
ORDINANCE NO. ____

OF

THE CITY OF COLUMBIA, MISSOURI

Adopted ____

Authorizing

WATER AND ELECTRIC SYSTEM

REVENUE REFUNDING BONDS

2013 SERIES A

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Introduced by _____

First Reading _____

Second Reading _____

Ordinance No. _____

Council Bill No. _____ B 177-13

AND ORDINANCE

authorizing the issuance and sale of Water and Electric System Revenue Refunding Bonds, 2013 Series A, of the City of Columbia, Missouri, for the purpose of providing funds for payment of the cost of acquiring, constructing, equipping and furnishing certain improvements and additions to the system and for refunding of the refunded bonds as described herein; prescribing the form and details of said bonds and the covenants and agreements made by the City to facilitate and protect the payment thereof; prescribing other matters relating thereto; and fixing the time when this ordinance shall become effective.

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

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

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

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

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

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

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

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

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

WHEREAS, the Outstanding 2003 Series A Bonds, 2004 Series A Bonds, and 2005 Series A Bonds (collectively, the “**Refunded Bonds**”), are subject to redemption and prepayment at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon on redemption dates established by the City (the “**Redemption Dates**”) on or after the following dates:

2003 Series A Bonds: December 1, 2011
2004 Series A Bonds: October 1, 2014
2005 Series A Bonds: October 1, 2015

and the City is desirous of issuing bonds to refund the Outstanding 2003 Series A Bonds, 2004 Series A Bonds, and portions of the Outstanding 2005 Series A Bonds in order to realize debt service savings and to restructure the indebtedness of the City to provide for the more efficient and economical management thereof; and

WHEREAS, the City now finds it necessary and in the best interests of the City to adopt this 2013 Bond Ordinance (the “**2013 Bond Ordinance**”) authorizing the issuance of the City’s Water and Electric System Revenue Refunding and Improvement Bonds, 2013 Series A, for the purpose of refunding of the Refunded Bonds; and

WHEREAS, the City Council of the City does hereby determine that the City now issue the 2013 Series A Bonds for such purpose; and

WHEREAS, the 2013 Series A Bonds will be issued on a parity with the 2009 Series A Bonds and the 2011 Series A Bonds (collectively the “**Outstanding Parity Bonds**”); and

WHEREAS, in the ordinances pursuant to which the Outstanding Parity Bonds were issued (the “**Outstanding Parity Bond Ordinances**”), the City covenanted that no Additional

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

WHEREAS, the City has complied with the provisions of the Outstanding Parity Bond Ordinances described in the preceding paragraph, and, prior to the issuance of the 2013 Series A Bonds, the City will obtain a certificate of an Authorized Officer (as herein defined) of the City evidencing such compliance; and

WHEREAS, the City Council of the City has heretofore determined that it is in the best interest of the City to sell said 2013 Series A Bonds at a public sale and said bonds have been duly sold at public sale; and

WHEREAS, pursuant to advertisement, bids for the aforesaid 2013 Series A Bonds were received on _____ and the best offer therefor was submitted by [PURCHASER], which bid should now be accepted; and`

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

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

ARTICLE I DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined in the Recitals hereto and elsewhere in this 2013 Bond Ordinance, the following words and terms as used in this 2013 Bond Ordinance shall have the following meanings:

“2013 Series A Bonds” or the **“Bonds”** means the City’s Water and Electric System Revenue Refunding Bonds, 2013 Series A.

“2013 Bond Account” means the Principal and Interest Account for Water and Electric System Revenue Refunding Bonds, 2013 Series A, created in **Section 501** of this 2013 Bond Ordinance.

“2013 Bond Ordinance” means this Ordinance No. _____ adopted on _____, which authorizes \$28,500,000* principal amount of Water and Electric System Revenue Refunding Bonds, 2013 Series A of the City.

“2013 Bond Reserve Account” means the Reserve Account for Water and Electric System Revenue Refunding Bonds, 2013 Series A, created in **Section 501** of this 2013 Bond Ordinance.

“2013 Rebate Account” means the Water and Electric System Refunding Revenue Bond Rebate Account, 2013 Series A created in **Section 501** of this 2013 Bond Ordinance.

“2013 Reserve Requirement” means initially \$_____ and thereafter the reserve requirement for the 2013 Series A Bonds redetermined in accordance with **Section 602** hereof.

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

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

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

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

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

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

“City” means the City of Columbia, Missouri.

