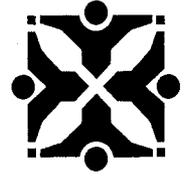


# City of Columbia

701 East Broadway, Columbia, Missouri 65201



**Agenda Item Number:** B 176-15

**Department Source:** Finance

**To:** City Council

**From:** City Manager & Staff

**Council Meeting Date:** 7/6/2015

**Re:** Ordinance authorizing the issuance of Water and Electric System Refunding and Improvement Revenue Bonds Series 2015.

## Documents Included With This Agenda Item

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

**Supporting documentation includes:** None

## Executive Summary

In April 2015, the citizens of Columbia approved the Issuance of bonds to fund various Electric System Improvements. In addition, the Electric System 2005 issue is available for refinancing. This ordinance authorizes the sale of bonds not to exceed \$54,500,000 in principle of Water and Electric System refunding and Improvement Bonds, Series 2015 for these purposes.

## Discussion

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

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

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

## Fiscal Impact

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

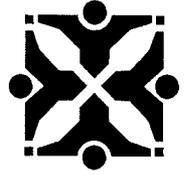
**Long-Term Impact:** These revenue bonds will be funded through the rate increases which were passed by voters when the bond issuance authority was granted in April 2015, in addition to other Enterprise Revenue.

## Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Governance and Decision Making

# City of Columbia

701 East Broadway, Columbia, Missouri 65201



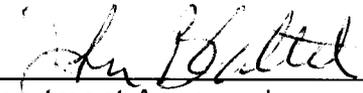
Strategic Plan Impact: Financial Health  
Comprehensive Plan Impact: Not Applicable

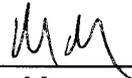
## Suggested Council Action

Approve the attached ordinance.

## Legislative History

None.

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

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

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ORDINANCE NO. \_\_\_\_\_

OF

CITY OF COLUMBIA, MISSOURI

PASSED JULY 20, 2015

AUTHORIZING

NOT TO EXCEED  
\$54,500,000  
WATER AND ELECTRIC SYSTEM  
REFUNDING AND IMPROVEMENT REVENUE BONDS  
SERIES 2015

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Introduced by \_\_\_\_\_

First Reading \_\_\_\_\_

Second Reading \_\_\_\_\_

Ordinance No. \_\_\_\_\_

Council Bill No. B 176-15

**AN ORDINANCE**

authorizing the issuance of water and electric system refunding and improvement revenue bonds, in the aggregate principal amount of not to exceed \$54,500,000, prescribing the form and details of said bonds and the covenants and agreements to provide for the payment and security thereof; and authorizing certain actions and documents and prescribing other matters relating thereto; and fixing the time when this ordinance shall become effective.

**WHEREAS**, the City of Columbia, Missouri (the “**City**”), a constitutional charter city and political subdivision duly organized and existing under the constitution and laws of the State of Missouri, and pursuant to Article VI, Section 27 of the Missouri Constitution and Chapter 250 of the Revised Statutes of Missouri, as amended (the “**Act**”), now owns and operates a revenue producing municipal water and electric light works system serving the City and its inhabitants and others within its service area (collectively, the “**System**,” as hereinafter more fully defined); 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 has no bonds or other obligations outstanding payable from the Net Revenues (as hereinafter more fully defined) of the System save and except the following:

<u>Series of Bonds</u>	<u>Dated</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A	5/17/2005	\$30,630,000	\$20,620,000
Water and Electric System Revenue Bonds, 2009 Series A	9/29/2009	\$16,725,000	\$16,635,000
Water and Electric System Revenue Refunding and Improvement Bonds, 2011 Series A	5/17/2011	\$84,180,000	\$77,870,000
Water and Electric System Revenue Refunding Bonds, 2014 Series A	7/07/2014	\$14,180,000	\$12,830,000

**WHEREAS**, the City is authorized under the provisions of the Act to issue and sell revenue bonds for the purpose of providing funds for acquiring, constructing, extending and improving the System upon obtaining the required voter approval and provided that the principal of and interest on such revenue bonds shall be payable solely from the revenues derived from the operation of the System; and

**WHEREAS**, the City has, from time to time pursuant to the Act and approval by not less than a majority of the qualified voters of the City voting thereon, issued and sold its revenue bonds for the purpose of paying all or part of the cost of extending and improving the System, with the cost of operation and maintenance of the System and the principal of and interest on said revenue bonds payable solely from the Net Revenues; 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 “**Series 2003 Bonds**”), pursuant to Ordinance No. 017571 adopted on February 3, 2003, for the purpose of refunding certain outstanding System bonds; and

**WHEREAS**, pursuant to the Act, a special bond election was duly held in the City on November 4, 2003, on the question whether to issue Water and Electric System Revenue Bonds in the principal amount of \$28,300,000 (the “**2003 Voted Authority**”) for the purpose of extending, expanding, improving, repairing, replacing and equipping the City-owned waterworks and electric systems, and it was found and determined that a simple majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said question having been 5,328 votes for said question to 2,120 votes against said question; and

**WHEREAS**, on March 15, 2004, the City Council of the City passed 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 “**Series 2004 Bonds**”), pursuant to Ordinance No. 018028 passed on March 15, 2004, for the purpose of paying the costs 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 Revenue Bonds, 2005 Series A (the “**Series 2005 Bonds**”), pursuant to Ordinance No. 018501 passed May 2, 2005, of which \$20,620,000 remains outstanding as of the date of adoption of this Ordinance, for the purpose of (i) refunding a portion of the City’s 1998 Series A Water & Electric System Revenue Bonds and (ii) paying the costs of extending, expanding, improving, repairing, replacing and equipping the System (with the new money portion of the Series 2005 Bonds (\$10,750,000) utilizing the majority of the remaining 2003 Voted Authority); and

**WHEREAS**, pursuant to the Act, a special bond election was duly held in the City on November 4, 2008, on the question whether to issue Water and Electric System Revenue Bonds in the principal amount of \$38,940,000 (the “**2008 Voted Authority**”) for the purpose of extending, expanding, improving, repairing, replacing and equipping the City-owned waterworks and electric systems, and it was found and determined that a simple majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said question having been 39,908 votes for said question to 11,386 votes against said question; and

**WHEREAS**, on September 29, 2009, the City issued and delivered \$16,725,000 principal amount of Water and Electric System Revenue Bonds, 2009 Series A (the “**Series 2009 Bonds**”), pursuant to Ordinance No. 020419 passed on September 21, 2009 (the “**Series 2009 Ordinance**”), of

which \$16,635,000 remains outstanding as of the date of adoption of this Ordinance, for the purpose of paying the costs of extending, expanding, improving, repairing, replacing and equipping the System; and

**WHEREAS**, pursuant to the Act, a special bond election was duly held in the City on April 5, 2011, on the question whether to issue Water and Electric System Revenue Bonds in the principal amount of \$49,500,000 (the “**2011 Voted Authority**”) for the purpose of extending, expanding, improving, repairing, replacing and equipping the City-owned waterworks and electric systems including purchasing the outstanding shares of the Columbia Energy Center, and it was found and determined that a simple majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said question having been 8,973 votes for said question to 1,459 votes against said question; and

**WHEREAS**, on May 17, 2011, the City issued and delivered \$84,180,000 principal amount of Water and Electric System Revenue Refunding and Improvement Bonds, 2011 Series A (the “**Series 2011 Bonds**”), pursuant to Ordinance No. 020954 adopted on May 2, 2011 (the “**Series 2011 Ordinance**”), of which \$77,870,000 remains outstanding as of the date of adoption of this Ordinance, for the purpose of (i) refunding a portion of the City’s Water and Electric Revenue Bonds, 2002 Series A, and (ii) paying the costs of extending, expanding, improving, repairing, replacing and equipping the System (with the new money portion of the Series 2011 Bonds (\$71,715,000) utilizing the remaining 2008 Voted Authority and all of the 2011 Voted Authority); and

**WHEREAS**, on July 7, 2014, the City issued and delivered \$14,180,000 principal amount of Water and Electric System Revenue Refunding Bonds, 2014 Series A (the “**Series 2014 Bonds**”), pursuant to Ordinance No. 022074 adopted on June 2, 2014 (the “**Series 2014 Ordinance**”), of which \$12,830,000 remains outstanding as of the date of adoption of this Ordinance, for the purpose of refunding the outstanding Series 2003 Bonds and the outstanding Series 2004 Bonds; and

**WHEREAS**, on May 21, 2012, the City issued and delivered \$22,885,000 principal amount of Special Obligation Refunding Bonds (Electric Utility Project – Annual Appropriation Obligation), Series 2012D (the “**Series 2012D Bonds**”), pursuant to Ordinance No. 021305 passed on May 7, 2012, for the purpose of refunding the City’s Special Obligation Electric Utility Improvement Bonds, Series 2008A, which Series 2012D Bonds are secured by a subordinate lien on the Net Revenues; and

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

**WHEREAS**, the City now desires 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**, pursuant to the Act, a special bond election was duly held in the City on April 7, 2015, on the question whether to issue Waterworks and Electric System Revenue Bonds in the principal amount of \$63,100,000 for the purpose of extending, expanding, improving, repairing, replacing and equipping the System, and it was found and determined that a simple majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said question having been 7,682 votes for said question to 3,602 votes against said question; and

**WHEREAS**, none of the bonds so authorized in April of 2015 have been issued, and the City now proposes to issue the first issuance of the bonds so authorized, in an aggregate principal amount of

not to exceed \$34,000,000 (the “**New Money Portion**”), to provide funds to pay the costs of the Project (as hereinafter defined); and

