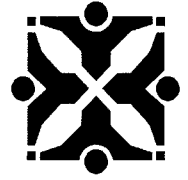


# City of Columbia

701 East Broadway, Columbia, Missouri 65201



**Agenda Item Number:** R 177-15

**Department Source:** Finance

**To:** City Council

**From:** City Manager & Staff

**Council Meeting Date:** 11/2/2015

**Re:** Resolution adopting Notice of Sale of Special Obligation Refunding Bonds, Series 2015.

## Documents Included With This Agenda Item

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

**Supporting documentation includes:** None

## Executive Summary

This resolution authorizes the Notice of Sale of Special Obligation Refunding Bonds, Series 2015.

## Discussion

The attached Notice of Sale authorizes the offering for sale not to exceed \$7,800,000 of principal Special Obligation Refunding Bonds, Series 2015.

These bonds will refund the City's Special Obligation Revenue Refunding and Improvement Bonds, Series 2006. The refinancing of this issue is estimated to save the City approximately \$2.5 million over the next ten years.

## Fiscal Impact

**Short-Term Impact:** It is estimated that this refunding issue would save approximately \$555,000 over the next two years.

**Long-Term Impact:** It is estimated that this refunding issue would save approximately \$2.5 million over the next ten years.

## Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Governance and Decision Making

Strategic Plan Impact: Not Applicable

Comprehensive Plan Impact: Not Applicable

## Suggested Council Action

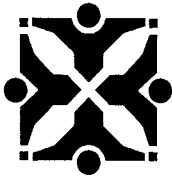
Approve the attached resolution

## Legislative History

None.

# City of Columbia

701 East Broadway, Columbia, Missouri 65201



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

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

## A RESOLUTION

authorizing the offering for sale of not to exceed \$7,800,000 principal amount of Special Obligation Refunding Bonds, Series 2015 of the City of Columbia, Missouri.

WHEREAS, the City of Columbia, Missouri (the "City"), is a constitutional charter city and political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of the Constitution and laws of the State of Missouri and the City's Charter; and

WHEREAS, the City desires to issue its Special Obligation Refunding Bonds, Series 2015 (the "Bonds") to (1) currently refund \$8,855,000 outstanding principal amount of the City's Special Obligation Revenue Refunding and Improvement Bonds, Series 2006 (the "Refunded Bonds") and (2) provide for the payment of certain costs of issuing the Bonds; and

WHEREAS, the City is authorized under its Charter and the Constitution of the State of Missouri to issue and sell special obligation bonds for the purpose of refunding the Refunded Bonds, with the principal of and interest on such special obligation bonds being payable by the City only upon appropriation of moneys therefore by the City Council; and

WHEREAS, the Bonds shall not constitute a general obligation of the City, nor shall the Bonds constitute an indebtedness of the City within the meaning of any constitutional, statutory or Charter provision, limitation or restriction, and the taxing power of the City will not be pledged to the payment of the principal of or interest on the Bonds.

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

SECTION 1. The City is hereby authorized to offer at competitive public sale not to exceed \$7,800,000 principal amount of the Bonds, as described in the Notice of Bond Sale attached hereto as **Exhibit A**.

SECTION 2. The Finance Director is hereby authorized and directed to receive facsimile or electronic bids for the purchase of the Bonds on November 16, 2015, upon the terms and conditions set forth in the Notice of Bond Sale, and to deliver all bids so received to the City Council at its meeting to be held at 7:00 P.M. on said date, at which meeting the City Council shall review such bids and shall award the sale of the Bonds or reject all bids.

SECTION 3. The Notice of Bond Sale is hereby approved in substantially the form attached hereto as **Exhibit A**, and the Mayor or the Finance Director is hereby authorized to execute such Notice of Bond Sale, with such changes and additions thereto as such

officials shall deem necessary or appropriate, and to use such document in connection with the public sale of the Bonds.

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

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

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

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

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

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

ATTEST:

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

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

APPROVED AS TO FORM:

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

**EXHIBIT A**

**NOTICE OF BOND SALE**

**[FOLLOWS THIS PAGE]**

## NOTICE OF BOND SALE

**\$7,560,000\***

### **CITY OF COLUMBIA, MISSOURI SPECIAL OBLIGATION REFUNDING BONDS SERIES 2015**

**Proposals.** Facsimile and electronic proposals for the purchase of \$7,560,000\* principal amount of Special Obligation Refunding 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 Standard Time** (the “**Submittal Hour**”)

on **MONDAY, NOVEMBER 16, 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. CST. Final approval is expected by the City Council at its November 16, 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 refund and redeem the City’s Special Obligation Revenue Refunding and Improvement Bonds, Series 2006; and (ii) paying costs and expenses incident to the issuance of the Bonds. The Bonds will be payable by the City only upon appropriation of moneys therefore by the City Council. ***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: February 1</u>	<u>Principal Amount</u>	<u>Due: February 1</u>	<u>Principal Amount</u>
2016	\$1,530,000	2022	\$545,000
2017	630,000	2023	555,000
2018	625,000	2024	565,000
2019	640,000	2025	580,000
2020	645,000	2026	595,000
2021	650,000		

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 February 1 and August 1 in each year, beginning on February 1, 2016.

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

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

**Place of Payment.** The principal of each Bond will be payable at maturity to the registered owner upon presentation and surrender of such Bond at the principal office of UMB Bank, St. Louis, Missouri (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.

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 February 1, 2021, 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.

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\* Preliminary, subject to change.



**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 \$152,000, which is approximately 2% of the principal amount of the Bonds, payable to the order of the City of Columbia, Missouri.

If a financial surety bond is used, it must be from an insurance or surety company licensed to issue such a bond in the State of Missouri and is rated “AA-” by Standard & Poor’s Ratings Group or “Aa3” by Moody’s Investors Service, Inc., or higher, and such bond must be submitted to the City prior to the Submittal Hour. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder using a financial surety bond, that bidder is required to submit its Deposit to the City in form of a cashier’s check (or wire transfer of such amount as instructed by the City) not later than 2:00 P.M., local time on the next business day following the 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 (defined below). 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 99% 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 February 1, 2022, 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 December 8, 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 of Bond Sale.