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

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

* Preliminary, subject to change.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement executed by the City and dated the date of issuance and delivery of the 2013 Series A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

“Defaulted Interest” means interest on any 2013 Series A Bond which is payable but not paid on any Interest Payment Date.

“Depository” means the depository of each fund established under the 2013 Series A Bond Ordinance, and any successor depository of such fund hereafter designated by the City from time to time by Supplemental Ordinance.

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

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

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

“Escrow Agreement” means the Escrow Agreement dated as of the date of issuance and delivery of the 2013 Series A Bonds between the City and the Escrow Agent.

“Financial Advisor” means Columbia Capital Management, LLC.

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

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

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

“Net Revenues” means Revenues less Operating Expenses.

“Operating Expenses” means the City’s expenses of operating the System, including all costs due under any type of contractual arrangement in respect of power and power entitlements, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administrative and general, audit, legal, financial, pension,

retirement, health, hospitalization, insurance, taxes, and other expenses actually paid or accrued, including, without limitation, any expenses of the City applicable to the System, as recorded on its books pursuant to standard governmental accounting practice and any other expenses of the City applicable to the System, as recorded on its books pursuant to standard governmental accounting practice. Operating Expenses shall not include any costs or expenses for new construction, charges for depreciation, voluntary payments in lieu of taxes, payments in respect of any “take or pay” power contract under which no power is available to the City for such payment, or payment of principal or interest on the System Revenue Bonds.

“Original Purchaser” means [PURCHASER].

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

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

“Parity Bonds” means the Outstanding Parity Bonds, the 2013 Series A Bonds, and any Additional Bonds issued from time to time and secured on a parity basis by the Net Revenues.

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

“Payment Date” means each date on which interest or principal is to become due on any Bonds, by maturity or mandatory sinking fund redemption, as established in this 2013 Bond Ordinance 2013 Series A.

“Permitted Investments” means the following to the extent permitted by Missouri law, and with respect to the 2013 Series A Bonds for the investment of funds of the City:

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

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

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

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

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

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

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

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

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

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

(h) Commercial paper rated, at the time of purchase, “Prime 1” by Moody’s or “A 1” or better by S&P.

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

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

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

1. Repos must be between the City and a dealer bank or securities firm.
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor’s Corporation and Moody’s Investor Services, or
 - b. Banks rated “A” or above by Standard & Poor’s Corporation and Moody’s Investor Services.
2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC).
 - b. The term of the repos may be up to 30 days.
 - c. The collateral must be delivered to the City, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral.

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

(a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

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

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

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

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

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

“Refunded Bonds” means the 2003 Series A Bonds, the 2004 Series A Bonds and the Series 2005 Series A Bonds.

“Renewal and Replacement Account” means the Renewal and Replacement Reserve Account ratified and confirmed in **Section 502** of this 2013 Bond Ordinance.

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

“Reserve Account Credit Facility” means any letter of credit, insurance policy, line of credit, or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of the 2013 Bond Ordinance, thereby fulfilling all or a portion of the reserve requirement.

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

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

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

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of Standard & Poor’s Financial Services LLC, a part of McGraw Hill Financial, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the City Council.

“Stated Maturity” when used with respect to any 2013 Series A Bond or any installment of interest thereon means the date specified in such 2013 Series A Bond and this 2013 Bond Ordinance as the fixed date on which the principal of such 2013 Series A Bond or such installment of interest is due and payable.

“Subordinate Bonds” means any Bonds issued on a junior lien basis to the Parity Bonds with respect to the pledge of the Net Revenues.

“System” means (i) properties and assets relating to the City’s wholly-owned water and electric system to which legal title is vested in the City and all properties and assets acquired by the City as renewals and replacements, additions and expansion, and improvements thereto, as recorded in the books of the City pursuant to standard governmental accounting practices, and (ii) all renewals and replacements, additions and expansions and improvements thereto paid for or financed in whole or in part from Revenues, proceeds of System Revenue Bonds, Subordinate Bonds or other funds under this 2013 Bond Ordinance. System as used in the Ordinance shall not include any facilities for the generation of power and energy financed by the City through the issuance of obligations of the City which shall be secured in part by contracts with other utilities for the sale of the power and energy from such facilities.

“System Revenue Bonds” means the Outstanding Parity Bonds, the 2013 Series A Bonds, any Additional Bonds secured on a parity basis by the Net Revenues and any Subordinate Bonds.

