minimize the purchaser's yield on the 2014 Series A Bond. As premium is amortized, the purchaser's basis in such 2014 Series A Bond (and the amount of tax-exempt interest received) will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal and State of Missouri income tax purposes upon a sale or disposition of such 2014 Series A Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal or State of Missouri income tax deduction is allowed.

Owners of 2014 Series A Bonds who purchase at a premium (whether at the time of initial issuance or subsequent thereto) should consult their own tax advisors with respect to the determination and treatment of premium for federal and State of Missouri income tax purposes and with respect to other federal, state, local and foreign tax consequences of owning or disposing of such 2014 Series A Bonds.

Market Discount. If a 2014 Series A Bond is purchased at any time for a price that is less than the 2014 Series A Bond's stated redemption price at maturity, in the case of a 2014 Series A Bond other than a 2014 Series A OID Bond (or its "revised issue price" in the case of a 2014 Series A

OID Bond, defined as the sum of the issue price of the 2014 Series A OID Bond and the aggregate amount of the original issue discount previously accrued thereon), such bondowner will be treated as having purchased such 2014 Series A Bond at a “market discount,” unless such market discount is less than a statutorily specified de minimis rule amount. Under the market discount rules, a bondowner will be required to treat any principal payment (or, in the case of a 2014 Series A OID Bond, any payment that does not constitute qualified stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition (including certain nontaxable dispositions such as gifts) of, such 2014 Series A Bond as ordinary income to the extent of the market discount which has previously not been included in gross income and is treated as having accrued on such 2014 Series A Bond at the time of such payment or disposition. A bondowner may instead elect to include market discount in gross income each taxable year as it accrues with respect to all debt instruments (including a 2014 Series A Bond) acquired in the taxable year for which the election is made. Such election would apply to the taxable year for which it is made and for all subsequent taxable years and could be revoked only with the consent of the Service. The accrued market discount on a 2014 Series A Bond is generally determined on a ratable basis, unless the bondowner elects with respect to such 2014 Series A Bond to determine accrued market discount under a constant yield method similar to that applicable to original issue discount.

The applicability of the market discount rules may adversely affect the liquidity or secondary market price of a 2014 Series A Bond. Owners of 2014 Series A Bonds should consult their own tax advisors regarding the potential implications of the market discount rules with respect to the 2011 Series A Bonds.

Collateral Tax Consequences. Prospective purchasers of the 2014 Series A Bonds should be aware that the ownership of the 2014 Series A Bonds may result in other federal and State of Missouri tax consequences to certain taxpayers, including, without limitation, financial institutions, insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers who have incurred or continued indebtedness to purchase or carry, or have paid or incurred certain expenses allocated to, the 2014 Series A Bonds, individuals who may be eligible for the earned income credit, owners who dispose of any 2014 Series A Bond prior to its stated maturity (whether by sale or otherwise) and owners who purchase any 2014 Series A Bond at a price different from its initial offering price. All prospective purchasers of the 2014 Series A Bonds should consult their own tax advisors as to the applicability and the impact of any other tax consequences (which may depend upon their particular tax status or other tax items) as well as to the treatment of interest on the 2014 Series A Bonds (including any original issue discount properly allocable to an owner thereof) under state or local laws other than those of the State of Missouri.

Under the Code, all taxpayers are required to report on their federal income tax returns the amount of interest (including properly allocable original issue discount) received or accrued during the year that is excluded from gross income for federal income tax purposes. This requirement applies to interest on all tax-exempt obligations, including, but not limited to, the 2014 Series A Bonds. Also, the Code requires the reporting by payors of tax-exempt interest, in a manner similar to that for interest on taxable obligations. Generally, payors (including paying agents and other middlemen and nominees) of tax-exempt interest (such as interest on the 2014 Series A Bonds) to non-corporate payees are subject to federal income tax information return and payee statement reporting and recordkeeping requirements. Also, as to payor reportable payments of tax-exempt interest (such as payments to non-corporate payees of interest on the 2014 Series A Bonds), the general rules of federal income tax backup withholding will apply to such payments, unless the payor obtains from the payee a completed, certified Form W-9, Request for Taxpayer Identification Number and Certification. However, for tax-exempt original issue discount, no information reporting or backup withholding will be required until such time as the Service provides future guidance.