**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 Standard 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 December 8, 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 Standard 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. Fitch Ratings 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 Bidders' proposals in order to comply with Rule 15c2-12(b)(4) of the Securities and Exchange Commission and Rule G-32 of the Municipal Securities Rulemaking Board. Additional copies may be ordered by the Successful Bidder at its expense. The City will make an electronic version of the Official Statement available to the Successful Bidder, suitable for filing with EMMA, at no cost.

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

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

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

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

**DATED** this 9<sup>th</sup> day of November, 2015.

**CITY OF COLUMBIA, MISSOURI**

By: /s/ John Blattel  
Director of Finance

## SCHEDULE A—UNDERWRITER CERTIFICATE

This certificate is furnished by [PURCHASER], as the authorized representative of the underwriter(s), of the \$7,560,000\* aggregate principal amount of Special Obligation Refunding 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 November [23], 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 \$\_\_\_\_\_ through the expected settlement date, December 8, 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. also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excluded from gross income for federal income tax purposes.

Dated: November \_\_, 2015

[PURCHASER]

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

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\* Preliminary, subject to change.

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

**\$7,560,000\***  
**CITY OF COLUMBIA, MISSOURI**  
**SPECIAL OBLIGATION REFUNDING BONDS**  
**SERIES 2015**

November 16, 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 65201

For \$7,560,000\* principal amount of Special Obligation Refunding 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 December 8, 2015**), as described in your Notice of Bond Sale dated November 9, 2015, said Bonds to mature and bear interest as follows:<sup>1</sup>

**SERIES 2015 BONDS  
MATURITY SCHEDULE\***

<u>Due: February 1</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Due: February 1</u>	<u>Principal Amount</u>	<u>Rate</u>
2016	\$1,530,000	____%	2022	\$545,000	____%
2017	630,000	____%	2023	555,000	____%
2018	625,000	____%	2024	565,000	____%
2019	640,000	____%	2025	580,000	____%
2020	645,000	____%	2026	595,000	____%
2021	650,000	____%			

The undersigned will pay a purchase price equal to \$\_\_\_\_\_ (which is not less than 99% 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 December 8, 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 ..... \_\_\_\_\_%

\* Preliminary, subject to change.

<sup>1</sup> 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 99% 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 February 1, 2022, no price below 98% will be accepted for any maturity.

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 \$152,000 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 16<sup>th</sup> day of November, 2015.

**CITY OF COLUMBIA, MISSOURI**

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

For completion if this bid is unsuccessful

Return of Good Faith Deposit is hereby acknowledged:

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

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



**SUMMARY NOTICE OF SALE**

**\$7,560,000\***

**CITY OF COLUMBIA, MISSOURI  
SPECIAL OBLIGATION REFUNDING BONDS  
SERIES 2015**

Facsimile and electronic proposals for the purchase of \$7,560,000\* principal amount of Special Obligation Refunding Bonds, Series 2015 (the “Bonds”), 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>. Proposals for the purchase of the Bonds will be received until 10:00 A.M., Central Standard Time, on

**MONDAY, NOVEMBER 16, 2015**

All bids will be acted upon by the City at a meeting of its City Council on November 16, 2015. No hand-delivered, oral or auction bids will be considered.

The terms of the sale, including the bid procedures and requirements and the determination of the successful bidder, will be as set forth in the full Notice of Bond Sale. Copies of the full Notice of Bond Sale and the Preliminary Official Statement related to the Bonds may be obtained from John Blattel, Director of Finance, City of Columbia, Missouri, 701 East Broadway, Columbia, Missouri 65201 (573-874-7111, e-mail: [jlblatte@gocolumbiamo.com](mailto:jlblatte@gocolumbiamo.com)), or from Jeff White, Columbia Capital Management, the financial advisor to the City (913-312-8077, e-mail: [jwhite@columbiacapital.com](mailto:jwhite@columbiacapital.com)).

**CITY OF COLUMBIA, MISSOURI**  
John Blattel  
Director of Finance

\*Subject to adjustment as described in the Notice of Bond Sale.

Publication Date: November \_\_, 2015.

**EXHIBIT B**

**PRELIMINARY OFFICIAL STATEMENT**

**[FOLLOWS THIS PAGE]**

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor may there be any sale of these securities in any jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER \_\_, 2015

**NEW ISSUE**

**S&P RATING:** \_\_\_\_\_

**FITCH RATING:** \_\_\_\_\_

**See "RATINGS" herein.**

**BOOK ENTRY ONLY**

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



**CITY OF COLUMBIA, MISSOURI**

**\$7,560,000\***

**SPECIAL OBLIGATION REFUNDING BONDS  
SERIES 2015**

**Dated: Date of Issuance**

**Due: February 1, as shown on inside cover page**

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. The Bonds will be available for purchase in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. DTC will receive all payments with respect to the Bonds from UMB Bank, N.A., St. Louis, Missouri, as Paying Agent for the Bonds. DTC is required to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. Semiannual interest will be payable on February 1 and August 1, beginning on February 1, 2016.

The Bonds and the interest thereon will constitute special obligations of the City payable solely from amounts appropriated in each Fiscal Year (i) out of the income and revenues of the City provided for such Fiscal Year, plus (ii) any unencumbered balances from previous years. The City is not obligated to make any such annual appropriation. The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds. The fiscal year of the City begins on each October 1 and ends on September 30 (the "Fiscal Year").

The Bonds are being issued for the purpose of providing funds to (i) refund and redeem the City's Special Obligation Revenue Refunding and Improvement Bonds, Series 2006 (the "Refunded Bonds"), and (ii) pay costs related to the issuance of the Bonds and the refunding of the Refunded Bonds.

The Bonds are subject to optional redemption prior to maturity as further described herein.

*The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Gilmore & Bell, P.C. will also pass upon certain matters relating to this Official Statement. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about December 8, 2015.*

**Bids for the Bonds will only be received via facsimile or electronically at [www.ColumbiaCapitalAuction.com](http://www.ColumbiaCapitalAuction.com) until 10:00 A.M., Central Standard Time, on Monday, November 16, 2015, all in accordance with the Notice of Bond Sale for the Bonds.**

The date of this Official Statement is November \_\_, 2015.

\* Preliminary; subject to change.

**\$7,560,000\***  
**CITY OF COLUMBIA, MISSOURI**  
**SPECIAL OBLIGATION REFUNDING BONDS**  
**SERIES 2015**

**MATURITY SCHEDULE\***

<b><u>Maturity</u></b> <b><u>February 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u></b> <b><u>(Base: 198045)</u></b>
2016	\$1,530,000				
2017	630,000				
2018	625,000				
2019	640,000				
2020	645,000				
2021	650,000				
2022	545,000				
2023	555,000				
2024	565,000				
2025	580,000				
2026	595,000				

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\* Preliminary, subject to change.