“System Revenue Fund” means the System Revenue Fund ratified and confirmed in **Section 502** of this 2013 Bond Ordinance.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of the date of issuance of the 2013 Series A Bonds, between the City and the Bond Registrar / Paying Agent, as from time to time amended in accordance with the provisions thereof.

“Term Bonds” means Bonds which mature on one principal Maturity Date yet a portion of which are required to be redeemed, prior to maturity, under a schedule of mandatory redemptions established by the 2013 Series A Bond Ordinance.

Section 102. Authority for 2013 Bond Ordinance. This 2013 Bond Ordinance is adopted pursuant to the provisions of the Act, and is amendatory and supplemental to, and is authorized, executed and delivered in accordance with, **Article II** and **Article X** of the Master Ordinance.

Section 103. Applicability of Master Ordinance and 2013 Bond Ordinance. Except as otherwise provided in this 2013 Bond Ordinance, the provisions of the Master Ordinance are hereby ratified, approved and confirmed and incorporated herein and shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the 2013 Series A Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof.

ARTICLE II AUTHORIZATION AND SALE OF THE 2013 SERIES A BONDS

Section 201. Authorization of the 2013 Series A Bonds. There is hereby authorized to be issued, sold and delivered a series of Water and Electric System Revenue Refunding Bonds, 2013 Series A, of the City in the principal amount of \$28,500,000* (the “**Bonds**”) for the purpose of (i) refunding the Refunded Bonds, (ii) making the necessary deposit to the 2013 Bond Reserve Account and (iii) paying certain costs incurred in connection with the issuance of the 2013 Series A Bonds, as provided in this 2013 Bond Ordinance. The 2013 Series A Bonds shall be dated as of their date of initial issuance and delivery. Each 2013 Series A Bonds shall be numbered in a convenient manner, established by the Bond Registrar and shown by the Bond Register.

The 2013 Series A Bonds and the Bond Registrar’s Certificate of Authentication shall be in substantially the form set forth in **Exhibit A** attached hereto, with such variations, omissions, substitutions and insertions as are required or permitted by this 2013 Bond Ordinance.

The 2013 Series A Bonds shall bear interest at the rates per annum set forth below, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on each April 1 and October 1 of each year, beginning October 1, 2013, and shall mature annually on October 1 in the years and in the principal amounts as follows, unless earlier called for redemption:

* Preliminary, subject to change.

SERIAL BONDS

Maturity	Principal Amount	Interest Rate
10/1/2014		
10/1/2015		
10/1/2016		
10/1/2017		
10/1/2018		
10/1/2019		
10/1/2020		
10/1/2021		
10/1/2022		
10/1/2023		
10/1/2024		
10/1/2025		
10/1/2026		
10/1/2027		
10/1/2028		
10/1/2029		
10/1/2030		
10/1/2031		
10/1/2032		
10/1/2033		
10/1/2034		
10/1/2035		
10/1/2036		
10/1/2037		
10/1/2038		

TERM BONDS

Maturity	Principal Amount	Interest Rate
10/1/20__		

Section 202. Award of Sale of the 2013 Series A Bonds.

(a) The City offered the 2013 Series A Bonds at competitive public sale and bids for the 2013 Series A Bonds were received by the City on _____, in the manner as provided in the Notice of Sale.

(b) Pursuant to the Notice of Sale the following Bids were submitted to the City for the purchase of the Water and Electric System Revenue Refunding Bonds, 2013 Series A:

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

(c) The bid of [PURCHASER] is accepted as the best bid submitted for the purchase of \$28,500,000* Water and Electric System Revenue Refunding Bonds, 2013 Series A of the City, and the officers of the City and the Finance Director are authorized to enter into a contract selling the 2013 Series A Bonds to the purchaser on the basis of said bid and the terms specified in the Notice of Sale.

(d) The 2013 Series A Bonds, are hereby awarded to [PURCHASER] at a purchase price of \$_____ (which is equal to 100% of the principal amount of the 2013 Series A Bonds, plus a premium of \$_____, less a discount of \$_____), plus accrued interest to the date of delivery of said 2013 Series A Bonds and at a true interest cost of _____%.

Section 203. Preliminary and Final Official Statements. The Preliminary Official Statement, in substantially the form on file with the City Clerk, is hereby ratified and approved with such changes in said Preliminary Official Statement as shall be approved by the Director of Finance of the City. The final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction and as shall be approved by the Director of Finance of the City. The City Manager and Director of Finance of the City are hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Original Purchaser in connection with the reoffering of the 2013 Series A Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement, dated as of the date of payment for and delivery of the 2013 Series A Bonds.