Federal, state or local legislation, if enacted in the future, may cause interest on the 2014 Series A Bonds to be subject, directly or indirectly, to federal or State of Missouri income taxation or otherwise adversely affect the federal, state or local tax consequences of ownership or disposition of, and, whether or not enacted, may adversely affect the value and liquidity of, the 2014 Series A Bonds.

MISCELLANEOUS

Bond Rating

Standard & Poor's Rating Services, a division of Standard & Poor's Financial Services, LLC, a subsidiary of the McGraw-Hill Financial, Inc., has assigned a rating of "[__]" based on the credit of the System. Such ratings reflect only the view of such rating agency, and an explanation of the significance of such ratings may be obtained there from. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by said rating agency if, in its judgment, circumstances warrant. Any such downward revisions or withdrawal of the rating may have an adverse affect on the market price of the Bonds.

Financial Advisor

Columbia Capital Management, LLC, St. Louis, Missouri, has acted as Financial Advisor to the Issuer 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 Issuer 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

The Bonds have been sold at public sale by the City to _____, on behalf of itself and an underwriting syndicate (together, the "Underwriters"). The Underwriters have agreed to purchase the Bonds from the City at a price of \$_____, (which is equal to the principal amount of the Bonds, less original issue discount of \$_____, plus original issue premium of \$_____, and less an underwriting discount of \$_____), plus accrued interest from the date of the Bonds to the date of payment and delivery of the Bonds.

Other Matters

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein.

Simultaneously with the delivery of the Bonds, the Director of Finance of the City, acting on behalf of the City, will furnish to the Underwriters 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.

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 form of this Official Statement, and its distribution and use by the Underwriters, has been approved by the City and deemed final. Neither the City nor any of its officers, directors 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 Ordinance.

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Additional Information

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

CITY OF COLUMBIA, MISSOURI

By: /s/ Bob McDavid
Mayor

Appendix A

Information Concerning the City

GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY

Location and Size

The City is located in Boone County, Missouri, 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 60 square miles and has a current estimated population of approximately 112,000.

Government Structure

The City of Columbia 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.

Columbia is a full-service City that provides not only the traditional basic services such as public safety, public works and planning, but also a wide variety of enterprise activities. Columbia provides a majority of utility services including water, electricity, solid waste, and sanitary sewers. Additionally, Columbia 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 and joint communications, 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 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 Area Transit System 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 49,977 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 4.5% in January 2014, has been well below the national average of approximately 6.7%.

<u>Major Employers</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1. University of Missouri – Columbia	Education	8,581
2. University Hospital and Clinics	Medical	4,438
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. Shelter Insurance	Insurance	1,076
9. Veterans United Home Loans	Lender	937
10. MBS Textbook Exchange	Textbook Distribution	919

Source: Comprehensive Annual Financial Report, Fiscal Year 2013

The following table sets forth employment figures for the Columbia, Missouri MSA:

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2003	87,936	84,818	3,118	3.55%
2004	88,214	84,813	3,401	3.86%
2005	91,210	87,921	3,289	3.86%
2006	92,316	89,230	3,086	3.34%
2007	93,159	89,688	3,471	3.73%
2008	92,777	88,661	4,116	4.44%
2009	93,236	87,248	5,988	6.42%
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%

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

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General Demographic Statistics

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

<u>Year</u>	<u>Estimated Population</u>	<u>Median Age</u>	<u>Personal Income (\$000)</u>	<u>Per Capita Personal Income</u>
2003	88,423	30.8	\$4,230,922	28,197
2004	89,803	35.2	4,537,251	30,019
2005	91,814	35.2	4,865,759	31,959
2006	93,219	29.7	5,087,000	32,608
2007	94,645	28.1	5,283,000	32,548
2008	96,093	31.8	5,521,000	33,604
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	6,666,700	39,557