**WHEREAS**, upon the issuance of the Series 2015 Bonds, the City will have voted authority remaining in an amount equal to the sum of \$63,100,000 minus the New Money Portion (in the amount set forth in the Certificate of Final Terms (as defined below)), all from the April, 2015 election;

**WHEREAS**, plans and specifications for the Project and an estimate of the cost thereof have been prepared and made by a Consultant (as hereinafter defined) to the City and the same are hereby accepted and approved and are on file in the office of the City Clerk; and

**WHEREAS**, the City now finds it necessary and in the best interests of the City to adopt this Ordinance authorizing the issuance of the City’s Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the “**Series 2015 Bonds**”), for the purpose of providing funds to (i) refund the Refunded Bonds, (ii) finance or refinance the costs of the Project (out of the New Money Portion), (iii) fund a debt service reserve account for the Series 2015 Bonds, and (iv) pay certain costs and expenses related to the issuance of the Series 2015 Bonds; and

**WHEREAS**, the Series 2015 Bonds will be issued on a parity with the Series 2009 Bonds, the Series 2011 Bonds and the Series 2014 Bonds (collectively the “**Previously Issued Parity Bonds**”); and

**WHEREAS**, in the ordinances pursuant to which the Previously Issued Parity Bonds were issued (collectively, the “**Previously Issued Parity Ordinances**”), the City covenanted that no Additional Bonds (other than Refunding Bonds) or other obligations would be issued on a parity with the Previously Issued Parity Bonds unless Revenues Available for Debt Service (defined below) 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 1.25 times the maximum total Debt Service Requirement for any succeeding Fiscal Year on all Parity 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 Previously Issued Parity Ordinances described in the preceding paragraph, and, prior to the issuance of the Series 2015 Bonds, the City will obtain a certificate of an authorized officer of the City evidencing such compliance; and

**WHEREAS**, the City Council has heretofore determined that it is in the best interest of the City to sell said Series 2015 Bonds at a public sale and said bonds have been duly sold at public sale; 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 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 Ordinance, the following words and terms as used in this Ordinance shall have the following meanings:

**“2015 Bond Account”** means the Principal and Interest Account for Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, created in **Section 501** of this Ordinance.

**“2015 Bond Reserve Account”** means the Reserve Account for Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, created in **Section 501** of this Ordinance.

**“2015 Construction Account”** means the Project Account for Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, created in **Section 501** of this Ordinance.

**“2015 Rebate Account”** means the Rebate Account for Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, created in **Section 501** of this Ordinance.

**“2015 Reserve Requirement”** means the Initial 2015 Reserve Requirement and thereafter the reserve requirement for the Series 2015 Bonds as redetermined in accordance with **Section 605(b)** hereof.

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

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

**“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 Series 2015 Bond.

**“Cede & Co.”** means Cede & Co., as nominee name of The Depository Trust Company, New York, New York, and any successor nominee with respect to the Bonds.

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

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

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

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

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

**“Certificate of Final Terms”** means the Certificate of Final Terms dated the date set forth therein, between the City and the Purchaser, the form of which is attached to this Ordinance as **Exhibit C**.

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

**“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.

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

**“Consulting Engineer”** means each independent engineer or engineering firm with experience in designing and constructing electric facilities or waterworks facilities, and retained by the City.

**“Continuing Disclosure Undertaking”** means the Continuing Disclosure Undertaking dated the date set forth therein and delivered by the City, the form of which is attached to this Ordinance as **Exhibit B**.

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

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

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

**“Defeasance Obligations”** means any of the following obligations:

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

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

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

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

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

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

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

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

**“Depository”** means the depository of each fund established under this Ordinance, and any successor depository of such fund hereafter designated by the City from time to time by a Supplemental Ordinance.

**“Escrow Account”** means the Escrow Account held by the Escrow Agent pursuant to the provisions of the Escrow Agreement.

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

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

**“Federal Tax Certificate”** means the Federal Tax Certificate dated as of August 1, 2015, delivered by the City for the Series 2015 Bonds, which sets forth certain facts, covenants, representations, and expectations relating to the use of Series 2015 Bond proceeds and the use of property financed or refinanced with those proceeds, and the investment of the Series 2015 Bond proceeds and certain other related money in order to comply with the requirements of Code imposed on the Series 2015 Bonds.

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

**“Initial 2015 Reserve Requirement”** means the amount set forth in the Certificate of Final Terms.

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

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

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

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

“**Net Revenues**” means all Revenues less Operating Expenses.

“**Notice of Bond Sale**” means the Notice of Bond Sale relating to the public offering for sale of the Series 2015 Bonds, the form of which is attached to this Ordinance as **Exhibit D**.

“**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.

“**Ordinance**” means this Ordinance as from time to time amended in accordance with the terms hereof.

“**Original Principal Amount**” means the Original Principal Amount of the Bonds specified in the Certificate of Final Terms.

“**Outstanding**,” when used with reference to the Series 2015 Bonds, means, as of any particular date of determination, all Series 2015 Bonds theretofore issued and delivered hereunder, except the following Series 2015 Bonds:

- (a) Series 2015 Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Series 2015 Bonds deemed to be paid in accordance with the provisions of **Section 1101** hereof; and
- (c) Series 2015 Bonds in exchange for or in lieu of which other Series 2015 Bonds have been registered and delivered hereunder.

“**Parity Bonds**” means the Previously Issued Parity Bonds and any Additional Bonds or other obligations hereafter issued or incurred pursuant to **Section 902** hereof and standing on a parity and equality with the Series 2015 Bonds with respect to the payment of principal and interest from the Net Revenues of the System.

“**Parity Ordinances**” means the Previously Issued Parity Ordinances and the ordinance or ordinances under which any additional Parity Bonds are hereafter issued pursuant to **Section 902** hereof.

“**Participants**” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

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

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

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

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

1. U.S. Export Import Bank: Direct obligations or fully guaranteed certificates of beneficial ownership;
2. Farmers Home Administration: Certificates of beneficial ownership;
3. Federal Financing Bank;
4. Federal Housing Administration Debentures;
5. General Services Administration: Participation certificates;
6. Government National Mortgage Association (“GNMA”): GNMA guaranteed mortgage backed bonds; GNMA guaranteed pass through obligations (not acceptable for certain cash-flow sensitive issues);
7. U.S. Maritime Administration: Guaranteed Title XI financing; and
8. U.S. Department of Housing and Urban Development: Project Notes and Local Authority Bonds; New Communities Debentures - U.S. government guaranteed debentures; U.S. Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds.

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

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

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

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

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

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

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

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

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

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

1. Repos must be between the City and a dealer bank or securities firm.
  - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's and Moody's, or
  - b. Banks rated "A" or above by Standard & Poor's and Moody's.
2. The written repo contract must include the following:
  - a. Securities which are acceptable for transfer are:
    - (1) Direct U.S. governments, or
    - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC).
  - b. The term of the repos may be up to 30 days.

- c. The collateral must be delivered to the City, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
- d. Valuation of Collateral.
  - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
    - (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the City:

- a. Repo meets guidelines under state law for legal investment of public funds.

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

**“Previously Issued Parity Bonds”** means, collectively, the Series 2009 Bonds, the Series 2011 Bonds and the Series 2014 Bonds.

**“Previously Issued Parity Ordinances”** means, collectively, the Series 2009 Ordinance, the Series 2011 Ordinance and the Series 2014 Ordinance.

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

**“Purchase Price”** means the purchase price of the Series 2015 Bonds specified in the Certificate of Final Terms.

**“Purchaser”** means the purchaser of the Series 2015 Bonds specified in the Certificate of Final Terms.

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

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

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

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

**“Refunded Bonds”** means the outstanding principal amount of the Series 2005 Bonds.

**“Replacement Bonds”** means Bonds issued to the Beneficial Owners of the Series 2015 Bonds in accordance with **Section 210(b)** hereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Special Record Date**” means the date fixed by the Paying Agent pursuant to **Section 204** hereof for the payment of Defaulted Interest.

“**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 Series 2015 Bond or any installment of interest thereon means the date specified in such Series 2015 Bond and this Ordinance as the fixed date on which the principal of such Series 2015 Bond or such installment of interest is due and payable.

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

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

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

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

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

payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation).

**Section 102. Authority for Ordinance.** This Ordinance is adopted pursuant to the provisions of the City's Charter and 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 this Ordinance.** Except as otherwise provided in this 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 Series 2015 Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof. In the event of any inconsistency between this Ordinance and the Master Ordinance, the provisions of the Master Ordinance shall control.

## **ARTICLE II**

### **AUTHORIZATION AND SALE OF THE SERIES 2015 BONDS**

**Section 201. Authorization of the Series 2015 Bonds.** There is hereby authorized to be issued, sold and delivered a series of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, of the City in the Original Principal Amount specified in the Certificate of Final Terms (the "Bonds" or the "Series 2015 Bonds") for the purpose of providing funds to (i) refund the Refunded Bonds, (ii) extend and improve the System, (iii) make the necessary deposit to the 2015 Bond Reserve Account and (iv) pay certain costs incurred in connection with the issuance of the Series 2015 Bonds, as provided in this Ordinance. The Series 2015 Bonds shall be dated as of their date of initial issuance and delivery.

**Section 202. Sale of Bonds; Description of Bonds.** The Series 2015 Bonds shall be sold at public sale to the bidder whose bid is in compliance with the Notice of Bond Sale circulated for the sale of the Series 2015 Bonds, is not otherwise rejected by the City in accordance with the provisions of the Notice of Bond Sale, and will result in the lowest "true interest cost," determined as follows: the true interest cost is the discount rate (expressed as a per-annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the Series 2015 Bonds, from the scheduled payment dates back to the dated date of the Series 2015 Bonds, produces an amount equal to the price bid, including net premium or original issue discount, if any, but excluding any interest accrued to the date of delivery.