For the purpose of enabling the Original Purchaser to comply with the requirements of Rule 15c2 12(b)(1) of the Securities and Exchange Commission, the City Council hereby authorizes the Director of Finance to deem the information regarding the City contained in the Preliminary Official Statement to be “final” as of its date, except for the omission of such information as is permitted by Rule 15c2 12(b)(1), and the Director of Finance is hereby authorized, if requested, to provide the Original Purchaser a letter or certification to such effect

* Preliminary, subject to change.

and to take such other actions or execute such other documents as such officer in his reasonable judgment deem necessary to enable the Original Purchaser to comply with the requirement of such Rule.

The City agrees to provide to the Original Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the final Official Statement to enable the Original Purchaser to comply with the requirements of Rule 15c2 12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G 32 of the Municipal Securities Rulemaking City Council.

Section 204. Security for the 2013 Series A Bonds. The 2013 Series A Bonds and the interest thereon shall constitute special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues derived from the operation and ownership of the System (excluding amounts payable to the United States pursuant to Section 148 of the Code) and other funds herein pledged, and such obligations shall not constitute general obligations or an indebtedness of the State of Missouri, the City, the City Council or of the individual members of the City Council. The Bondowners of the 2013 Series A Bonds shall have no right to demand payment out of funds raised or to be raised by taxation or appropriation.

The covenants and agreements of the City Council contained herein and in the 2013 Series A Bonds shall be for the equal benefit, protection, and security of the legal Bondowners of any or all of the 2013 Series A Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the revenues herein pledged to the payment of the principal of and the interest on the 2013 Series A Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this 2013 Bond Ordinance.

The 2013 Series A Bonds shall stand on a parity and shall be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues of the System and in all other respects with the Outstanding Parity Bonds and any additional Parity Bonds issued from time to time. The 2013 Series A Bonds shall not have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the Outstanding Parity Bonds nor over any other Water and Electric System Revenue Refunding Bonds of the City hereafter issued in accordance with the provisions of this 2013 Bond Ordinance and standing on a parity with the 2013 Series A Bonds, nor shall the Outstanding Parity Bonds or any other Water and Electric System Revenue Refunding Bonds of the City hereafter issued have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the 2013 Series A Bonds.

Section 205. Description of the 2013 Series A Bonds. The 2013 Series A Bonds shall consist of fully registered bonds without coupons, numbered from R-1 consecutively upward in order of issuance, in the denomination of \$5,000 or any integral multiple thereof. The 2013 Series A Bonds shall be substantially in the form set forth in **Exhibit A** hereto, and shall be subject to registration, transfer and exchange as provided in **Section 208** hereof. The 2013 Series A Bonds shall be dated the date of their original issuance and delivery to the Original Purchaser.

Section 206. Designation of Paying Agent and Bond Registrar. UMB Bank N.A., in St. Louis, Missouri, is hereby designated as the City's paying agent for the payment of principal of, redemption premium, if any, and interest on the 2013 Series A Bonds and bond registrar with respect to the registration, transfer and exchange of 2013 Series A Bonds (the "**Paying Agent and Bond Registrar**"). The City Manager and City Clerk are hereby authorized to execute on behalf of the City an agreement with said bank to act as Paying Agent and Bond Registrar for the 2013 Series A Bonds. The Paying Agent and Bond Registrar shall be paid the usual fees for its services in connection therewith, which said fees shall be paid as other Operating Expenses of the System are paid.

Section 207. Method and Place of Payment and Registration, Transfer and Exchange of 2013 Series A Bonds. The principal of, redemption premium, if any, and interest on the 2013 Series A Bonds shall be payable and shall be subject to registration, transfer and exchange in the manner as provided in the Master Ordinance.