Source: Comprehensive Annual Financial Report, Fiscal Year 2013

Building Permits

The following table sets forth statistical information regarding the number and estimated valuation of building permits within the City for five recent 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>
2009	42	90,871,538	355	55,436,649
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

Source: Comprehensive Annual Financial Report, Fiscal Year 2013

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, 2013 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>Applicable to City of Columbia</u>
City of Columbia	\$0	\$0	\$0	0.0%	\$0
Columbia SD	189,402,000	16,476,184	172,925,816	82.1%	141,940,942
Boone County	<u>4,808,819</u>	<u>395,457</u>	<u>4,413,362</u>	71.6%	<u>3,158,462</u>
Totals	<u>\$194,210,819</u>	<u>\$16,871,641</u>	<u>\$177,339,178</u>		<u>\$145,099,405</u>

Source: Comprehensive Annual Financial Report, Fiscal Year 2013

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, 2013, the legal debt limit of the City is \$348,567,093. The City has no outstanding indebtedness, which leaves a legal debt margin of \$348,567,093.

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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, 2013:

<u>Revenue Bonds*</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Term In Years</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>
2003 Water & Electric System Refunding Bonds	2.00 – 5.00%	02/15/03	13	12/01/15	8,950,000	2,960,000
2004 Water & Electric System Refunding Bonds	2.00 – 4.25%	03/15/04	25	10/01/28	17,095,000	13,350,000
2005 Water & Electric System Refunding & Improvement Bonds	3.00 – 5.25%	05/17/05	24	10/01/29	30,630,000	23,785,000
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	82,505,000
1999 Sanitary Sewerage System Revenue Bonds Series A	3.625 – 5.250%	06/01/99	20	01/01/20	3,730,000	1,470,000
1999 Sanitary Sewerage System Revenue Bonds Series B	4.125 – 6.000%	12/01/99	20	07/01/20	1,420,000	560,000
2000 Sanitary Sewerage System Revenue Bonds Series B	4.350 – 5.625%	11/01/00	20	07/01/21	2,445,000	1,095,000
2002 Sanitary Sewerage System Revenue Bonds	3.000 – 5.375%	05/08/02	24	01/01/23	2,230,000	1,215,000
2003 Sanitary Sewerage System Revenue Bonds	2.00 – 5.25%	04/09/03	20	01/01/24	3,620,000	2,150,000
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	640,000
2007 Sanitary Sewerage System Revenue Bonds	4.00 – 5.00%	11/15/07	20	01/01/28	1,800,000	1,410,000
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*	56,968,020
2012 Sanitary Sewerage System	0.35 – 3.75%	3/29/12	24	10/1/2036	9,365,000	9,085,000
2013 Sanitary Sewerage System	0.38 – 1.10%	7/2/13	5	10/1/2017	3,325,000	<u>3,325,000</u>
Total Revenue Bonds						<u>\$229,389,623</u>

*The Series 2010 Sanitary Sewer System Revenue Bonds Series A has a not to exceed amount of \$59,335,000. As of September 30, 2013 the related bonds payable for this issue was \$56,968,020.

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Special Obligation Bonds: The City has ten series of special obligation bonds outstanding. The City may make payments on the outstanding special obligation bonds and notes 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 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
2014	\$7,485,000	\$4,883,345	\$12,368,345
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>\$133,155,000</u>	<u>\$48,477,544</u>	<u>\$181,632,544</u>

* The Series 2009A Taxable Build America Bonds are shown gross 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, 2013 CAFR included as Appendix F.

Future obligations: At an April 2008 election, the voters of the City authorized the issuance of Sanitary Sewerage System Revenue bonds in the principal amount of \$77,000,000 for the purpose of providing funds for constructing, improving and extending the City-owned sanitary sewer utility, the cost of operation and maintenance of said sanitary sewer system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its sanitary sewer system. The City currently has \$7,421,000 of remaining authorization.