The Series 2015 Bonds shall be sold to the Purchaser at the purchase price set forth in the winning bid, as such purchase price may be adjusted in connection with issue sizing adjustments made in accordance with the terms of the Notice of Bond Sale. The Mayor is authorized to accept the Purchaser's winning bid and to execute the Certificate of Final Terms for and on behalf of and as the act and deed of the City, such officer's signature thereon being conclusive evidence of such official's and the City's approval thereof. Delivery of the Series 2015 Bonds shall be made to the Purchaser as soon as practicable after the adoption of this Ordinance and the acceptance of the Purchaser's bid, upon payment therefor in accordance with the terms of sale.

The Series 2015 Bonds shall consist of fully registered bonds without coupons, numbered from 1 upward, in denominations of \$5,000 or any integral multiple thereof. The Series 2015 Bonds, as

originally issued or issued upon transfer, exchange or substitution, shall be substantially in the form set forth in **Exhibit A** attached hereto and shall be subject to registration, transfer and exchange as provided in **Section 205** hereof. The Series 2015 Bonds shall become due in the amounts on the Stated Maturities of October 1 in the years, shall bear interest at the rates per annum, and shall be issued with such terms and provisions specified in the Certificate of Final Terms. The Certificate of Final Terms shall be completed and shall be executed by the Mayor, and the signature of the Mayor on said Certificate of Final Terms, attested by the City Clerk, shall constitute conclusive evidence of the approval of both the Mayor and the Council of the City.

The Series 2015 Bonds shall bear interest at the rates specified in the Certificate of Final Terms (computed on the basis of a 360-day year of twelve 30-day months) from the date thereof 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 on October 1, 2015.

**Section 203. Designation of Paying Agent.** UMB Bank, N.A., St. Louis, Missouri, is hereby designated as the City's Paying Agent for the payment of principal of and interest on the Series 2015 Bonds and as bond registrar with respect to the registration, transfer and exchange of Series 2015 Bonds (herein called the "Paying Agent").

The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent by (1) filing with the Paying Agent then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent and appointing a successor, and (2) causing notice of the appointment of the successor Paying Agent to be given by first class mail to each Bondowner. The Paying Agent may resign upon giving written notice by first class mail to the City and the Bondowners not less than 60 days prior to the date such resignation is to take effect. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of the Paying Agent.

Every Paying Agent appointed hereunder shall at all times be a commercial banking association or corporation or trust company located in the State of Missouri organized and in good standing and doing business under the laws of the United States of America or of the State of Missouri and subject to supervision or examination by federal or state regulatory authority.

The Paying Agent shall be paid its fees and expenses for its services in connection herewith, which fees and expenses shall be paid as other expenses are paid.

**Section 204. Method and Place of Payment of Bonds.** The principal or Redemption Price of and interest on the Series 2015 Bonds shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Series 2015 Bond shall be paid at Maturity by check or draft to the Person in whose name such Series 2015 Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Series 2015 Bond at the principal corporate trust office of the Paying Agent.

The interest payable on each Series 2015 Bond on any Interest Payment Date shall be paid to the Registered Owner of such Series 2015 Bond as shown on the Bond Register at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to such Registered Owner at the address shown on the Bond Register or, in the case of an interest payment to any Registered Owner

of \$500,000 or more in aggregate principal amount of Series 2015 Bonds, by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent 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), address, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Series 2015 Bond shall cease to be payable to the Registered Owner of such Series 2015 Bond on the relevant Record Date and shall be payable to the Registered Owner in whose name such Series 2015 Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2015 Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Registered Owner of a Series 2015 Bond entitled to such notice at the address of such Registered Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Series 2015 Bonds and shall upon the written request of the City at least annually forward a copy or summary of such records to the City.

**Section 205. Registration, Transfer and Exchange of Bonds.** The City covenants that, as long as any of the Series 2015 Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent for the registration, transfer and exchange of Series 2015 Bonds as herein provided. Each Series 2015 Bond when issued shall be registered in the name of the owner thereof on the Bond Register.

Series 2015 Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Series 2015 Bond at the principal payment office of the Paying Agent, the Paying Agent shall transfer or exchange such Series 2015 Bond for a new Series 2015 Bond or Series 2015 Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Series 2015 Bond that was presented for transfer or exchange. Series 2015 Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Series 2015 Bonds is exercised, the Paying Agent shall authenticate and deliver Series 2015 Bonds in accordance with the provisions of this Ordinance. The City shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of Series 2015 Bonds provided for by this Ordinance and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Series 2015 Bonds. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to

pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Registered Owner hereunder or under the Series 2015 Bonds.

The City and the Paying Agent shall not be required (a) to register the transfer or exchange of any Series 2015 Bond after notice calling such Series 2015 Bond or portion thereof for redemption has been given or during the period of fifteen days next preceding the first mailing of such notice of redemption; or (b) to register the transfer or exchange of any Series 2015 Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

The City and the Paying Agent may deem and treat the Person in whose name any Series 2015 Bond is registered in the Bond Register as the absolute owner of such Series 2015 Bond, whether such Series 2015 Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Series 2015 Bond and for all other purposes. All payments so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon such Series 2015 Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Paying Agent, the Bond Register may be inspected and copied by the Registered Owners of 10% or more in principal amount of the Series 2015 Bonds then Outstanding or any designated representative of such Registered Owners whose authority is evidenced to the satisfaction of the Paying Agent.

**Section 206. Execution, Authentication and Delivery of Bonds.** The Series 2015 Bonds, including any Series 2015 Bonds issued in exchange or as substitution for the Series 2015 Bonds initially delivered, shall be signed by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the City Clerk, and shall have the official seal of the City affixed thereto or imprinted thereon. In case any officer whose signature appears on any Series 2015 Bond ceases to be such officer before the delivery of such Series 2015 Bond, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Series 2015 Bond may be signed by such persons who at the actual time of the execution of such Series 2015 Bond shall be the proper officers to sign such Series 2015 Bond although at the date of such Series 2015 Bond such persons may not have been such officers.

The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Series 2015 Bonds as herein specified, and when duly executed, to deliver the Series 2015 Bonds to the Paying Agent for authentication.

The Series 2015 Bonds shall have endorsed thereon a certificate of authentication substantially in the form set forth in **Exhibit A** attached hereto, which shall be manually executed by an authorized signatory of the Paying Agent, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Series 2015 Bonds that may be issued hereunder at any one time. No Series 2015 Bond shall be entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Paying Agent. Such executed certificate of authentication upon any Series 2015 Bond shall be conclusive evidence that such Series 2015 Bond has been duly authenticated and delivered under this Ordinance. Upon authentication, the Paying Agent shall deliver the Series 2015 Bonds to or upon the order of the Purchaser of the Series 2015 Bonds upon payment of the Purchase Price to the City.

**Section 207. Mutilated, Destroyed, Lost and Stolen Bonds.** If (a) any mutilated Series 2015 Bond is surrendered to the Paying Agent or the Paying Agent receives evidence to its satisfaction of the destruction, loss or theft of any Series 2015 Bond, and (b) there is delivered to the City and the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the City and the Paying Agent that such Series 2015 Bond has been acquired by a bona fide purchaser, the City shall execute and the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Series 2015 Bond, a new Series 2015 Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Series 2015 Bond has become or is about to become due and payable, the Paying Agent, in its discretion may pay such Series 2015 Bond instead of delivering a new Series 2015 Bond.

Upon the issuance of any new Series 2015 Bond under this Section, the City or the Paying Agent may require the payment by the Registered Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Series 2015 Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

**Section 208. Cancellation and Destruction of Bonds Upon Payment.** All Series 2015 Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Series 2015 Bonds so cancelled and shall file an executed counterpart of such certificate with the City.

**Section 209. Preliminary and Final Official Statement.** A Preliminary Official Statement is hereby authorized and approved in a form reviewed and approved by the City's Finance Director and Bond Counsel, and 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. The Mayor of the City is 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 Purchaser in connection with the reoffering of the Series 2015 Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Series 2015 Bonds.

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

The City agrees to provide to the Purchaser within seven business days of the date of the sale of the Series 2015 Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply

with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

**Section 210. Book-Entry Bonds; Securities Depository.**

(a) The Series 2015 Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2015 Bonds, except in the event the Paying Agent issues Replacement Bonds as provided in subsection (b) hereof. It is anticipated that during the term of the Series 2015 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Series 2015 Bonds to the Participants until and unless the Paying Agent authenticates and delivers Replacement Bonds to the Beneficial Owners as described in subsection (b).

(b) (1) If the City determines (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any Series 2015 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2015 Bonds, or (2) if the Paying Agent receives written notice from Participants having interests in not less than 50% of the Series 2015 Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Series 2015 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2015 Bonds, then the Paying Agent shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Paying Agent shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (1)(A) or (1)(B) of this subsection (b), the City, with the consent of the Paying Agent, may select a successor securities depository in accordance with **Section 210(c)** hereof to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when at least one Series 2015 Bond is registered in the name of the Securities Depository or its nominee. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Paying Agent, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the City, the Paying Agent or Owners are unable to locate a qualified successor of the Securities Depository in accordance with **Section 210(c)** hereof, then the Paying Agent shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Paying Agent may rely on information from the Securities Depository and its Participants as to the names and addresses of and principal amounts held by the Beneficial Owners of the Series 2015 Bonds. The cost of printing, registration, authentication and delivery of Replacement Bonds shall be paid for by the City.