Section 208. Execution, Authentication and Delivery of the 2013 Series A Bonds. The 2013 Series A Bonds shall be executed in the manner set forth in the Master Ordinance and delivered to the Bond Registrar for authentication and delivery to the Original Purchaser, but prior to or simultaneously with the authentication and delivery of the 2013 Series A Bonds by the Bond Registrar the following documents shall be filed with the Bond Registrar:

(1) An opinion of Bond Counsel, which may appear on the 2013 Series A Bonds, to the effect that (i) the City has the right and power under the Act as amended to the date of such opinion to adopt this 2013 Bond Ordinance, and this 2013 Bond Ordinance has been duly and lawfully adopted by the City, is in full force and effect and is valid and binding upon the City and enforceable in accordance with its terms, and no other authorization for this 2013 Bond Ordinance is required; (ii) this 2013 Bond Ordinance creates the valid pledge and security interest which it purports to create of the Revenues, moneys, securities and funds held or set aside under this 2013 Bond Ordinance, subject to the application thereof to the purposes and on the conditions permitted by this 2013 Bond Ordinance; and (iii) the 2013 Series A Bonds are valid and binding obligations of the City as provided in this 2013 Bond Ordinance, enforceable in accordance with their terms and the terms of this 2013 Bond Ordinance and entitled to the benefits of this 2013 Bond Ordinance and of the Act as amended to the date of such opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such opinion, and in accordance with this 2013 Bond Ordinance; provided, however, that such Bond Counsel may qualify such opinion, insofar as the same relates to enforceability with respect to bankruptcy or other similar laws relating to the enforcement of creditors' rights generally;

(2) A copy of this 2013 Bond Ordinance authorizing the 2013 Series A Bonds, certified by the City Clerk, which shall specify or provide the manner of determining: (a) The maximum authorized principal amount, designation and Series of the 2013 Series A Bonds; (b) The purposes for which such 2013 Series A Bonds are being issued; (c) The date, and the maturity date or dates, of the 2013 Series A Bonds, provided that each maturity date shall fall upon an interest payment date; (d) The interest rate or rates of the 2013 Series A Bonds, and the interest payment dates therefor; (e) The denominations of and the manner of dating, numbering and lettering the 2013 Series A Bonds; (f) The Paying Agent or Paying Agents and Bond

Registrar, and the manner and place or places of payment of the principal and redemption price, if any, of, and interest on, the 2013 Series A Bonds; (g) The redemption price or prices, if any, or provisions for determining redemption price or prices, if any, and, the redemption terms for the 2013 Series A Bonds or provisions for the redemption of the 2013 Series A Bonds; (h) If so determined by the City, provisions for the sale of the 2013 Series A Bonds; (i) The forms of the 2013 Series A Bonds and the Certificate of Authentication to be endorsed thereon; and (j) The amount, if any, to be deposited in the reserve account with respect to such series;

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

(4) A request and authorization to the Paying Agent and Bond Registrar on behalf of the City, executed by an Authorized Officer of the City, to authenticate the 2013 Series A Bonds and deliver the 2013 Series A Bonds to the Original Purchasers therein identified upon payment to the City of the purchase price thereof, the Paying Agent and Bond Registrar being entitled to conclusively rely upon such request and authorization as to the names of the Original Purchasers and the amount of such purchase price; and

(5) Such further documents, moneys and securities as are required by the provisions of this 2013 Bond Ordinance.

Section 209. Book Entry Bonds; Securities Depository.

(a) The Bonds shall be initially issued as one single authenticated fully-registered bond for each maturity of each series. Upon initial issuance, the ownership of such Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of the Securities Depository. The Bond Registrar and the City may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, giving any notice permitted or required to be given to Registered Owners of Bonds under this 2013 Bond Ordinance, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Bond Registrar nor the City shall be affected by any notice to the contrary. Neither the Bond Registrar nor the City shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any Participant, or any other Person which is not shown on the Bond Register kept by the Bond Registrar as being an Bondowner of any Bonds, with respect to the accuracy of any records maintained by the Securities Depository or any Participant, with respect to the payment by the Securities Depository or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to Bondowners of Bonds under this 2013 Bond Ordinance or with respect to any consent given or other action taken by the Securities Depository as Bondowner of the Bonds. The Paying Agent shall pay all principal of and interest on the Bonds only to Cede & Co. or any successor nominee of the Securities Depository in accordance with the Representation Letter, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No Person other than the Securities Depository, or the Bond Registrar as agent of the Securities Depository, shall

receive an authenticated Bond evidencing the obligation of the City to make payments of principal and interest while Bonds are in book entry form. Upon delivery by the Securities Depository to the Bond Registrar of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (d) hereof.