**CITY OF COLUMBIA, MISSOURI**

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

**CITY OFFICIALS**

**Mayor**

Bob McDavid

**Council Members**

Clyde Ruffin  
Karl Skala  
Laura Nauser

Michael Trapp  
Ian Thomas  
Betsy Peters

**Administrative Officials**

Mike Matthes, City Manager  
Nancy Thompson, City Counselor  
Sheela Amin, City Clerk  
John Blattell, Finance Director

**CERTIFIED PUBLIC ACCOUNTANTS**

McGladrey LLP  
Kansas City, Missouri

**BOND COUNSEL**

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

**FINANCIAL ADVISOR**

Columbia Capital Management, LLC  
Overland Park, Kansas

**PAYING AGENT**

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

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

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

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

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

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

## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

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

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

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

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

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## OFFICIAL STATEMENT

**\$7,560,000\***

### **CITY OF COLUMBIA, MISSOURI SPECIAL OBLIGATION REFUNDING BONDS SERIES 2015**

#### **INTRODUCTION**

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

#### **Purpose of the Official Statement**

The purpose of this Official Statement is to furnish information relating to (1) the City of Columbia, Missouri (the “City”) and (2) the Special Obligation Refunding Bonds, Series 2015 (the “Bonds”), of the City, dated their date of delivery, to be issued in the principal amount of \$7,560,000.\*

#### **The City**

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

#### **The Bonds**

The Bonds are being issued pursuant to an ordinance to be passed by the City Council of the City on November 16, 2015 (the “Bond Ordinance”) for the purpose of (a) refunding the City’s Special Obligation Revenue Refunding and Improvement Bonds, Series 2006 (the “Refunded Bonds”), and (b) paying costs related to the issuance of the Bonds and the refunding of the Refunded Bonds. See “**THE BONDS**” and “**PLAN OF FINANCING**.”

#### **Security and Source of Payment**

The payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. The City is not required or obligated to make any such appropriation. No property of the City is pledged or encumbered, and no reserve fund has been established, to secure payment of the Bonds.

The Bonds and the interest thereon will constitute special obligations of the City payable solely from amounts appropriated in each Fiscal Year (i) out of the income and revenues of the City provided for such Fiscal Year, plus (ii) any unencumbered balances from previous years. The City is not obligated to make any such annual appropriation.

The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds. The fiscal year of the City begins on each October 1 and ends on September 30 (the “Fiscal Year”).

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\* Preliminary, subject to change.



See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein.

## **Financial Statements**

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

## **Summary of the Bond Ordinance**

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

## **Continuing Disclosure Information**

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

# **PLAN OF FINANCING**

## **Authorization and Purpose of the Bonds**

The Bonds are authorized pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, the City’s Charter and the Bond Ordinance. The Bonds are being issued for the purpose (i) of refunding the Refunded Bonds and (ii) paying costs related to the issuance of the Bonds and the refunding of the Refunded Bonds.

## **The Refunding Plan**

A portion of the proceeds from the sale of the Bonds will be used, together with funds on deposit in the debt service reserve fund for the Refunded Funds, to refund the Refunded Bonds. Such amounts will be deposited in the Escrow Fund established under an Escrow Letter of Instructions (the “Escrow Agreement”), from the City to UMB Bank, N.A. (the “Escrow Agent”). Such moneys deposited with the Escrow Agent will be used to pay the principal of and interest on the Refunded Bonds when called for prepayment as soon as practical.

After the issuance of the Bonds and the deposit of the proceeds thereof and other moneys with the Escrow Agent pursuant to the Escrow Agreement, the holders of the Refunded Bonds are given a lien on, and the principal of and interest on the Refunded Bonds will be payable from, the moneys and investments held in the Escrow Fund which will be used to pay the principal of and interest on the Refunded Bonds when due and when called for redemption as provided above. Under the Escrow Agreement, the money held by the Escrow Agent is pledged for such purposes and no other.

Set forth below is a description of the Refunded Bonds:

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2/1/2006	2/1/2016	\$1,530,000	5.000%	198045 DA1	N/A	100%
2/1/2006	2/1/2017	715,000	4.000	198045 DB9	2/1/2016	100
2/1/2006	2/1/2018	740,000	4.000	198045 DC7	2/1/2016	100
2/1/2006	2/1/2019	770,000	4.000	198045 DD5	2/1/2016	100
2/1/2006	2/1/2020	800,000	4.125	198045 DE3	2/1/2016	100
2/1/2006	2/1/2021	835,000	4.125	198045 DF0	2/1/2016	100
2/1/2006	2/1/2022	635,000	4.250	198045 DG8	2/1/2016	100
2/1/2006	2/1/2023	665,000	4.250	198045 DH6	2/1/2016	100
2/1/2006	2/1/2024	690,000	4.250	198045 DJ2	2/1/2016	100
2/1/2006	2/1/2025	720,000	4.375	198045 DK9	2/1/2016	100
2/1/2006	2/1/2026	755,000	4.375	198045 DL7	2/1/2016	100

### Sources and Uses of Funds

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

#### *Sources of Funds:*

Proceeds of the Bonds .....	\$
Debt Service Reserve Fund (Refunded Bonds) .....	
[Net] reoffering premium.....	
Total.....	\$

#### *Uses of Funds:*

Deposit to Escrow Fund for payment of the Refunded Bonds .....	\$
Costs of Issuance for the Bonds .....	
Total.....	\$

## THE BONDS

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

### General Description

The Bonds will be issued in the principal amounts stated on the inside cover page of this Official Statement, will be dated the date of issuance thereof, and will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature, subject to redemption as described below, on February 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year, beginning on February 1, 2016. Principal will be payable by check or draft mailed by the Paying Agent upon presentation and surrender of the Bonds by the Registered Owners thereof at the principal payment office of UMB Bank, N.A., St. Louis, Missouri, Paying Agent. Interest shall be paid (a) to the Registered Owners of the Bonds as shown on the registration books of the Paying Agent (the "Bond Register") at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to the address of such Registered Owners shown on the Bond Register or at such other address as is

furnished to the Paying Agent in writing by any Registered Owner, or (b) in the case of an interest payment to any Registered Owner of \$500,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than five days prior to the Record Date for such interest, containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire directed.