WATER AND ELECTRIC UTILITY SYSTEM REVENUE BOND COVERAGE ^(a)
LAST 10 FISCAL YEARS

WATER AND ELECTRIC UTILITY REVENUE / REFUNDING BONDS ^(c)

Fiscal Year Ended	Operating Revenue	Operating Expenses	Net Revenues	Principal	Interest ^(b)	Total	Revenue Bond Coverage
2004	79,237,016	62,559,631	16,677,385	3,685,000	2,992,679	6,677,679	2.50
2005	92,127,894	72,052,155	20,075,739	3,870,000	3,449,264	7,319,264	2.74
2006	105,384,237	85,904,487	19,479,750	575,000	3,308,873	3,883,873	5.02
2007	116,758,098	84,055,177	32,702,921	3,595,000	4,332,137	7,927,137	4.13
2008	121,609,839	90,723,595	30,886,244	3,755,000	5,079,238	8,834,238	3.50
2009	132,415,953	99,094,026	33,321,927	3,875,000	6,125,758	10,000,758	3.33
2010	142,829,724	104,960,352	37,869,372	4,020,000	6,206,577	10,226,577	3.70
2011	151,526,817	107,813,998	43,712,819	4,175,000	6,354,157	10,529,157	4.15
2012	147,075,417	100,038,432	47,036,985	5,360,000	8,714,110	14,074,110	3.34
2013	146,188,407	111,187,318	35,001,089	6,545,000	8,501,203	15,146,203	2.33

^(a) Revenue bonds and their related interest are payable solely from the revenues derived from the operation of the enterprise owned by the City, as defined in the Electric System Bond Ordinance, and the available revenues are listed under column heading "Net Revenues". The taxing power of the City is not pledged to secure payment of the bonds and interest.

^(b) Interest payments made in the fiscal year.

^(c) This includes Special Obligation Bonds, Series 2012D and Series 2012E, which are to be treated as a water and electric utility revenue bond issues.

SANITARY SEWER SYSTEM UTILITY REVENUE BOND COVERAGE ^(a)
LAST 10 FISCAL YEARS

SANITARY SEWER SYSTEM REVENUE BONDS ^(d)

Fiscal Year Ended	Operating Revenue ^(c)	Operating Expenses	Net Revenue	Principal	Interest ^(b)	Total	Revenue Bond Coverage
2004	8,708,998	5,721,756	2,987,242	1,040,000	1,038,747	2,078,747	1.44
2005	9,378,918	5,750,876	3,628,042	1,245,000	994,648	2,239,648	1.62
2006	9,915,355	6,221,458	3,693,897	1,280,000	1,126,455	2,406,455	1.53
2007	10,313,861	6,395,635	3,918,226	1,590,000	1,281,897	2,871,897	1.36
2008	10,333,579	6,596,832	3,736,747	1,640,000	1,290,111	2,930,111	1.28
2009	11,645,980	7,637,179	4,008,801	1,765,000	1,256,537	3,021,537	1.33
2010	13,536,909	7,576,703	5,960,206	1,805,000	1,520,655	3,325,655	1.79
2011	15,430,156	7,850,327	7,579,829	1,875,000	1,911,364	3,786,364	2.00
2012	17,973,980	9,145,955	8,828,025	1,915,000	2,121,660	4,036,660	2.19
2013	19,672,456	8,750,940	10,921,515	3,521,500	2,562,275	6,083,775	1.80

^(a) Revenue bonds and their related interest are payable solely from the revenues derived from the operation of the enterprise owned by the City. The taxing power of the City is not pledged to secure payment of the bonds and interest.

^(b) Interest payments made in the fiscal year.

^(c) Includes investment revenue.

^(d) This includes Special Obligation Bonds, Series 2001A, Series 2006A, and Series 2012B which are to be treated as sewer system revenue bond issues.