(b) If the Participants holding a majority interest in the Bonds determine that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, such Participants may notify the Securities Depository and the Bond Registrar, whereupon the Securities Depository shall notify all Participants of the availability through the Securities Depository of Bond certificates. In such event, the Bonds will be transferable in accordance with paragraph (d) hereof. The Securities Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Bond Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (d) hereof. The Bond Registrar may rely on information from the Securities Depository or any Participant as to the principal amount held by and the names and addresses of the Beneficial Owners of the Bonds.

(c) Notwithstanding any other provision of this 2013 Bond Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Securities Depository, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Securities Depository as provided in the Representation Letter.

(d) In the event that any transfer or exchange of Bonds is permitted under paragraph (a) or (b) hereof, such transfer or exchange shall be accomplished upon receipt by the Bond Registrar from the Bondowners thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this 2013 Bond Ordinance. In the event Bonds are issued to holders other than Cede & Co., its successor as nominee for the Securities Depository as holder of all the Bonds, or other securities depository as holder of all the Bonds, the provisions of this 2013 Bond Ordinance shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds and the method of payment of principal of and interest on such Bonds.

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

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

ARTICLE III REDEMPTION OF BONDS

Section 301. Redemption.

(a) *Optional Redemption.* At the option of the City, the Bonds maturing on October 1, 20__ and thereafter are subject to optional redemption and payment prior to their Maturity, on October 1, 20__, and thereafter, in whole or in part on any date in any order of maturity selected by the City and by lot in multiples of \$5,000 within a maturity, at a redemption price of 100% of the principal amount being redeemed, without premium, together with accrued interest thereon to the date of redemption.

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

	Principal
Year	Amount

* Maturity

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

previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same maturity on such redemption date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same maturity in chronological order and the principal amount of Term Bonds of the same maturity to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise the option granted by the provisions of clauses (i), (ii) or (iii) of this paragraph, the City will, on or before the 60th day next preceding each October 1 in the years in which Term Bonds are required by the terms of this Section to be redeemed, furnish the Paying Agent a certificate signed by a representative of the City indicating to what extent the provisions of said clauses (i), (ii) and (iii) are to be complied with in respect to such mandatory redemption payment.

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

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

Notice of such redemption shall also be sent by certified mail, return receipt requested, overnight delivery service or other secure means (including telecopier transmission), postage

prepaid, to certain municipal registered securities depositories which are known to the Paying Agent to be holding Bonds and at least two of the national information services that disseminate securities redemption notices, when possible, at least two days prior to the mailing of notice required by the first paragraph above, but in any event at least thirty (30) days prior to the redemption date; provided that neither the failure to send such notice as aforesaid nor any defect in such notice shall affect the validity or sufficiency of the proceedings for the redemption of such Bonds.

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

(a) Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds of any maturity are to be redeemed and paid prior to maturity, such Bonds shall be selected by the Paying Agent by lot in \$5,000 units of face value in such equitable manner as the Paying Agent may determine.

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

Section 304. Effect of Call for Redemption. Whenever any Bond is called for redemption and payment as provided in this Article, all interest on such Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

ARTICLE IV FORM OF 2013 SERIES A BONDS

Section 401. Form of 2013 Series A Bonds. Each of the 2013 Series A Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be in substantially the form set forth in **Exhibit A**.

ARTICLE V
ESTABLISHMENT AND RATIFICATION
OF FUNDS AND ACCOUNTS

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

(a) Bond Account for Water and Electric System Revenue Refunding Bonds, 2013 Series A (the “**2013 Bond Account**”);

(b) Reserve Account for Water and Electric System Revenue Refunding Bonds, 2013 Series A (the “**2013 Bond Reserve Account**”); and

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

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

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

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

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

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

Section 503. Administration of Funds and Accounts. The funds and accounts established or ratified pursuant to **Sections 501 and 502** hereof shall be maintained and administered by the City, the Paying Agent and Bond Registrar, as the case may be, solely for the purposes and in the manner as provided in the Master Ordinance and this 2013 Bond Ordinance; provided that the Escrow Account shall be held and administered by the Escrow Agent as provided in the Escrow Agreement.

ARTICLE VI
APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 601. Disposition of 2013 Series A Bond Proceeds and Other Moneys. The proceeds received from the sale of the 2013 Series A Bonds, including any accrued interest thereon, shall be deposited simultaneously with the delivery of the Series A Bonds, as follows:

(a) There shall be deposited in the 2013 Bond Account any amount received on account of accrued interest on the 2013 Series A Bond.

(b) The sum equal to the 2013 Reserve Requirement shall be deposited in the 2013 Bond Reserve Account from available moneys of the City.