### **Redemption Provisions**

***Optional Redemption.*** At the option of the City, the Bonds or portions thereof maturing on February 1, 2022 and thereafter will be subject to redemption and payment prior to maturity, on February 1, 2021, and thereafter in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

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

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

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

### **Registration, Transfer and Exchange of Bonds**

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

## **Book-Entry Only System**

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

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

The Bonds are special obligations of the City payable solely from amounts pledged or appropriated therefor in each Fiscal Year (i) out of the income and revenues provided for such Fiscal Year plus (ii) any unencumbered balances for previous years. **The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds.**

The payment of the principal of and interest on the Bonds is subject to an annual appropriation by the City. The City Council has directed the Finance Director or any other officer of the City at any time charged with the responsibility of formulating budget proposals to include in each annual budget an appropriation of the amount necessary (after taking into account any moneys legally available for such purpose) to pay debt service on the Bonds. The City is not required or obligated to make any such annual appropriation and the decision whether or not to appropriate such funds will be solely within the discretion of the then current City Council. No property of the City is pledged or encumbered, and no reserve fund has been established, as security for payment of the Bonds.

## **RISK FACTORS**

*The following section describes certain risk factors affecting the payment of and security for the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors will not become material in the future.*

**THE BONDS DO NOT GIVE RISE TO A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY, THE STATE OF MISSOURI, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION.**

**THE BONDS SHALL BE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE ANNUAL APPROPRIATION OF FUNDS BY THE CITY FOR THAT PURPOSE. IN EACH FISCAL YEAR, PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE BONDS SHALL BE MADE SOLELY FROM THE AMOUNTS APPROPRIATED THEREFOR (I) OUT OF THE INCOME AND REVENUES OF THE CITY PROVIDED FOR SUCH YEAR PLUS (II) ANY UNENCUMBERED BALANCES FOR PREVIOUS YEARS, AND THE DECISION WHETHER TO MAKE SUCH APPROPRIATION EACH YEAR SHALL BE WITHIN THE SOLE DISCRETION OF THE THEN CURRENT CITY COUNCIL. SUBJECT TO THE PRECEDING SENTENCE, THE OBLIGATIONS OF THE CITY TO MAKE PAYMENTS HEREUNDER AND TO PERFORM AND OBSERVE ANY OTHER COVENANT AND AGREEMENT CONTAINED IN THE BOND ORDINANCE SHALL BE ABSOLUTE AND UNCONDITIONAL.**

**IF THE CITY FAILS TO APPROPRIATE AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL AND INTEREST ON THE BONDS IN ANY FISCAL YEAR, NO OTHER FUNDS OR PROPERTY WILL BE AVAILABLE TO PAY SUCH PRINCIPAL AND INTEREST. NO PROPERTY**

**OF THE CITY IS PLEDGED OR ENCUMBERED, NOR HAS ANY RESERVE FUND BEEN ESTABLISHED, TO SECURE PAYMENT OF THE BONDS.**

**No Credit Enhancement or Reserve Fund**

No bond insurance policy, letter of credit, reserve fund or other credit enhancement will be issued to insure payment of the principal of or interest on the Bonds. Accordingly, any potential purchaser of the Bonds should consider the financial ability of the City to make the payments of principal of and interest on the Bonds.

**Enforcement of Remedies**

The enforcement of the remedies under the Bond Ordinance may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the issuance of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

**Amendment of the Bond Ordinance**

Certain amendments to the Bond Ordinance may be made without the consent of or notice to the owners of the Bonds, other amendments may be made with the consent of the owners of not less than a majority in principal amount of the Bonds then outstanding, and other amendments may be made with the consent of the owners of all the Bonds then outstanding. Such amendments may adversely affect the owners of the Bonds.

**Risk of Audit**

The Internal Revenue Service has established an ongoing program to audit obligations such as the Bonds to determine the legitimacy of the tax status of such obligations. No assurance can be given that the Internal Revenue Service will not commence an audit of the Bonds. Owners of the Bonds are advised that, if an audit of the Bonds were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

**Taxability**

The Bonds are not subject to prepayment nor is the interest rate subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bonds is or was includible in the gross income of the Owners of the Bonds for federal income tax purposes. It may be that Owners of the Bonds would continue to hold their bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.

**Other Factors Affecting the City**

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

1. *Changes in Administration.* Changes in key administrative personnel could affect the capability of management of the City.

2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the City, including increased unemployment and inability to control expenses in periods of inflation, could adversely impact the City's financial condition.
3. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City's financial condition.
4. *Natural Disasters.* The occurrence of natural disasters, such as floods, droughts, tornadoes or earthquakes, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.
5. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.

### **Investment Ratings and Secondary Market**

The lowering or withdrawal of the investment rating initially assigned to the Bonds could adversely affect the market price for and the marketability of the Bonds. There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities will fluctuate as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of that entity, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

### **Loss of Premium from Prepayment**

Any person who purchases a Bond at a price in excess of its principal amount or who holds such Bond trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See the section herein captioned **"THE BONDS – Redemption Provisions."**

### **Defeasance Risks**

When all of the Bonds are deemed paid as provided in the Bond Ordinance, the requirements contained in the Bond Ordinance and all other rights granted to bond owners thereby shall terminate. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company and having full trust powers, at or prior to the stated maturity or redemption date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and interest accrued to the stated maturity or redemption date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their stated maturity, (1) the City has elected to redeem such 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 give such notice of redemption in compliance with the Bond Ordinance. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes,

certificates of indebtedness, treasury bills and 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. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Bond Ordinance that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

## **BASIC DOCUMENTATION**

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

### **Approval of Legality**

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel.