(c) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Paying Agent and the City receive written evidence with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Paying Agent upon its receipt of a Series 2015

Bond or Series 2015 Bonds for cancellation shall cause the delivery of Series 2015 Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

### ARTICLE III

#### REDEMPTION OF BONDS

##### **Section 301. Optional and Mandatory Redemption of Bonds.**

(a) *Optional Redemption.* At the option of the City, certain Series 2015 Bonds specified in the Certificate of Final Terms or portions thereof may be called for redemption and payment prior to their Stated Maturity in whole or in part on the dates and at the redemption prices specified in the Certificate of Final Terms.

(b) *Mandatory Redemption of Bonds.* The Term Bonds, if any, specified in the Certificate of Final Terms will be subject to mandatory redemption and payment prior to Stated Maturity in part on the dates and in the principal amounts specified in the Certificate of Final Terms, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date.

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the City may: (1) deliver to the Paying Agent for cancellation Series 2015 Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Series 2015 Bonds subject to mandatory redemption on said mandatory Redemption Date from any Registered Owner thereof, whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the City under this Section for any Series 2015 Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection (b)) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection (b). 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 Series 2015 Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Series 2015 Bonds of the same Stated Maturity in chronological order, and the principal amount of Series 2015 Bonds of the same Stated Maturity to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with respect to such mandatory redemption payment.

##### **Section 302. Selection of Bonds to be Redeemed.**

(a) The Paying Agent shall call Series 2015 Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Paying Agent at least 45 days prior to the Redemption Date of written instructions from the City specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Series 2015 Bonds to be called for redemption. If any Series 2015 Bonds are refunded more than 90 days in advance of such Redemption Date, any escrow agreement entered into by the City in connection with such refunding shall provide that such written instructions to the Paying Agent shall be given by the escrow agent on behalf of the City not

less than 45 days prior to the Redemption Date. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in **Section 303** are met. The foregoing provisions of this paragraph shall not apply to the mandatory redemption of Series 2015 Bonds hereunder, and Series 2015 Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.

(b) Series 2015 Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. Series 2015 Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

(c) In the case of a partial redemption of Series 2015 Bonds at the time Outstanding in denominations greater than \$5,000, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Series 2015 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 Series 2015 Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Registered Owner of such Series 2015 Bond or the Registered Owner's duly authorized agent shall present and surrender such Series 2015 Bond to the Paying Agent (1) for payment of the Redemption Price and interest to the Redemption Date of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Registered Owner thereof, for a new Series 2015 Bond or Series 2015 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2015 Bond. If the Registered Owner of any such Series 2015 Bond fails to present such Series 2015 Bond to the Paying Agent for payment and exchange as aforesaid, such Series 2015 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 303. Notice and Effect of Call for Redemption.** Unless waived by any Registered Owner of Series 2015 Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days prior to the Redemption Date to the Purchaser of the Series 2015 Bonds and each Registered Owner of the Series 2015 Bonds to be redeemed at the address shown on the Bond Register.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Series 2015 Bonds of a maturity are to be redeemed, the identification number, Stated Maturity, and, in the case of partial redemption of any Series 2015 Bonds, the respective principal amounts of the Series 2015 Bonds to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Series 2015 Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Series 2015 Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal corporate office of the Paying Agent.

The failure of any Registered Owner to receive notice given as heretofore provided or any defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Series 2015 Bonds or portions of Series 2015 Bonds that are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Series 2015 Bonds or portions of Series 2015 Bonds to be redeemed shall become due and payable on the Redemption Date at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Series 2015 Bonds or portion of Series 2015 Bonds shall cease to bear interest. Upon surrender of such Series 2015 Bonds for redemption in accordance with such notice, the Redemption Price of such Series 2015 Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2015 Bond, there shall be prepared for the Registered Owner a new Series 2015 Bond or Series 2015 Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Series 2015 Bonds that have been redeemed shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

The Paying Agent is also directed to comply with any mandatory standards established by the Securities and Exchange Commission and then in effect for processing redemptions of municipal securities. Failure to comply with such standards shall not affect or invalidate the redemption of any Series 2015 Bond.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2015 Bonds, the Paying Agent shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2015 Bond (having been mailed notice from the Paying Agent, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2015 Bond so affected, shall not affect the validity of the redemption of such Series 2015 Bond.

## ARTICLE IV

### SECURITY FOR BONDS

**Section 401. Security for Bonds.** The Series 2015 Bonds shall be 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 of the System, and the City hereby pledges said Net Revenues to the payment of the principal of and interest on the Series 2015 Bonds. The Series 2015 Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Series 2015 Bonds either as to principal or interest.

The covenants and agreements of the City contained herein and in the Series 2015 Bonds shall be for the equal benefit, protection and security of the legal Owners of any or all of the Series 2015 Bonds, all of which Series 2015 Bonds shall be of equal rank and without preference or priority of one Series 2015 Bond over any other Series 2015 Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Series 2015 Bonds, or otherwise, except as to rate of interest,

Stated Maturity and right of redemption prior to Stated Maturity as provided in this Ordinance. The Series 2015 Bonds shall stand on a parity and 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 any Parity Bonds. The Series 2015 Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over any Parity Bonds and any Parity Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over the Series 2015 Bonds.

## **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) Principal and Interest Account for Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the “**2015 Bond Account**”);

(b) Reserve Account for Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the “**2015 Bond Reserve Account**”);

(c) Construction Account for Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the “**2015 Construction Account**”);

(d) Rebate Account for Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the “**2015 Rebate Account**”); and

(e) Escrow Account for Water and Electric System Refunding and Improvement Revenue Bonds, 2005 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, which includes subaccounts for each Series of the Previously Issued Parity Bonds, each held by the respective Bond Registrar or Paying Agent for the related series of the Previously Issued Parity Bonds;

(c) Water and Electric Construction Account (the “**Construction Account**”) held in the name of the City by a Depository;

(d) Water and Electric Reserve Accounts securing the applicable series of the Previously Issued Parity Bonds (the “**Previously Issued Parity Bond Reserves**”); and

(e) 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 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 Series 2015 Bond Proceeds and Other Moneys.** The proceeds received from the sale of the Series 2015 Bonds, including any accrued interest thereon, shall be deposited simultaneously with the delivery of the Series 2015 Bonds, as follows:

(a) There shall be deposited in the 2015 Bond Account any amount received on account of accrued interest on the Series 2015 Bonds;

(b) The Initial 2015 Reserve Requirement shall be deposited in the 2015 Bond Reserve Account (a portion of which shall come from moneys on deposit in the reserve account for the Refunded Bonds);

(c) Proceeds of the Series 2015 Bonds, in the amount specified in the Certificate of Final Terms, 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 2015 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;

(d) The remaining balance of the proceeds of the Series 2015 Bonds, in the amount specified in the Certificate of Final Terms, shall be deposited in the 2015 Construction Account and applied in accordance with **Section 602** hereof; and

(e) The disbursement of the proceeds from the sale of the Series 2015 Bonds set forth above may be adjusted at the direction of the Director of Finance as necessary to complete purposes set forth in this Indenture.

**Section 602. Application of Moneys in the 2015 Construction Account.** Money in the 2015 Construction Account shall be used solely for the purpose of (a) paying the cost of the Project as herein provided, in accordance with the plans and specifications therefor prepared by the City’s Consultant for the Project, if any, as heretofore approved by the Council of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consultant, if any, and approved by the Council of the City, and (b) paying the costs and expenses incident to the issuance of the Series 2015 Bonds, including, but not limited to, the fees of attorneys, financial consultants, accountants, rating agencies, printers and others employed to render professional

services and other costs, fees and expenses incurred in connection with the issuance of the Series 2015 Bonds.

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

**Section 603. 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 604. System Revenue Fund.** The City covenants and agrees that from and after the delivery of the Series 2015 Bonds, and continuing as long as any of the Series 2015 Bonds remain Outstanding hereunder, all of the Revenues shall as and when received be paid and deposited into the System Revenue Fund unless otherwise specifically provided by this Ordinance. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The System Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the Master Ordinance, the Previously Issued Parity Ordinances and this Ordinance.

**Section 605. Application of Moneys in Funds and Accounts.** The City covenants and agrees that from and after the delivery of the Series 2015 Bonds and continuing so long as any of the Series 2015 Bonds shall remain Outstanding, it will administer and allocate all of the moneys then held in the System Revenue Fund as follows:

(a) *Operating Expenses.* Operating Expenses of the System shall be payable, as a first charge, from the System Revenue Fund as the same become due and payable.

(b) *Debt Service Account.* On the 25<sup>th</sup> day of each month, there shall next be paid and credited to the 2015 Bond Account, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Series 2015 Bonds, the following sums:

(1) Beginning with the first of said deposits and continuing on the 25<sup>th</sup> day of each month thereafter to and including September 25, 2015, an equal *pro rata* portion of the amount of interest becoming due on the Series 2015 Bonds on October 1, 2015; and thereafter, beginning on October 25, 2015, and continuing on the 25<sup>th</sup> day of each month thereafter so long as the Series 2015 Bonds shall remain outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Series 2015 Bonds on the next succeeding Interest Payment Date; and

(2) Beginning with the first of said deposits and continuing on the 25<sup>th</sup> day of each month thereafter to and including September 25, 2015, an equal *pro rata* portion of the amount of principal becoming due on the Series 2015 Bonds on October 1, 2015; and thereafter, beginning on October 25, 2015, and continuing on the first day of each month thereafter so long as any of the Series 2015 Bonds shall remain outstanding and unpaid, an amount not less than 1/12 of the amount of principal that will become due on the Series 2015 Bonds on the next succeeding Maturity.