(c) The remaining balance of the proceeds derived from the sale of the 2013 Series A Bonds (\$____), together with moneys on deposit in the debt service fund with respect to the Prior Bonds in an amount sufficient to pay the principal of, redemption premium, and interest on the Refunded Bonds, taking into consideration the redemption of the outstanding Refunded Bonds on their respective Redemption Dates, shall be forwarded to the Escrow Agent and irrevocably deposited in an Escrow Fund (the “**Escrow Fund**”) hereby established with the Escrow Agent and invested pursuant to the provisions of the Escrow Agreement for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds as and when the same become due. Any amounts remaining in the Escrow Fund after the payment in full of the principal of, redemption premium, if any, and interest on the Refunded Bonds shall be transferred and deposited in the Principal and Interest Account. The Mayor, City Clerk and Director of Finance are hereby authorized and directed to execute the Escrow Agreement, on behalf of the City, in substantially the form on file with the City Clerk.

(d) The disbursement of the proceeds from the sale of the 2013 Series A Bonds set forth in (c) and (d) above may be adjusted as necessary to complete the refunding of the Refunded Bonds.

Section 602. Required Deposits into and Application of Moneys in the Outstanding Parity Bond Reserves, the 2013 Bond Reserve Account and Any Reserve Accounts Established For Additional Bonds.

(a) So long as any of the Cumulative Reserve Requirement Bonds remain Outstanding and unpaid, the total funds on deposit in the Outstanding Parity Bond Reserves, the 2013 Bond Reserve Account, and any reserve account established to secure any Additional Bonds that are hereafter issued, shall aggregate the maximum cumulative debt service payable in any Fiscal Year on the Outstanding Parity Bonds, the 2013 Series A Bonds and any such Additional Bonds that are hereafter issued; provided that in the event there are no longer Cumulative Reserve Requirement Bonds Outstanding such requirement shall not apply.

(b) The 2013 Reserve Requirement shall be redetermined at the beginning of each Fiscal Year and shall be the lesser of \$____ or the maximum principal and interest coming due, whether at maturity or upon mandatory redemption on the 2013 Series A Bonds during such Fiscal Year or any subsequent Fiscal Year. Amounts held in the 2013 Bond Reserve Account shall be applied only to the payment of the principal of, premium, if any, or interest on the 2013 Series A Bonds.

(c) The City may provide, in lieu of any amounts required to be on deposit in the 2013 Bond Reserve Account, a bond insurance policy in favor of the Paying Agent issued by an insurance company rated (at the time of issuance of such policy) in the one of the two highest rating categories by one of the Rating Agencies and sufficient to provide to the Bondowners the

amounts which would otherwise have been on deposit in such Reserve Account at the times the Bondowners would have otherwise received such amounts.

Section 603. Investment of Funds. So long as any of the Outstanding Parity Bonds remain Outstanding, moneys held in any Fund or Account referred to in this 2013 Bond Ordinance may be invested by the City in accordance with the Tax Compliance Agreement in Permitted Investments. No such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such Fund or Account was created. All interest on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account. In determining the amount held in any Fund or Account under any of the provisions of this 2013 Bond Ordinance, obligations shall be valued as of March 15 and November 15 of each year at the market value thereof (exclusive of accrued interest) taking into account any contracts relating to the obligations held in such Fund or Account. If and when the amount held in any Fund or Account shall be in excess of the amount required by the provisions of this 2013 Bond Ordinance, such excess shall be paid and credited to the System Revenue Fund.

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

Section 605. Verification of Certified Public Accountant; Discharge of Refunded Bonds. Prior to or concurrently with the issuance and delivery of the 2013 Series A Bonds and the creation of the escrow provided for herein, the City shall obtain the certification of an independent certified public accountant that such accountant has verified the accuracy of the calculations that demonstrate that the moneys and obligations required to be deposited with the Escrow Agent pursuant to **Section 603** hereof and the Escrow Agreement, together with the earnings to accrue thereon, will be sufficient for the timely payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds as and when the same become due.

Section 606. Redemption of Refunded Bonds. The Refunded Bonds are hereby called for redemption and payment prior to maturity on their respective Redemption Dates. Said Refunded Bonds shall be redeemed at the office of the bond registrar and paying agent for said bonds, on said redemption date by the payment of the principal thereof, together with the redemption premium and accrued interest thereon to the redemption date. The officers of the City and the paying agent for said Refunded Bonds are hereby authorized and directed to take such action as may be necessary in order to effect the redemption and payment of said Refunded Bonds as herein provided.