## **TAX MATTERS**

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

## Opinion of Bond Counsel

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

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

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

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

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

## Other Tax Consequences

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

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



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

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

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

## **RATINGS**

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

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

## **CONTINUING DISCLOSURE**

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

## Compliance with Prior Undertakings Under the Rule

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

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

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

## MISCELLANEOUS

### Financial Statements

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

### Financial Advisor

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

### Underwriting

Based upon bids received by the City on November 16, 2015, the Bonds were awarded to \_\_\_\_\_ (the "Underwriter"). The Bonds are being purchased for reoffering by the Underwriter. The Underwriter has agreed to purchase the Bonds from the City at a price equal to \$\_\_\_\_\_ (representing the par amount of the Bonds less an underwriters' discount of \$\_\_\_\_\_ and plus a net original issue premium of \$\_\_\_\_\_). The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities. The Underwriter may sell certain of the Bonds at a price greater than such purchase price, as shown on the inside cover page hereof. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

## **Certification and Other Matters Regarding Official Statement**

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Bonds and the Bond Ordinance do not purport to be complete and are qualified in their entirety by reference thereto.

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

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

**CITY OF COLUMBIA, MISSOURI**

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

**APPENDIX A**

**CITY OF COLUMBIA, MISSOURI**

## APPENDIX A

### INFORMATION CONCERNING THE CITY OF COLUMBIA, MISSOURI

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## **GENERAL AND DEMOGRAPHIC INFORMATION**

### **General**

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

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

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

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

### **Municipal Services and Utilities**

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

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

### **Economic Condition**

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

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

regional shopping area for central Missouri with 16 shopping centers. Other area industry consists of printing, structural metal fabrication, structural materials production, electronic products, auto parts and food processing.

All of these activities have given the City a fairly stable employment base. The unemployment rate in Columbia, approximately 4.4% in June 2015, has been well below the national average of approximately 5.3%.

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

*Source: Comprehensive Annual Financial Report, Fiscal Year 2014*

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

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

*Source: Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))*

### **General Demographic Statistics**

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

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

*Source: Comprehensive Annual Financial Report, Fiscal Year 2014*

## Building Permits

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

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

Source: Comprehensive Annual Financial Report, Fiscal Year 2014

## DEBT STRUCTURE OF THE CITY

### Current Long-Term General Obligation Indebtedness

The City has no outstanding general obligation debt.

### History of General Obligation Indebtedness

The City has not had any outstanding general obligation bond indebtedness since 2002.

### Debt Summary

(as of 12/31/2014)	2014 Assessed Valuation:	\$1,813,684,109
	2014 Estimated Actual Valuation:	\$7,847,963,791
	Population (2015 Estimated):	115,276
Total Outstanding General Obligation Debt:		\$0
Overlapping General Obligation Debt: <sup>(1)</sup>		\$174,977,744
Direct and Overlapping General Obligation Debt:		\$174,977,744
Ratio of General Obligation Debt to Assessed Valuation:		N/A
Ratio of General Obligation Debt to Estimated Actual Valuation:		N/A
Per Capita General Obligation Debt:		\$0
Ratio of Direct and Overlapping Debt to Assessed Valuation:		9.65%
Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:		2.23%
Per Capita Direct and Overlapping Debt:		\$1,517.90

<sup>(1)</sup> Includes general obligation debt of political subdivisions with boundaries overlapping the City. See “**DEBT STRUCTURE OF THE CITY – Overlapping General Obligation Indebtedness**” below.



## Other Long-Term Obligations of the City

**Revenue Bonds.** The City had the following outstanding revenue bonds payable solely from the revenues of the applicable systems, as of September 30, 2015:

<b><u>Revenue Bonds*</u></b>	<b><u>Interest Rate</u></b>	<b><u>Date of Issue</u></b>	<b><u>Term In Years</u></b>	<b><u>Maturity Date</u></b>	<b><u>Original Issue</u></b>	<b><u>Amount Outstanding</u></b>
2009 Water & Electric System Revenue Bonds Series A	3.00 – 4.125%	9/29/2009	25	10/1/2034	\$16,725,000	\$16,635,000
2011 Water & Electric System Revenue Refunding and Improvement Series A	3.00 – 5.00%	5/17/2011	30	10/1/2041	84,180,000	77,870,000
2014 Water & Electric System Revenue Refunding Bonds Series A	2.00 – 3.00%	7/7/2014	14	10/1/2028	14,180,000	12,830,000
2015 Water and Electric System Refunding and Improvement Revenue Bonds	3.00 – 5.00%	8/5/2015	30	10/1/2045	51,280,000	51,280,000
1999 Sanitary Sewerage System Revenue Bonds Series A	3.625 – 5.25%	6/1/1999	20	1/1/2020	3,730,000	1,075,000
1999 Sanitary Sewerage System Revenue Bonds Series B	4.125 – 6.00%	12/1/1999	20	7/1/2020	1,420,000	410,000
2000 Sanitary Sewerage System Revenue Bonds Series B	4.35 – 5.625%	11/1/2000	20	7/1/2021	2,445,000	840,000
2002 Sanitary Sewerage System Revenue Bonds	3.00 – 5.375%	5/8/2002	24	1/1/2023	2,230,000	995,000
2003 Sanitary Sewerage System Revenue Bonds	2.00 – 5.25%	4/9/2003	20	1/1/2024	3,620,000	1,805,000
2004 Sanitary Sewerage System Revenue Bonds	2.00 – 5.25%	5/28/2004	20	1/1/2025	650,000	365,000
2006 Sanitary Sewerage System Revenue Bonds Series B	4.00 – 5.00%	11/1/2006	20	7/1/2026	915,000	550,000
2007 Sanitary Sewerage System Revenue Bonds	4.00 – 5.00%	11/15/2007	20	1/1/2028	1,800,000	1,245,000
2009 Sanitary Sewerage System Build America Revenue Bonds	5.44 – 6.02%	9/29/2009	25	10/1/2034	10,405,000	10,405,000
2010 Sanitary Sewerage System Revenue Bonds Series A**	1.49%	1/14/2010	22	7/1/2032	59,335,000*	51,678,000
2012 Sanitary Sewerage System	0.35 – 3.75%	3/29/2012	24	10/1/2036	9,365,000	8,515,000
2013 Sanitary Sewerage System	0.38 – 1.10%	7/2/2013	5	10/1/2017	3,325,000	1,990,000
2015 Sewerage System Revenue Bonds	3.00 – 5.00%	3/31/2015	20	10/1/2035	18,200,000	<u>18,200,000</u>
Total Revenue Bonds						<b><u>\$256,688,000</u></b>

\*\* The Series 2010 Sanitary Sewerage System Revenue Bonds, Series A, had a not to exceed amount of \$59,335,000 and the final principal amount issued was \$58,030,644.79.