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

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

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

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

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

Except as provided in this Ordinance, all amounts paid and credited to the 2015 Bond Reserve Account shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Series 2015 Bonds on any Maturity date or Interest Payment Date if the moneys in the 2015 Bond Account are insufficient to pay the interest on or principal of said Series 2015 Bonds as they become due. So long as the 2015 Bond Reserve Account aggregates the 2015 Reserve Requirement, no further payments into said Account shall be required, but if (i) the City shall ever be required to expend and use a part of the moneys in said Account for the purpose herein authorized and such expenditure shall reduce the amount of said Account below the 2015 Reserve Requirement, on or before each April 1 and October 1, after paying all Operating Expenses and making the required transfers pursuant to subparagraphs (a) and (b) hereof, the City Council shall transfer from the System Revenue Fund to the 2015 Bond Reserve Account, one-half of the amount expended from said Account during the previous six month period until said Account shall aggregate a sum equal to the 2015 Reserve Requirement or (ii) the value (determined in accordance with **Section 701** hereof) of the amount

held in the 2015 Bond Reserve Account is less than the 2015 Reserve Requirement due to market fluctuations, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the 2015 Bond Reserve Account, one-half of such deficiency so that said Account shall aggregate at the time of making the second of such transfers a sum equal to the 2015 Reserve Requirement.

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

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

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

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

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

(e) *Deficiency of Payments into Funds and Accounts.* If at any time the Revenues shall be insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received by the City, such payments and credits being made and applied in the order hereinbefore specified in this Section.

(f) *Application of Moneys in the 2015 Rebate Account.* There shall be deposited in the 2015 Rebate Account such amounts as are required to be deposited therein pursuant to the

Federal Tax Certificate. All money in the 2015 Rebate Account shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), for payment to the United States of America, and neither the City nor the Registered Owner of any Series 2015 Bond shall have any rights in or claim to such money.

**Section 606. Transfer of Funds to Paying Agent.** The Finance Director or other authorized officer of the City is hereby authorized and directed to withdraw from the 2015 Bond Account, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Series 2015 Bonds, from the 2015 Bond Reserve Account as provided in **Section 605** hereof, sums sufficient to pay the principal of and interest on the Series 2015 Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date. If, through lapse of time, or otherwise, the Registered Owners of Series 2015 Bonds shall no longer be entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent forthwith to return said funds to the City as provided in **Section 608** hereof. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

**Section 607. Payments Due on Saturdays, Sundays and Holidays.** In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

**Section 608. Nonpresentment of Bonds.** In the event any Series 2015 Bond shall not be presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Series 2015 Bond shall have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Series 2015 Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Series 2015 Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Ordinance or on, or with respect to, said Series 2015 Bond. If any Series 2015 Bond is not presented for payment within one year following the date when such Series 2015 Bond becomes due at Maturity, the Paying Agent shall repay to the City without liability for interest thereon the funds theretofore held by it for payment of such Series 2015 Bond, and such Series 2015 Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

## ARTICLE VII

### DEPOSIT AND INVESTMENT OF MONEYS

**Section 701. Deposit and Investment of Moneys.**

(a) Moneys in each of the funds and accounts created by and referred to in this Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be

continuously and adequately secured by the banks or financial institutions holding such deposits as provided by the laws of the State of Missouri.

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

(c) So long as any of the Previously Issued Parity Bonds remain outstanding and unpaid, any investments made pursuant to this Section shall be subject to any restrictions in the Master Ordinance and the Previously Issued Parity Ordinances with respect to the funds and accounts created or ratified by and referred to in the Master Ordinance and the Previously Issued Parity Ordinances.

## ARTICLE VIII

### GENERAL COVENANTS AND PROVISIONS

The City covenants and agrees with each of the Registered Owners of the Series 2015 Bonds that so long as any of the Series 2015 Bonds remain Outstanding it will comply with each of the following covenants:

**Section 801. Efficient and Economical Operation.** The City will continuously own and will operate the System as a revenue producing system in an efficient and economical manner and will keep and maintain the same in good repair and working order. The City will establish and maintain such rules and regulations for the use of the System as may be necessary to assure maximum utilization and most efficient operation of the System.

**Section 802. Continuing Disclosure.** The City hereby covenants with the Purchaser and the Beneficial Owners (as defined in the Continuing Disclosure Undertaking) to provide and disseminate such information as is required by Rule 15c2-12 (as defined in the Continuing Disclosure Undertaking) and is further set forth in the Continuing Disclosure Undertaking attached hereto as **Exhibit B**. Such covenant shall be for the benefit of and enforceable by the Purchaser and such Beneficial Owners.

In the event the City fails to comply in a timely manner with its covenants contained in this Section, the Purchaser and/or any such Beneficial Owner may make demand for such compliance by written notice to the City. In the event the City does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any such Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in this Section or for the enforcement of any other appropriate legal or equitable remedy as the Purchaser and/or any such Beneficial Owner shall deem effectual to protect and enforce any of the duties of the City under this Section.

**Section 803. Rate Covenant.**

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

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

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

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

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

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

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

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

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

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

**Section 804. Reasonable Charges for all Services.** None of the facilities or services provided by the System will be furnished to any user (excepting the City itself) without a reasonable charge being made therefor. If the Revenues are at any time insufficient to pay the Operating Expenses of the System and also to pay all interest on and principal of the Series 2015 Bonds as and when the same become due, then the City will thereafter pay into the System Revenue Fund a fair and reasonable payment in accordance with effective applicable rates and charges for all use and services furnished to the City by the System, and such payments will continue so long as the same may be necessary in order to prevent or reduce the amount of any default in the payment of the interest on or principal of the Series 2015 Bonds.

**Section 805. Corporate Existence.** The City will maintain its corporate identity and existence so long as any of the Series 2015 Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities and duties of the City and is obligated by law to comply with the terms and provisions of this Ordinance without materially adversely affecting at any time the privileges and rights of any Owner of any Outstanding Series 2015 Bond.

**Section 806. Restrictions on Mortgage or Sale of System.** The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may

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

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

(c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the System. Property being leased as lessor and/or lessee pursuant to this subparagraph (c) shall not be treated as part of the System for purposes of this **Section 806** and may be mortgaged, pledged or otherwise encumbered.

**Section 807. Insurance.** The City will carry and maintain insurance with respect to the System and its operations against casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability insurance, business interruption insurance, worker's compensation and employee dishonesty insurance), such insurance to be of the character and

coverage and in such amounts as would normally be carried by other municipalities or public entities engaged in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds in accordance with the provisions of the Master Ordinance. The City will annually review the insurance it maintains with respect to the System to determine that such insurance is customary and adequate to protect its property and operations. The cost of all insurance obtained pursuant to the requirements of this Section shall be paid as an Operating Expense out of the Revenues.

**Section 808. Books, Records and Accounts.** The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the System. Such accounts shall show the amount of Revenues of the System, the application of such Revenues, and all financial transactions in connection therewith. Said books shall be kept by the City according to standard accounting practices as applicable to the operation of facilities comparable to the System.

**Section 809. Annual Budget.** Prior to the commencement of each Fiscal Year, the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year. The City Clerk, promptly upon the filing of said budget in the City Clerk's office, will mail a copy of said budget to the Purchaser of the Series 2015 Bonds.

**Section 810. Annual Audit.** Annually, promptly after the end of the Fiscal Year, the City will cause an audit of the System to be made for the preceding Fiscal Year by an Accountant to be employed for that purpose and paid from the Revenues. Said annual audit shall cover in reasonable detail the operation of the System during such Fiscal Year.

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

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

**Section 811. Right of Inspection.** The Purchaser of the Series 2015 Bonds or any Registered Owner or Owners of 10% of the principal amount of the Series 2015 Bonds then Outstanding shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and shall be furnished all such information concerning the System and the operation thereof which the Purchaser or such Registered Owner or Owners may reasonably request.

**Section 812. Performance of Duties and Covenants.** The City will faithfully and punctually perform all duties, covenants and obligations with respect to the operation of the System now or hereafter imposed upon the City by the Constitution and laws of the State of Missouri and by the provisions of this Ordinance.

**Section 813. Parity Bond Certification.** The City hereby represents and covenants that the Series 2015 Bonds directed to be issued by this Ordinance are so issued in full compliance with the restrictions and conditions upon which the City may issue additional bonds payable out of the Net Revenues of the System and which stand on a parity with the Previously Issued Parity Bonds now outstanding, as set forth and contained in the Master Ordinance and the Previously Issued Parity Ordinances, and that the Series 2015 Bonds herein directed to be issued are so issued in all respects on a parity and equality with the Previously Issued Parity Bonds now outstanding.

**Section 814. Tax Covenants.**

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

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

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

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

(e) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Series 2015 Bonds pursuant to **Article XI** of this Ordinance or any other provision of this Ordinance, until the final Maturity of all Series 2015 Bonds Outstanding.

(f) The Mayor, City Manager or Director of Finance of the City is hereby authorized and directed to execute the Federal Tax Certificate 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 Federal Tax Certificate on file with the City Clerk.

## ARTICLE IX

### ADDITIONAL BONDS AND OBLIGATIONS

**Section 901. Senior Lien Bonds.** The City covenants and agrees that so long as any of the Series 2015 Bonds remain Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the City for the payment of moneys determined in accordance with generally accepted accounting principles consistently applied, including capital leases as defined by generally accepted accounting principles, payable out of the Net Revenues of the System or any part thereof which are superior to the Series 2015 Bonds.