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 & Pullen, 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 http://www.gocolumbiamo.com/Finance/Services/Financial_Reports/index.php.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the 2012 and 2013 fiscal years:

<u>Source</u>	<u>2012</u>	<u>2013</u>
General Property Taxes	\$ 7,097,767	\$ 7,228,203
Sales Tax	20,840,696	21,627,785
Other Local Taxes	11,931,167	12,262,325
Licenses and Permits	882,974	921,132
Fines	2,184,075	1,970,138
Fees and Service Charges	1,973,292	2,658,150
Intragovernmental Revenues	4,130,138	3,931,555
Revenue from other Governmental Units	4,503,591	4,103,531
Investment Revenue	471,452	(397,290)
Miscellaneous Revenue	<u>1,412,146</u>	<u>1,208,861</u>
Totals	<u>\$55,373,298</u>	<u>\$55,514,390</u>

Source: Comprehensive Annual Financial Report, Fiscal Years 2012 and 2013

Sales tax revenues currently represent nearly 39% 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>Capital Transportation</u>	<u>Improvements</u>	<u>Local Park</u>
2009	\$18,427,197	\$9,200,210	\$4,599,952	\$4,599,880
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

Source: Comprehensive Annual Financial Reports, Fiscal Years 2009 - 2013

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating Revenues	\$53.36	\$55.08	\$54.70	\$55.37	\$55.51
Operating Expenditures	<u>69.64</u>	<u>71.55</u>	<u>72.48</u>	<u>71.82</u>	<u>74.05</u>
Excess/(Deficiency)	(16.28)	(16.47)	(17.78)	(16.45)	(18.54)
Other Financing Sources/(Uses)	16.03	17.41	19.09	18.35	18.40
Ending Fund Balance	\$25.66	\$26.60	\$27.92	\$29.82	\$29.68

Source: Comprehensive Annual Financial Report, Fiscal Years 2009 - 2013

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.

Employee Retirement and Pension Plans

The City contributes to the Police Retirement Fund and the Firefighters' Retirement Fund, two separate single employer defined benefit pension plans. The City of Columbia acts as an agent of the plans and has administrative responsibility for the assets of the plans. All full-time regular police officers and full-time regular firefighters are participants in their respective plans. Participants employed September 30, 2012 or earlier are eligible for retirement benefits, payable monthly for life, upon reaching the age of 65, or 20 years of credited service. Police participants employed October 1, 2012 or later are eligible for retirement benefits, payable monthly for life, upon reaching the age of 65, or 25 years of credited service. Firefighter participants employed October 1, 2012 or later are eligible for retirement benefits, payable monthly for life, upon having completed at least one year of active service and reaching the age of 55. The plans also provide early retirement, death, and disability benefits. Benefits and refunds of the Police and the Firefighters' Retirement pension plans are recognized and payable when due.

Participants in the Police Retirement plan employed September 30, 2012 or earlier receive a normal benefit equal to 3.0% of their highest average salary multiplied by the number of years of active service up to 20 years, plus 2% of the highest average salary for each year of service in excess of 20 years, but not to exceed 70% of the highest average salary. This benefit shall continue for life. Participants in the Police Retirement plan employed as of October 1, 1991 could elect a second option. Under this option employees retiring after January 4, 1993 receive a benefit increase of 3% each year from retirement to age 62. When a covered employee reaches age 62, the retirement benefit shall equal 2.2% of the highest average salary times the years of service to a maximum of 52.5% of the highest average salary with 25 years of continuous service. The benefit calculated at age 62 is then increased by 2% for each year from retirement to age 61. This benefit is then payable from age 62 and increased in each future year by 2% of the preceding year's benefit.

Participants in the Police Retirement plan employed October 1, 2012 or later receive a normal benefit equal to 2.0% of highest average salary per year of covered employment up to twenty-five years. For each year of service in covered employment over twenty-five, the retiree shall receive an additional 1.5% of highest average salary per year, up to a maximum of 57.5% for twenty-five years of service. In the first month of each plan year the retirement benefit shall be increased by 0.6%.