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

## Special Obligation Bonds

Series 2006A<sup>#</sup>, 2006B, 2008B, 2009A<sup>\*</sup>  
2012A-1, 2012A-2, 2012B, 2012C, 2012D and 2012E

Fiscal Year	Maturing Principal	Interest Due*	Total Debt Service
2015	\$7,755,000	\$4,579,708	\$12,334,708
2016	8,055,000	4,239,740	12,294,740
2017	4,625,000	3,975,196	8,600,196
2018	6,260,000	3,803,742	10,063,742
2019	6,505,000	3,561,389	10,066,389
2020	6,760,000	3,301,341	10,061,341
2021	7,005,000	3,034,267	10,039,267
2022	6,775,000	2,764,139	9,539,139
2023	6,995,000	2,524,031	9,519,031
2024	7,225,000	2,275,643	9,500,643
2025	7,465,000	2,024,429	9,489,429
2026	7,715,000	1,762,660	9,477,660
2027	7,200,000	1,503,249	8,703,249
2028	7,470,000	1,232,165	8,702,165
2029	5,535,000	997,890	6,532,890
2030	5,715,000	799,381	6,514,381
2031	5,905,000	590,355	6,495,355
2032	5,480,000	384,178	5,864,178
2033	2,565,000	179,973	2,744,973
2034	2,660,000	60,725	2,720,725
	<u>\$125,670,000</u>	<u>\$43,594,201</u>	<u>\$169,264,201</u>

<sup>#</sup> Being refunded with the proceeds of the Bonds.

<sup>\*</sup> The Series 2009A Taxable Build America Bonds are shown gross of the 35% interest subsidy.

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

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

### Legal Debt Capacity

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

## Overlapping General Obligation Indebtedness

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

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

Source: Comprehensive Annual Financial Report, Fiscal Year 2014

## No Default

The City has never defaulted on the payment of any of its debt obligations.

## FINANCIAL INFORMATION CONCERNING THE CITY

### Accounting, Budgeting and Auditing Procedures

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

The financial statements for the pension and other post-employment benefit trust funds are prepared using the economic resources management focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due, as the City has a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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

Property tax, sales tax, gasoline tax, motor vehicle tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so they have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable

due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

### Sources of Revenue

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

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

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

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

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

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

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

**Sales Tax Revenues**

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

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

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## General Fund Summary

The following is a summary of the revenues, expenditures and changes in fund balance for the City's General Fund for the five-year period ended September 30, 2014, which information has been derived from the audited financial statements of the City.

### REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE

	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>
<b>REVENUES:</b>					
General property taxes	\$ 6,893,193	\$ 6,876,040	\$ 7,097,767	\$ 7,228,203	\$ 7,319,211
Sales tax	18,794,534	19,891,980	20,840,696	21,627,785	22,463,031
Other local taxes	11,606,208	11,661,935	11,931,167	12,262,325	12,804,876
Licenses and permits	818,100	845,158	882,974	921,132	965,309
Fines	1,900,869	2,049,392	2,184,075	1,970,138	1,883,631
Fees and service charges	1,665,294	1,905,917	1,973,292	2,658,150	2,961,020
Intragovernmental revenue	4,200,389	4,139,602	4,130,138	3,931,555	3,944,617
Revenue from other governmental Units	6,486,581	5,431,035	4,503,591	4,103,531	5,015,621
Investment revenue (loss)	1,035,128	661,033	417,452	(397,290)	567,866
Miscellaneous	1,677,407	1,234,220	1,412,146	1,208,861	1,316,818
<b>Total Revenues</b>	<b>\$55,077,703</b>	<b>\$54,696,312</b>	<b>\$55,373,298</b>	<b>\$55,514,390</b>	<b>\$59,242,000</b>
<b>EXPENDITURES:</b>					
Current:					
Policy development and administration	\$10,112,082	\$ 9,145,790	\$ 7,443,163	\$ 7,609,817	\$ 8,014,699
Public safety	36,661,665	37,847,252	37,426,056	37,839,647	38,329,749
Transportation	7,775,001	7,821,261	7,280,684	7,728,445	7,596,788
Health and environment	8,197,581	8,597,497	7,444,661	7,469,627	7,623,046
Personal development	6,405,595	5,987,656	6,603,425	6,837,072	6,991,200
Misc. nonprogrammed activities	921,771	815,943	4,775,185	5,006,410	4,785,017
Capital outlay	1,473,496	2,261,349	765,509	1,482,056	1,644,068
Debt Service:					
Principal	-	-	80,009	76,509	78,483
Interest	-	-	498	3,999	2,024
<b>Total Expenditures</b>	<b>\$71,547,191</b>	<b>\$72,476,748</b>	<b>\$71,819,190</b>	<b>\$74,053,582</b>	<b>\$75,065,074</b>
Excess (Deficiency) of Revenues over Expenditures	\$(16,469,488)	\$(17,780,436)	\$(16,445,892)	\$(18,539,192)	\$(15,823,074)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$20,317,715	\$22,104,954	\$21,311,398	\$21,923,249	\$23,490,510
Transfers out	(2,903,136)	(3,011,157)	(3,197,024)	(3,527,590)	(3,500,448)
Issuance of capital lease	-	-	235,000	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$17,414,579</b>	<b>\$19,093,797</b>	<b>\$18,349,374</b>	<b>\$18,395,659</b>	<b>\$19,990,062</b>
Net Change in Fund Balances	\$945,091	\$1,313,361	\$1,903,482	\$(143,533)	\$4,166,988
FUND BALANCE – BEGINNING	\$25,659,827	\$26,604,918	\$27,918,279	\$29,821,761	\$29,678,228
FUND BALANCE - ENDING	\$26,604,918	\$27,918,279	\$29,821,761	\$29,678,228	\$33,845,216

## Employee Retirement and Pension Plans

The City contributes to the Police Retirement Fund and the Firefighters' Retirement Fund, two separate single-employer defined benefit pension plans. The City acts as an agent of the plans and has administrative responsibility for the assets of the plans. All full-time regular police officers and full-time regular firefighters are participants in their respective plans. Participants become fully vested at the completion of their probationary period, which is generally 12 months after employment. Participants employed September 30, 2012 or earlier are eligible for an annual retirement benefit, payable monthly for life, upon reaching the age of 65, or 20 years of credited service. Police Participants employed October 1, 2012 or later are eligible for an annual retirement benefit, payable monthly for life, upon reaching the age of 65, or 25 years of credited service. Firefighter Participants employed October 1, 2012 or later are eligible for an annual retirement benefit, payable monthly for life, upon having completed at least one year of service and reaching the age of 55. The plans also provide early retirement, death and disability benefits.