**Section 902. Parity Bonds and Other Obligations.** The City covenants and agrees that so long as any of the Series 2015 Bonds remain Outstanding, it will not issue any additional bonds or other long-term obligations payable out of the Net Revenues of the System or any part thereof which stand on a parity or equality with the Series 2015 Bonds (“**Parity Bonds**”) unless the following conditions are met:

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

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

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

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

(B) A Certificate of a Consulting Engineer certifying that the estimated Revenues Available For Debt Service for the Fiscal Year immediately following the year in which the project, the cost of construction of which is being financed by such Additional Bonds, is to be in commercial operation (or for the Fiscal Year immediately following the year in which such Additional Bonds are issued, if no project is to be financed thereby) are not less than one and twenty-five percent (125%) of the maximum total Debt Service Requirement for any succeeding Fiscal Year on all Parity Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds. The Consulting Engineer may adjust the estimated Revenues Available For Debt Service by adding thereto any estimated increase in revenue resulting from any increase in water and electric rates which, in the opinion of the Consulting Engineer, are economically feasible and reasonably considered necessary based on projected operations of the

System. Additional Bonds may be issued notwithstanding the restrictions upon the issuance of Additional Bonds set out in this subparagraph, if in the opinion of the Consulting Engineer, the proceeds of such Additional Bonds are necessary to repair any damage or loss to the System if the System has been destroyed or damaged by disaster to such an extent that it cannot be operated or if it is necessary to keep the System in good operating condition after such damage or loss; and

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

Additional System revenue bonds of the City issued under the conditions set forth in this Section shall stand on a parity with the Series 2015 Bonds and shall enjoy complete equality of lien on and claim against the Net Revenues with the Series 2015 Bonds, and the City may make equal provision for paying said bonds and the interest thereon out of the System Revenue Fund and may likewise provide for the creation of reasonable debt service accounts and debt service reserve accounts for the payment of such additional bonds and the interest thereon out of moneys in the System Revenue Fund.

**Section 903. Junior Lien Bonds and Other Obligations.** Nothing in this Section contained shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the Net Revenues of the System, provided at the time of the issuance of such additional revenue bonds or obligations the City shall not be in default in the performance of any covenant or agreement contained in this Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Series 2015 Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Series 2015 Bonds, or if the City shall be in default in making any payments required to be made by it under the provisions of paragraphs (a), (b), (c) and (d) of **Section 605** of this Ordinance, the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or for paying said obligations out of moneys in the System Revenue Fund.

**Section 904. Refunding Bonds.** The City shall have the right, without complying with the provisions of **Section 902** hereof, to refund any of the Series 2015 Bonds under the provisions of any law then available, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Series 2015 Bonds that are not refunded, if any, upon the Net Revenues of the System; provided, however, that if only a portion of the Series 2015 Bonds are refunded and if said Series 2015 Bonds are refunded in such manner that the aggregate amount of principal and interest scheduled to become due on the refunding bonds in any Fiscal Year (taking into account scheduled mandatory redemptions) exceeds the aggregate amount of principal and interest scheduled to become due on the refunded Series 2015 Bonds in said Fiscal Year (taking into account scheduled mandatory redemptions), then said Series 2015 Bonds may be refunded without complying with the provisions of **Section 902** hereof only by and with the written consent of the Registered Owners of a majority in principal amount of the Series 2015 Bonds not refunded.

## ARTICLE X

### DEFAULT AND REMEDIES

**Section 1001. Acceleration of Maturity Upon Default.** The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Series 2015 Bonds as the same shall become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of this Ordinance or of the constitution or statutes of the State of Missouri, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the Registered Owner of any Series 2015 Bond then Outstanding, then, at any time thereafter and while such default continues, the Registered Owners of 25% in principal amount of the Series 2015 Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Series 2015 Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Series 2015 Bonds shall become and be immediately due and payable, anything in this Ordinance or in the Series 2015 Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Series 2015 Bonds has been so declared to be due and payable, all arrears of interest upon all of said Series 2015 Bonds, except interest accrued but not yet due on such Series 2015 Bonds, and all arrears of principal upon all of said Series 2015 Bonds has been paid in full and all other defaults, if any, by the City under the provisions of this Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Series 2015 Bonds then Outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

**Section 1002. Other Remedies.** The provisions of this Ordinance, including the covenants and agreements herein contained, shall constitute a contract between the City and the Registered Owners of the Series 2015 Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Series 2015 Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Series 2015 Bonds similarly situated:

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

**Section 1003. Limitation on Rights of Bondowners.** No one or more Bondowners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Series 2015 Bonds.

**Section 1004. Remedies Cumulative.** No remedy conferred herein upon the Bondowners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Registered Owner of any Series 2015 Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owners of the Series 2015 Bonds by this Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owners of the Series 2015 Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

**Section 1005. No Obligation to Levy Taxes.** Nothing contained in this Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred herein or to pay the principal of or interest on the Series 2015 Bonds.

**Section 1006. Exception for Continuing Disclosure.** This **Article X** shall not apply to **Section 802** of this Ordinance regarding continuing disclosure requirements, and Bondowners or Beneficial Owners of Series 2015 Bonds shall have no remedies for enforcement of said **Section 802** other than the remedies provided in said **Section 802**.

## ARTICLE XI

### DEFEASANCE

**Section 1101. Defeasance.** When any or all of the Series 2015 Bonds or the interest payments thereon shall have been paid and discharged, then the requirements contained in this Ordinance and the pledge of Net Revenues made hereunder and all other rights granted hereby shall terminate with respect to the Series 2015 Bonds or interest payments so paid and discharged. Series 2015 Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Ordinance if there has been deposited with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Series 2015 Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Series 2015 Bonds, and/or interest to accrue on such Series 2015 Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Series 2015 Bonds shall be redeemed prior to the Stated Maturity thereof, (1) the City shall have elected to redeem such Series 2015 Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Series 2015 Bonds in compliance with **Section 302(a)** of this Ordinance. Any moneys and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Series 2015 Bonds or the interest payments thereon, shall be and are hereby assigned, transferred and set over to the

Paying Agent or other bank or trust company in trust for the respective Registered Owners of such Series 2015 Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All moneys and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

In the event of an advance refunding, the City shall cause to be delivered a verification report of an independent nationally recognized certified public accountant.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

**Section 1201. Amendments.** The Continuing Disclosure Undertaking is exempt from the provisions of this Section and is subject to amendment and modification only as provided therein. The rights and duties of the City and the Bondowners, and the terms and provisions of the Series 2015 Bonds or of this Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Series 2015 Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

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

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

Without notice to or the consent of any Bondowners, the City may amend or supplement this 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.

Every amendment or modification of the provisions of the Series 2015 Bonds or of this Ordinance to which the written consent of the Bondowners is given, as above provided, shall be expressed in an ordinance passed by the governing body of the City amending or supplementing the provisions of

this Ordinance and shall be deemed to be a part of this Ordinance. 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 herein provided for, duly certified, as well as proof of any required consent to such modification by the Registered Owners of the Series 2015 Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Series 2015 Bonds any reference to such amendment or modification. A certified copy of every such amendatory or supplemental proceedings and a certified copy of this Ordinance shall be made available for inspection by the Registered Owner of any Series 2015 Bond or a prospective purchaser or owner of any Series 2015 Bond authorized by this Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental proceedings or of this Ordinance will be sent by the City Clerk to any such Bondowner or prospective Bondowner.

The City shall furnish to the Paying Agent a copy of any amendment to the Series 2015 Bonds or this Ordinance made hereunder which affects the duties or obligations of the Paying Agent under this Ordinance.

**Section 1202. Notices, Consents and Other Instruments by Bondowners.** Any notice, consent, request, direction, approval, objection or other instrument required by this 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 Series 2015 Bonds (except for the assignment of ownership of a Series 2015 Bond as provided for in the form of Series 2015 Bond set forth in **Exhibit A**), if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City and the Paying Agent 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 Series 2015 Bonds, the amount or amounts, numbers and other identification of Series 2015 Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Registered Owners of the requisite principal amount of Series 2015 Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Ordinance, Series 2015 Bonds owned by the City shall be disregarded and deemed not to be Outstanding under this Ordinance, except that, in determining whether the Bondowners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Series 2015 Bonds which the Bondowners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Series 2015 Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Bondowners the pledgee's right so to act with respect to such Series 2015 Bonds and that the pledgee is not the City.

**Section 1203. Further Authority.** The officers of the City, including the Mayor and City Clerk, shall be, and they hereby are, authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial 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 1204. Severability.** If any section or other part of this Ordinance, whether large or small, shall for any reason be held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

**Section 1205. Governing Law.** This Ordinance shall be governed exclusively by and constructed in accordance with the applicable laws of the State of Missouri.

**Section 1206. Electronic Storage.** The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means.

**Section 1207. Effective Date.** This ordinance shall be in full force and effect from and after its passage.

PASSED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

ATTEST:

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

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

[SEAL]

APPROVED AS TO FORM:

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



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 signed by such Registered Owner and given to the Paying Agent 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), address, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed.

This Bond is one of a duly authorized series of bonds of the City designated “Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015,” aggregating the principal amount of \$\_\_\_\_\_ (the “Bonds”), issued by the City for the purpose of (i) refunding the City’s outstanding Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A, and (ii) improving and extending the City’s water and electric light works system (said water and electric light works system, together with all future improvements and extensions thereto hereafter constructed or acquired by the City, being herein called the “System”), under the authority of and in full compliance with the Constitution and laws of the State of Missouri, including particularly Chapter 250, RSMo, and pursuant to an election duly held in the City and an ordinance duly passed by the Council of the City (herein called the “Ordinance”). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance.