Participants in the Firefighters' Retirement plan employed September 30, 2012 or earlier with 20 or more years of service receive a normal benefit equal to 70% of the highest annual salary plus 2% per year for each year in excess of 20 years, up to a maximum of 80% of the highest annual salary. The normal benefit is increased annually by 2%. Participants in the Firefighters' Retirement plan employed October 1, 2012 or later receive a retirement benefit equal to 2.5% of the retiree's highest average salary multiplied by the number of years of active service. If a retiree is age 50 and not yet age 55 at the date of retirement, the retirement benefit payable will be reduced by 0.5% for each month that the retirement date precedes age 55.

All other employees of the City receive retirement benefits through a plan administered by the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. All full-time employees are eligible to participate in LAGERS. Benefits vest after five years of credited service. LAGERS provides retirement benefits, early retirement, death and disability benefits. The City is required by statute to contribute the amounts necessary to finance the coverage of its employees using the actuarial basis specified by state statute. For the fiscal year ended September 30, 2012, the employer contribution rate was 16.1% for general employees and 18.7% for water and electric utility employees. The employer contribution rate for 2013 was 17.1% for general employees and 19.7% for water and electric utility employees.

Membership of each plan consisted of the following at the date of the latest actuarial valuation:

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>LAGERS</u>
Current membership (receiving benefits)	124	130	503
Terminated entitled, not yet receiving benefits	16	-	248
Current active members	146	128	942

Source: Comprehensive Annual Financial Report, Fiscal Year 2013

Funding Policy for Police and Fire Pension

The City's Police and Fire pension contributions for the fiscal year ended September 30, 2013, were made in accordance with actuarially determined contribution requirements determined through actuarial valuation. The City's annual pension cost for the current year and the related information for each plan follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>LAGERS</u>
Contribution rates:			
City-general, utility	36.76%	54.26%	16.1, 18.7%
Plan members - contributory	8.35%	16.32%	—
Plan members -			
Noncontributory	3.50%	—	—
Annual pension cost	\$3,153,367	\$3,995,869	\$7,423,367
Contributions made	\$3,153,367	\$3,995,869	\$7,258,287
Actuarial valuation date	9/30/2011	9/30/2011	2/29/2012
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	level % of pay-closed	level % of pay-closed	level % of pay-open
Remaining amortization period	28 years	28 years	30 years
Asset valuation method	smooth 4 year market	smooth 4 year market	smooth 5 year market
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.25%
Projected salary increases*	0% – 13.0%	0% – 13.0%	0% - 6.0%
*Includes inflation at	3.5%	3.5%	3.5%
Benefit increases	2% annually until attained age of 62; 2.2% thereafter	2% annually	6% maximum annually based on consumer price index

Source: Comprehensive Annual Financial Report, Fiscal Year 2013

Pursuant to a September 30, 2011 actuarial report, the Unfunded Actuarial Accrued Liability for the Police Plan is \$32,486,719 and for the Fire Plan is \$47,387,835.

Prior to September 22, 1985, participants in the police retirement plan were able to elect to receive a higher salary and make a contribution to the plan or elect to receive a lower salary and not make a contribution.

Annual Pension Cost

Schedule of Employer Contributions

	<u>FY Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
LAGERS	6/30/2013	\$7,688,558	99.9%	\$529,637
Police Pension	9/30/2013	\$3,243,455	100.0%	\$---
Fire Pension	9/30/2013	\$4,382,296	100.0%	\$---

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Administration costs are financed by the revenues of the Police and Firefighters' Retirement Funds.

There were no long-term contracts for contributions outstanding on September 30, 2013.

Although the assets of the Police and Fire plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

401(a) Retirement Plan

The City sponsors and administers, through a contract with Boone County National Bank, a 401(a) plan which is a defined contribution plan established to provide benefits at retirement to permanent employees of the City. At September 30, 2013, there were 1,252 plan members. The City will contribute to the plan on behalf of each participant an amount equal to 2.0% of the participant's salary contingent upon the participant making a matching contribution to a Section 457 deferred compensation plan. For the year ended September 30, 2013, the City contributed \$681,678 to the plan. Plan provisions and contribution requirements are established and may be amended by the City Council.