All other employees of the City receive retirement benefits through a plan administered by the Missouri Local Government Employees Retirement System ("LAGERS"), an agent multiple-employer employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. All full-time employees are eligible to participate in LAGERS. Benefits vest after five years of credited service. LAGERS provides retirement benefits, early retirement, death and disability benefits. The City is required by statute to contribute the amounts necessary to finance the coverage of its employees using the actuarial basis specified by state statute. For the fiscal year ended September 30, 2014, the employer contribution rate was 17.5% for general employees and 20.3% for water and electric utility employees. The employer contribution rate for 2015 decreased slightly to 16.6% for general employees and 18.7% for water and electric utility employees.

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

	<b><u>Police Pension</u></b>	<b><u>Fire Pension</u></b>	<b><u>LAGERS</u></b>
Number of Participants:			
Current membership (receiving benefits) *	149	149	566
Terminated entitled, not yet receiving benefits *	2	17	270
Current active members	125	143	986

\* Included in the total for current active and current membership (receiving benefits) Police and Fire members are 10 Fire DROP (Deferred Retirement Option Program) members and 3 Police DROP members

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Source: Comprehensive Annual Financial Report, Fiscal Year 2014

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## Funding Policy for Police and Fire Pension

The City's Police and Fire pension contributions for the fiscal year ended September 30, 2014, were made in accordance with actuarially determined contribution requirements determined through actuarial valuation.

The City's annual pension cost for the fiscal year ended September 30, 2014 and the related information for each plan follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>LAGERS</u>
Contribution rates:			
City-general, utility	40.85%	58.82%	17.5, 20.3%
Plan members - contributory	8.35%	15.33%	—
Plan members - noncontributory	3.55%	—	—
Annual pension cost	\$3,245,420	\$4,674,412	\$7,898,406
Contributions made	\$3,245,420	\$4,674,412	\$7,901,898
Actuarial valuation date	9/30/2013	9/30/2013	2/28/2014
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	level % of pay-closed	level % of pay-closed	level % of pay-open
Remaining amortization period	26 years	26 years	17 years (general), 16 years (utility)
Asset valuation method	smooth 4 year market	smooth 4 year market	smooth 5 year market
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.25%
Projected salary increases*	0% – 13.0%	0% – 13.0%	0% - 6.0%
*Includes inflation at	3.5%	3.5%	3.5%
Benefit increases	2% annually until attained age of 62; 2.2% thereafter	2% annually	6% maximum annually based on consumer price index

*Source: Comprehensive Annual Financial Report, Fiscal Year 2014*

Pursuant to a September 30, 2013 actuarial report, the Unfunded Actuarial Accrued Liability for the Police Plan is \$34,014,069 and for the Fire Plan is \$50,966,070.

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

## Annual Pension Cost

### Schedule of Employer Contributions

	<u>FY Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
LAGERS	6/30/2014	\$7,898,406	100.0%	\$526,145
Police Pension	9/30/2014	\$3,245,420	100.0%	\$---
Fire Pension	9/30/2014	\$4,674,412	100.0%	\$---

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



There were no long-term contracts for contributions outstanding on September 30, 2014.

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

#### **401(a) Retirement Plan**

The City sponsors and administers, through a contract with Boone County National Bank, a 401(a) plan which is a defined contribution plan established to provide benefits at retirement to permanent employees of the City. At September 30, 2014, there were 1,268 plan members. The City will contribute to the plan on behalf of each participant an amount equal to 2.0% of the participant's salary contingent upon the participant making a matching contribution to a Section 457 deferred compensation plan. For the year ended September 30, 2014, the City contributed \$687,593 to the plan. Plan provisions and contribution requirements are established and may be amended by the City Council.

#### **Post-Employment Health Plan (PEHP)**

Beginning with the fiscal year ended September 30, 2010, the City no longer makes contributions toward the employee post-employment health plan. However, employees who terminate employment after 10 or more years of service may be eligible to convert unused sick leave hours (at the rate of \$2.00 for every hour of final accumulated sick leave) for deposit into the employee's PEHP account. For the year ended September 30, 2014, \$76,867 was contributed to the plan.

#### **Other Post-Employment Benefits (OPEB)**

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

#### **Risk Management**

The City has established a risk management program for workers' compensation, liability and property losses. Premiums are charged to other funds by the Self Insurance Reserve Trust Fund and are available to pay claims, claim reserves and administrative costs of the program. An actuary is used to determine the level of reserves. Excess coverage insurance policies cover individual claims in excess of \$500,000 for general liability, \$100,000 for property losses, and workers' compensation claims in excess of \$500,000 for most employee classifications and \$750,000 for police, fire and electrical employees. The City carries insurance policies for airport and railroad liability and health clinic professional responsibility. Two claims have exceeded self-insurance or deductible levels during the past three fiscal years.

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## PROPERTY TAX INFORMATION CONCERNING THE CITY

### Property Valuations

#### *Assessment Procedure:*

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

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

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

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

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

#### *Current Assessed Valuation:*

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

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

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

### *History of Property Valuation:*

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

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

### **Property Tax Levies and Collections**

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

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

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

### **Tax Rates**

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

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

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

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

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

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

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

**Tax Collection Record**

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

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

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

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

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## Major Property Taxpayers

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

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

*Source: Comprehensive Annual Financial Report, Fiscal Year 2014*

\* \* \*

**APPENDIX B**

**CITY OF COLUMBIA, MISSOURI**

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

## APPENDIX C

### SUMMARY OF THE BOND ORDINANCE AND THE CONTINUING DISCLOSURE UNDERTAKING

#### SUMMARY OF THE BOND ORDINANCE

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

#### Definitions

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

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

**“Bond Payment Date”** means any date on which principal of or interest on any Bond is payable.

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

**“Bondowner,” “Owner” or “Registered Owner”** when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

**“Bonds”** means the Special Obligation Refunding Bonds, Series 2015, of the City, in the aggregate principal amount of \$\_\_\_\_\_, authorized and issued pursuant to the Bond Ordinance.