At the option of the City, Bonds or portions thereof maturing on October 1 in the years 2024 and thereafter may be called for redemption and payment prior to maturity on October 1, 2023, and thereafter in whole or in part at any time in such amounts for each maturity as shall be determined by the City (Bonds of less than a full maturity to be selected in multiples of \$5,000 principal amount in such equitable manner as the Paying Agent shall designate) at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

[[The Bonds are subject to mandatory redemption and payment prior to maturity in the amounts and on the dates in accordance with and pursuant to the mandatory redemption requirements of the Ordinance, at a redemption price equal to 100% of the Principal Amount thereof plus accrued interest to the Redemption Date.]]

Notice of redemption, unless waived, is to be given by the Paying Agent by mailing an official redemption notice by first class mail at least 30 days prior to the Redemption Date, to the original Purchaser of the Bonds and to each Registered Owner of each of the Bonds to be redeemed at the address shown on the Bond Register. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds 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 the City defaults in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the 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 Bonds by the Securities Depository’s participants, beneficial ownership of the 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 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 Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such Beneficial Owners. The City 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 Paying Agent 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 Bonds are issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. This Bond may be exchanged at the office of the Paying Agent for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations upon the terms provided in the Ordinance.

This Bond is transferable by the Registered Owner hereof in person or by the Registered Owner's agent duly authorized in writing, at the office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance and upon surrender and cancellation of this Bond. The City shall pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks.

The 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 of the System, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. The Bonds stand on a parity and are equally and ratably secured with respect to the payment of principal and interest from the Net Revenues and in all other respects with (i) an issue of Water and Electric System Revenue Bonds, 2009 Series A, of the City, (ii) an issue of Water and Electric System Revenue Refunding and Improvement Bonds, 2011 Series A, of the City, and (iii) an issue of Water and Electric System Revenue Refunding Bonds, 2014 Series A, of the City. Under the conditions set forth in the Ordinance, the City has the right to issue additional parity bonds and other obligations payable from and secured by the Net Revenues; 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 City hereby covenants and agrees with the Registered Owner of this Bond that it will keep and perform all covenants and agreements contained in the Ordinance, and will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the System as will produce Revenues sufficient to pay the costs of operation and maintenance of the System, pay the principal of and interest on the Bonds as and when the same become due, and provide reasonable and adequate reserve funds. Reference is made to the Ordinance for a description of the covenants and agreements made by the City with respect to the collection, segregation and application of the Revenues of the System, the nature and extent of the security of the Bonds, the rights, duties and obligations of the City with respect thereto, and the rights of the Registered Owners thereof.

This Bond may be transferred or exchanged, as provided in the Ordinance, only on the Bond Register kept for that purpose at the principal payment office of the Paying Agent, upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Paying Agent 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 having the same Maturity Date 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 may deem and treat the Person in whose name this Bond is registered on the Bond Register 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 and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

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 has been executed by the Paying Agent.

**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 Bonds have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of the 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 provided in the Ordinance.

**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 its Mayor and attested by the manual or facsimile signature of its City Clerk and its official seal to be affixed hereto or imprinted hereon.

**CERTIFICATE OF AUTHENTICATION**

**CITY OF COLUMBIA, MISSOURI**

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

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

Registration Date: \_\_\_\_\_

**UMB BANK, N.A.,**  
Paying Agent

(SEAL)

ATTEST:

By: \_\_\_\_\_  
Authorized Signatory

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

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**ASSIGNMENT**

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

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Print or Type Name, Address and Social Security Number  
or other 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 Bond Register kept by the Paying Agent for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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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:

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(Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15)) or such other similar rule as Paying Agent deems applicable)

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

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**LEGAL OPINION**

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of the Bonds:

**GILMORE & BELL, P.C.**  
**2405 Grand Boulevard**  
**Suite 1100**  
**Kansas City, Missouri 64108**

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**EXHIBIT B  
TO ORDINANCE**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

This **CONTINUING DISCLOSURE UNDERTAKING**, dated August \_\_, 2015 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by the **CITY OF COLUMBIA, MISSOURI**, a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri (the “**City**”).

**RECITALS**

**1.** This Continuing Disclosure Undertaking is executed and delivered by the City in connection with the issuance of its Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, in the principal amount of \$\_\_\_\_\_ (the “**Bonds**”), pursuant to an Ordinance dated July 20, 2015 (the “**Ordinance**”).

**2.** The City is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). The City is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the City covenants and agrees as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

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

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures operated by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

“**Material Events**” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Undertaking.

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

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

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

**Section 2. Provision of Annual Reports.** The City shall, not later than 180 days after the end of the City’s fiscal year, provide to the MSRB, through EMMA, the following financial information and operating data (the “**Annual Report**”):

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

(2) Updates as of the end of the fiscal year of the financial information and operating data contained in *Appendix A* of the final Official Statement in substantially the scope and form contained in such Appendix with respect to the Bonds in the tables labeled or identified as follows:

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

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

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

**Section 3. Reporting of Material Events.** Pursuant to the provisions of this Section, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds, if material (“**Material Events**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

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

If the City has not submitted the Annual Report to the MSRB by the date required in **Section 2**, the City shall send a notice to the MSRB of the failure of the City to file on a timely basis the Annual Report, which notice shall be given by the City in accordance with this **Section 3**.

**Section 4. Termination of Reporting Obligation.** The City's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

**Section 5. Designated Agents.** The City may, from time to time, appoint or designate one or more agents (each, a "**designated agent**") to submit Annual Reports, Material Event notices, and other notices or reports with the MSRB.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Undertaking, the City may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact

on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Additional Information.** Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Undertaking, the City shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 8. Default.** If the City fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the City to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

**Section 9. Beneficiaries.** This Continuing Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 10. Severability.** If any provision in this Continuing Disclosure Undertaking, the Indenture or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 11. Electronic Transactions.** The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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**Section 12. Governing Law.** This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

**CITY OF COLUMBIA, MISSOURI**

(SEAL)

By: \_\_\_\_\_  
Name: Bob McDavid  
Title: Mayor

ATTEST

By: \_\_\_\_\_  
Name: Sheela Amin  
Title: City Clerk

**EXHIBIT C  
TO ORDINANCE**

**FORM OF CERTIFICATE OF FINAL TERMS**

\$ \_\_\_\_\_  
**CITY OF COLUMBIA  
WATER AND ELECTRIC SYSTEM  
REFUNDING AND IMPROVEMENT REVENUE BONDS  
SERIES 2015**

July \_\_, 2015

**CERTIFICATE OF FINAL TERMS**

City of Columbia, Missouri  
Columbia, Missouri

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Purchaser"), hereby offers to purchase from the City of Columbia, Missouri (the "City") \$ \_\_\_\_\_ aggregate principal amount of City of Columbia, Missouri Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the "Bonds") to be issued by the City under and pursuant to an ordinance adopted by the City Council of the City on July 20, 2015 (the "Bond Ordinance").

Upon the terms and conditions of the Official Bid Form, the Notice of Bond Sale and the Preliminary Official Statement, all of which are made a part hereof, the Purchaser hereby agrees to purchase from the City, and the City hereby agrees to sell to the Purchaser, all (but not less than all) of the Bonds at a purchase price of \$ \_\_\_\_\_ (the principal amount of the Bonds plus [net] original issue premium of \$ \_\_\_\_\_, less an underwriter's discount of \$ \_\_\_\_\_). The Bonds shall mature, shall bear interest and shall be subject to redemption as set forth in **Schedule I** hereto.

Very truly yours,

\_\_\_\_\_

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

Accepted and agreed to as of  
the date first above written:

**CITY OF COLUMBIA, MISSOURI**

(SEAL)

By: \_\_\_\_\_  
Name: Bob McDavid  
Title: Mayor

ATTEST

By: \_\_\_\_\_  
Name: Sheela Amin  
Title: City Clerk

**SCHEDULE I TO CERTIFICATE OF FINAL TERMS**

1. Maturity Schedule and Interest Rates for the Bonds:

<u>Stated Maturity October 1</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Price</u>	<u>Yield</u>
2015	\$	%	%	%
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				

2. Optional Redemption: At the option of the City, the Bonds or portions thereof maturing on October 1, 20\_\_, and thereafter may be called for redemption and payment prior to the Stated Maturity thereof on October 1, 20\_\_, and thereafter in whole or in part at any time in such amounts for each Stated Maturity as shall be determined by the City at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

3. True interest cost on the Bonds calculated pursuant to Section 108.170(6), RSMo  
 .....%

4. Net proceeds available for Improvements (“New Money Portion”) to be deposited into the 2015 Construction Account: ..... \$ \_\_\_\_\_
5. Proceeds of the Bonds to be deposited into the Escrow Fund ..... \$ \_\_\_\_\_
6. Initial 2015 Reserve Requirement: ..... \$ \_\_\_\_\_  
(the full amount is to be deposited in the 2015 Bond Reserve Account at Closing out of proceeds of the Bonds [and funds on deposit in the reserve fund for the Refunded Bonds])

**EXHIBIT D  
TO ORDINANCE**

**FORM OF NOTICE OF BOND SALE**

## NOTICE OF BOND SALE

\$53,735,000\*

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

**Proposals.** Facsimile and electronic proposals for the purchase of \$53,735,000\* principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the “**Bonds**”) herein described, of the City of Columbia, Missouri (the “**City**”), will be received, in the case of facsimile bids at (913) 312-8053, and in the case of electronic bids, on the Columbia Capital Auction Website, <http://www.columbiacapitalauction.com> (“**Columbia Capital Auction**”). Proposals for the purchase of the Bonds will be received until

10:00 A.M. Central Daylight Time (the “**Submittal Hour**”)

on **MONDAY, JULY 20, 2015** (the “**Sale Date**”).