Post Employment Health Plan (PEHP)

Beginning with the fiscal year ended September 30, 2010, the City will no longer make contributions toward the employee post employment health plan. However, employees who terminate employment after 10 or more years of service may be eligible to convert unused sick leave hours (at the rate of \$2.00 for every hour of final accumulated sick leave) for deposit into the employee's PEHP account. For the year ended September 30, 2013, \$109,547 was contributed to the plan.

Other Post Employment Benefits (OPEB)

The City of Columbia post employment Health Plan is a single employer defined benefit plan that is self-funded. The Plan provides medical and prescription drug benefits to eligible retirees and their dependents. Eligible non-Medicare retirees receive health care coverage through a self-insured Point-of-Service plan offered through United Healthcare. Eligible Medicare retirees receive health care coverage through a fully insured Medicare Supplement Plan F and a Part D Rx plan offered through United American. As of October 1, 2012, the date of the last actuarial valuation, plan membership consisted of 257 Retirees receiving benefits and 1,251 active members for a total of 1,508 total current members.

PROPERTY TAX INFORMATION CONCERNING THE CITY

Property Valuations

Current Assessed Valuation. The following table shows the total assessed valuation of all taxable tangible real and personal property situated in the City according to the Boone County Assessor's Office as of September 30, 2013:

Real	\$ 1,423,905,462
Personal.....	293,420,631
State	4,138,118
Total	<u>\$ 1,721,464,211</u>

History of Property Valuations. The total assessed and estimated actual valuation of all taxable tangible real and personal property situated in the City has been as follows:

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Estimated Actual Valuation</u>
2004	\$1,115,649,375	\$4,648,539,062
2005	1,164,766,227	4,853,192,612
2006	1,371,217,522	5,713,406,342
2007	1,475,074,176	6,141,975,733
2008	1,571,621,920	6,548,424,667
2009	1,628,439,181	6,785,163,254
2010	1,639,395,223	6,830,813,429
2011	1,655,914,159	6,899,642,329
2012	1,683,324,254	7,013,851,058
2013	1,721,464,211	7,172,767,546

Source: Comprehensive Annual Financial Report, Fiscal Year 2013

Tax Rates

Debt Service Levy. The City has no general obligation debt.

Operating Levy. The current operating levy of the City is \$0.41 per \$100 of assessed valuation. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's operating levy above \$0.45 must be approved by a majority of the voters voting on the proposition.

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Major Property Taxpayers

The following table sets forth the ten largest property taxpayers in the City for the fiscal year ending September 30, 2013:

CITY OF COLUMBIA, MISSOURI

PRINCIPAL TAXPAYERS SEPTEMBER 30, 2013

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Union Electric	Utility	\$ 17,688,143	1.03%
Shelter Insurance	Insurance	14,960,458	0.87%
TKG Biscayne LLC	Property/Developer	9,618,659	0.56%
State Farm Mutual Auto Ins. Co.	Insurance	9,313,844	0.54%
3M Company	Manufacturer	8,502,262	0.49%
The Links at Columbia	Property/Developer	6,839,287	0.40%
Boone Hospital Center	Health Services	6,713,024	0.39%
Hubbell Power Systems	Manufacturer	6,466,943	0.38%
Grindstone Plaza Development	Property/Developer	5,736,997	0.33%
Columbia Foods	Manufacturer	5,422,418	0.31%
		<u>\$91,262,075</u>	5.30%

Source: Comprehensive Annual Financial Report, Fiscal Year 2013

Appendix B

Audited Financial Statements of the City for Fiscal Year 2013

Appendix C

Summary of Continuing Disclosure Certificate

Appendix D

Form of Opinion of Bond Counsel

[FORM OF OPINION OF BOND COUNSEL]