**“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.

**“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.

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

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

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

**“Costs of Issuance Fund”** means the fund by that name referred to in the Bond Ordinance.

**“Defaulted Interest”** means interest on any 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) such obligations are rated in a rating category by Moody’s or Standard & Poor’s that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations.

**“Escrow Agreement”** means the Escrow Letter of Instructions from the City to UMB Bank, N.A., as escrow agent for the payment of the Refunded Bonds.

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

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

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

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



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

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

**“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 any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Bond Ordinance.

- (a) United States Government Obligations;
- (b) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by United States Government Obligations which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and
- (c) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

**“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.

**“Purchaser”** means \_\_\_\_\_, [City], [State], the original purchaser of the Bonds.

**“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 Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Ordinance.

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

**“Refunded Bonds”** means the outstanding Series 2006 Bonds.

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

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

**“Series 2006 Bonds”** means the City’s Special Obligation Revenue Refunding and Improvement Bonds, Series 2006, issued in the original principal amount of \$20,005,000.

**“Special Obligation Debt Service Fund”** means the fund by that name referred to in the Bond Ordinance.

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

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

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

#### **Establishment of Funds and Accounts**

There have been or shall be established in the treasury of the City and shall be held and administered by the Finance Director of the City a Special Obligation Debt Service Fund and a Costs of Issuance Fund. Each fund shall be maintained as a separate and distinct fund and the moneys therein shall be held, managed, invested, disbursed and administered as provided in the Bond Ordinance. All moneys deposited in the funds shall be used solely for the purposes set forth in the Bond Ordinance. The City shall keep and maintain adequate records pertaining to each fund and all disbursements therefrom.

#### **Application of Moneys in the Costs of Issuance**

Moneys in the Costs of Issuance Fund shall be used by the City solely for the purpose of paying the costs and expenses of issuing the Bonds and the refunding of the Refunded Bonds. Any moneys remaining in the Costs of Issuance Fund after March 1, 2016 shall be transferred to the Special Obligation Debt Service Fund and applied as set forth in the Bond Ordinance.

#### **Application of Moneys in the Special Obligation Debt Service Fund.**

All amounts paid and credited to the Special Obligation Debt Service Fund shall be expended and used by the City for the purpose of paying the Bonds as and when the same become due and the usual and customary fees and expenses of the Paying Agent. The Finance Director is authorized and directed to withdraw from the Special Obligation Debt Service Fund sums sufficient to pay the Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees

of the Paying Agent will become due. If, through the lapse of time or otherwise, the Registered Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the City. 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 the Bond Ordinance and shall be held in trust by the Paying Agent for the benefit of the Registered Owners of the Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the Special Obligation Debt Service Fund after the retirement of the indebtedness for which the Bonds were issued and all other indebtedness of the City shall be transferred and paid into the appropriate fund(s) of the City as required by law.

### **Payments Due on Saturdays, Sundays and Holidays**

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

### **Nonpresentment of Bonds**

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such 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 Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

### **Deposit and Investment of Moneys**

Moneys in each of the funds and accounts created by and referred to in the Bond 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.

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

## **Annual Audit**

Annually, promptly after the end of the Fiscal Year, the City will cause an audit to be made of its funds and accounts for the preceding Fiscal Year by an independent public accountant or firm of independent public accountants.

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 the audit shall be mailed to the Purchaser. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such Registered Owner.

As soon as possible after the completion of the annual audit, the City Council shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of the Ordinance, the City shall, subject to the terms of the Bond Ordinance, promptly cure such deficiency.

A copy of each annual audit will be mailed to the Purchaser and, upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Bondowner or prospective Bondowner.

## **Tax Covenants**

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

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

The City covenants that it will pay or provide for the payment from time to time of all arbitrage rebate to the United States pursuant to Section 148(f) of the Code and the Federal Tax Certificate. This covenant shall survive payment in full or defeasance of the 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 Bonds.

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

## **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 Bonds as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of the Bond Ordinance or of the constitution or statutes of the State of Missouri, and such default continues for a period of 30 days after written notice specifying such default has been given to the City by any Registered Owner of any Bond then Outstanding, or if the City declares bankruptcy, then, at any time thereafter and while such default

continues, the Registered Owners of 25% in principal amount of the 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, exercise any of the remedies specified below. This provision, however, is subject to the condition that if all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has been paid in full and all other defaults, if any, by the City under the provisions of the Bond Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as 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.

### **Other Remedies**

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

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

### **Limitation on Rights of Bondowners**

The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds. All of the Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, or date of Maturity or right of prior redemption as provided in the Bond Ordinance. 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 Bonds.

### **No Obligation to Levy Taxes**

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

### **Defeasance**

When any or all of the Bonds or the interest payments thereon shall have been paid and discharged, then the requirements contained in the Bond Ordinance and all other rights granted hereby shall terminate with respect to the Bonds or interest payments so paid and discharged. Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been

deposited with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said 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 Bonds, and/or interest to accrue on such 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 Bonds shall be redeemed prior to the Stated Maturity thereof, (1) the City shall have elected to redeem such 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 Bonds in compliance with the Bond Ordinance.

### **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 Bonds or of the Bond Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the 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 Bond;
- (b) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond;
- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

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

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

### **SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING**

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

### **Definitions**

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

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

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

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

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

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

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

**“Repository”** means the MSRB.

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

### **Provision of Annual Reports**

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

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

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

- A. The information contained in the table **“Other Long-Term Obligations of the City”** under the heading **“DEBT STRUCTURE OF THE CITY.”**
- B. All of the tables under the heading **“FINANCIAL INFORMATION CONCERNING THE CITY.”**
- C. All of the tables under the heading **“PROPERTY TAX INFORMATION CONCERNING THE CITY.”**

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an **“obligated person”** (as defined by the Rule), which have been provided to the MSRB and is available through EMMA or to the Securities and

Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

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

### **Reporting of Material Events**

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

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

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

### **Termination of Reporting Obligation**

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



## **Designated Agents**

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

## **Amendment; Waiver**

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

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

## **Additional Information**

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

## **Default**

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

## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

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

**General.** The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the **"Book-Entry System"**) maintained by The Depository Trust Company (**"DTC"**), New York, New York.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book Entry Only System, as described below.

**DTC and its Participants.** DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (**"Direct Participants"**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**"DTCC"**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**"Indirect Participants"**). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

**Notices.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

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

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

**Payments of Principal, Redemption Price and Interest.** Payment of principal or redemption price of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described in the Bond Ordinance.

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

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