Bids on the Bonds will be opened at the Submittal Hour at the offices of the Director of Finance of the City and will be awarded preliminarily, subject to City Council approval, on the Sale Date by 1:00 p.m. CDT. Final approval is expected by the City Council at its July 20, 2015 regular meeting. Unless all bids are rejected, award will be made to the bidder offering the *lowest* TIC (as hereinafter defined) to the City. After bid opening, the Director of Finance will notify the bidder providing the apparent low bid. Bids will not be accepted via any other method of delivery (e.g., no telephonic or hand-delivered bids).

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

**Authority, Purpose and Security.** The Bonds are being issued pursuant to the Constitution and laws of the State of Missouri for the purpose of, together with other funds of the City, (i) providing funds to currently refund all of the City’s outstanding Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A, (ii) financing the costs of certain improvements to the City’s water system and the City’s electric power and light system (collectively, the “**System**”), (iii) funding a debt service reserve fund for the Bonds and (iv) paying costs and expenses incident to the issuance of the Bonds. The Bonds will be payable solely from the Net Revenues derived by the City from the operation of the System, after payment of the costs of operation and maintenance. *The taxing power of the City is not pledged to the payment of the principal of the Bonds or the interest thereon.*

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

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\* Preliminary, subject to change.

## MATURITY SCHEDULE\*

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

The Bonds will bear interest from the date thereof at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on October 1 and April 1 in each year, beginning on October 1, 2015.

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

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

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

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

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\* Preliminary, subject to change.

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

**Optional Redemption.** As provided in the Official Statement, at the option of the City, the Bonds are subject to optional redemption and payment prior to their Stated Maturity, on October 1, 2023, and thereafter, in whole at any time or in part on any date in any order of maturity selected by the City and by lot in multiples of \$5,000 within a maturity, or in such equitable manner as the Paying Agent may determine at a redemption price of 100% of the principal amount being redeemed, without premium, together with accrued interest thereon to the date of redemption.

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

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

**Good Faith Deposits.** Each bid for the Bonds shall be accompanied by a good faith deposit (the "Deposit") in the form of (1) a certified or cashier's check, (2) a financial surety bond *or* (3) a wire transfer, in the amount of \$1,075,000, which is approximately 2% of the estimated principal amount of the Bonds, payable to the order of the City of Columbia, Missouri.

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

If a wire transfer is used, a bidder may wire the Deposit to the City to the account shown below, **not later than the Submittal Hour.** Upon initiation of a wire transfer, the bidder shall promptly send notice of such wire transfer to the Financial Advisor, attention Jeff White ([jwhite@columbiacapital.com](mailto:jwhite@columbiacapital.com)) and James Prichard ([jprichard@columbiacapital.com](mailto:jprichard@columbiacapital.com)).

Wire Instructions for the Deposit:

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

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

After the award is made, the Deposits of the unsuccessful bidders will be returned forthwith. Deposits wired to the City by unsuccessful bidders will be returned via wire as soon as practical following completion of the bidding. Unsuccessful bidders desiring a return of the Deposit via wire must send wire instructions to the Financial Advisor, attention Jeff White (jwhite@columbiacapital.com) and James Prichard (jprichard@columbiacapital.com), by the applicable Submittal Hour. An unsuccessful bidder's failure to provide return wire instructions will likely result in a delay in the return of their Deposit.

**Conditions of Bids.** Bids will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) each bid shall be for all of the Bonds; (b) each interest rate specified shall be a multiple of 1/8th or 1/100th of 1%, or both; and (c) the same interest rate shall apply to all Bonds of the same maturity. No supplemental interest payments will be authorized. **No bid shall be for a price less than 98% of the principal amount of all of the Bonds and accrued interest, if any, thereon to the date of delivery. For Bonds maturing on and after October 1, 2024, no price below 98% will be accepted for any maturity.** Each bid shall specify the total interest cost (expressed in dollars) during the life of the Bonds on the basis of such bid and the original issue discount or premium, if any, offered by the bidder. Each bid shall also specify the true interest cost to the City on the basis of such bid to a delivery date of August 5, 2015. Each bidder agrees that, if it is awarded the Bonds, it will provide to the City the certification as to issue prices described under the caption "Certification as to Offering Prices" in this Notice of Bond Sale (this "**Notice**").

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

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

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

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

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

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

**Delivery and Payment.** The Bonds, properly prepared and executed, will be delivered by the City without cost to the Successful Bidder on or about August 5, 2015 at DTC. The Successful Bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity, and a certificate regarding the completeness and accuracy of the Official Statement. The denominations of the Bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the Successful Bidder to the City and the Paying Agent at least one week prior to the date of delivery of the Bonds. In the absence of such information, the City will deliver Bonds in the denomination of each maturity registered in the name of the Successful Bidder. Payment for the Bonds shall be made in federal reserve funds, immediately subject to use by the City by 9:00 A.M., Central Daylight Time, on the day of delivery.

**Continuing Disclosure.** The City covenants and agrees to enter into a continuing disclosure undertaking to provide ongoing disclosure about the City, for the benefit of the bondholders on or before the date of delivery of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission, which continuing disclosure undertaking shall be in the form as may be agreed to in writing by the Successful Bidder. Except as disclosed in the Preliminary Official Statement, the City is in compliance with each undertaking previously entered into by the City pursuant to Rule 15c2-12. A description of the City’s compliance failures is provided in the Preliminary Official Statement.

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

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

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

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

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

**Certification as to Offering Prices.** To provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), the Successful Bidder will be required to complete, execute and deliver to the City prior to the delivery of the Bonds, a certificate regarding the “issue price” of the Bonds (as defined in Section 148 of the Code), reflecting the initial offering prices (excluding accrued interest and expressed as dollar prices) at which a substantial amount (i.e., 10% or more) of the Bonds of each maturity have been or are expected to be sold to the public. The term “public” excludes bond houses, brokers or similar persons, or organizations acting in the capacity of underwriters or wholesalers. Such certificate shall state that 10% or more of the Bonds of each maturity have been or are expected to be sold to the public at prices no higher than such initial offering prices.

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

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



SCHEDULE A—UNDERWRITER CERTIFICATE

This certificate is furnished by [PURCHASER], as the authorized representative of the underwriter(s), of the \$[\_\_\_\_\_]\* aggregate principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015 (the “**Bonds**”) of the City of Columbia, Missouri (the “**City**”), to establish, among other things, the “issue price” of the Bonds (and thus, the “**Yield**” thereon) within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the Treasury Regulations thereunder.

THE UNDERSIGNED HEREBY CERTIFIES as follows:

1. Issue Price.

A. The underwriter(s) and other bond houses and brokers, if any, (a) made a bona fide public offering of all of the Bonds to the public (excluding bond houses, brokers and similar persons acting in the capacity of underwriters or wholesalers) (the “**Public**”) at the initial public offering prices set forth for each maturity on the cover page of the Official Statement, dated July 20, 2015, with respect to the Bonds, plus accrued interest (the “**Offering Prices**”), and (b) reasonably expected as of the date the underwriter’s bid for the Bonds was accepted (the “**Sale Date**”) to sell first at least 10% of the aggregate face amount of each maturity of the Bonds for cash to the Public at their respective Offering Prices. The underwriter’s bid with respect to the Bonds has not been modified since its execution on the Sale Date.

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

C. The aggregate issue price of the Bonds is \$\_\_\_\_\_, consisting of the aggregate Offering Price (excluding accrued interest) of \$\_\_\_\_\_ plus accrued interest in the amount of \$-0- through the expected settlement date, August 5, 2015.

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

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

Dated: \_\_\_\_\_, 2015

[PURCHASER]

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

\* Preliminary, subject to change.

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

**\$53,735,000\***

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

July 20, 2015 (or such later Sale Date established  
pursuant to the Notice of Bond Sale)

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

For \$53,735,000\* principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, of the City of Columbia, Missouri, to be dated the date of delivery (subject to the assumption solely for purposes of calculation of this bid of an **issuance and dated date of the Bonds of August 5, 2015**), as described in your Notice of Bond Sale dated July 13, 2015 said Bonds to mature and bear interest as follows:<sup>1</sup>

**SERIES 2015 BONDS  
MATURITY SCHEDULE\***

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

\* Preliminary, subject to change.

1. Bidders should carefully review the limitations and specifications set forth in the Notice of Bond Sale under the heading "Conditions of Bids". No bid shall be for a price less than 98% of the principal amount of all of the Bonds and accrued interest, if any, thereon to the date of delivery. For Bonds maturing on and after October 1, 2024, no price below 98% will be accepted for any maturity.

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

Total interest cost on the Bonds calculated to maturity at the rates specified above (assuming solely for purposes of calculation of this bid an issuance and dated date of the Bonds of August 5, 2015).....	\$ _____
Less Premium on the Bonds on the basis of this proposal .....	(\$ _____)
Net Total Interest Cost on the basis of this proposal .....	\$ _____
True interest cost on the Bonds on the basis of this proposal .....	_____ %

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

A cashier's or certified check, a Financial Surety Bond or a wire to the City in the amount of \$1,075,000 payable to the order of the City of Columbia, Missouri, accompanies this proposal as an evidence of good faith.

Submitted by the Following Firm as Account Manager:

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

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

\_\_\_\_\_

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

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

Authorized Signature

In Association with the Following Account Members:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*[City acceptance on following page]*

**ACCEPTANCE**

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

**CITY OF COLUMBIA, MISSOURI**

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

For completion if this bid is unsuccessful

Return of Good Faith Deposit is hereby acknowledged:

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

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