Section 607. U.S. Treasury Obligations - State and Local Government Series. The Director of Finance and other officers and representatives of the City are hereby authorized to apply for, or to authorize the Financial Advisors, to apply for the purchase of U.S. Treasury Obligations - State and Local Government Series ("SLGs") to be deposited into the Escrow Fund

to pay all or a portion of the Refunded Bonds, or if no such securities are available to take bids for other Permitted Investments.

ARTICLE VII PARTICULAR COVENANTS OF THE CITY

The City Council covenants and agrees, on behalf of itself and the City, with each of the Original Purchaser and owners of any of the 2013 Series A Bonds, that so long as any of the 2013 Series A Bonds remain Outstanding and unpaid, as follows:

Section 701. Performance of Duties. The City Council will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this 2013 Bond Ordinance and in each and every 2013 Series A Bond executed and delivered hereunder; that it will promptly pay or cause to be paid, but solely from the Trust Estate, the principal of and interest on every 2013 Series A Bond issued hereunder, on the dates and in the places and manner prescribed in such 2013 Series A Bond, and that it will, prior to the maturity of each installment of interest and prior to the maturity of each such 2013 Series A Bond, at the times and in the manner prescribed herein, deposit or cause to be deposited, from the Net Revenues pledged, the amounts of money specified herein. All 2013 Series A Bonds, when paid, shall be cancelled by the Paying Agent and Bond Registrar.

Section 702. Legal Authority. The City Council is duly authorized under the Act, to issue the 2013 Series A Bonds, it is lawfully qualified to pledge the Net Revenues of the System and other income pledged to the payment of the 2013 Series A Bonds in the manner prescribed herein and has lawfully exercised such rights, all action on its part for the creation and issuance of the 2013 Series A Bonds has been duly and effectively taken, and the 2013 Series A Bonds in the hands of the owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

Section 703. Bondowner's Right of Inspection. The Bondowner or Bondowners of any of the 2013 Series A Bonds shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and any such Bondowner shall be furnished all such information concerning the System and the operation thereof which such Bondowner may reasonably request.

Section 704. Contract. The provisions of this 2013 Bond Ordinance shall constitute a contract between the City, acting by and through the City Council, and the owners of the 2013 Series A Bonds herein authorized to be issued, and each of them, and the said City Council hereby pledges its good faith to the performance of each and every covenant thereof.

ARTICLE VIII AMENDMENTS

Section 801. Amendments. Subject to the provisions hereinafter set forth, the rights and duties of the City, the City Council and the Bondowners, and the terms and provisions of the 2013 Series A Bonds or of this 2013 Bond Ordinance, may be amended or modified at any time in any respect by Ordinance of the City Council with the written consent of the Bondowners of not less than a majority in aggregate principal amount of the 2013 Series A Bonds then

Outstanding such consent to be evidenced by an instrument or instruments executed and acknowledged by such Bondowners in like manner as a deed for the conveyance of real estate in the State of Missouri and accompanied by appropriate proof of ownership of the 2013 Series A Bond or Bonds with respect to which such consent is given, which said instruments shall be filed with the City Clerk, provided always:

(a) that the obligation of said City Council to pay the principal of the 2013 Series A Bonds at maturity, and the interest thereon, as the same from time to time become due, shall continue unimpaired and the maturity of any payment of principal or interest due upon any Bond shall not be extended;

(b) that no modification shall give any 2013 Series A Bond or 2013 Series A Bonds any preference over any other Bond or Bonds hereby authorized; and

(c) that no modification shall reduce the percentage of Bonds required for the modification or alteration of the terms and provisions of the 2013 Series A Bonds or this 2013 Bond Ordinance.

Any provision of the 2013 Series A Bonds or this 2013 Bond Ordinance may, however, be amended or modified by Ordinance duly adopted by the City Council at any time in any respect with the written consent of the Bondowners of all of the 2013 Series A Bonds at the time Outstanding.

Without the consent of Bondowners, the City Council may amend or supplement this 2013 Bond Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondowners.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the City Clerk a copy of the ordinance of the City hereinabove provided for, duly certified, as well as proof of consent to such modification by the requisite Bondowners of the 2013 Series A Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The City Clerk shall furnish a complete, executed original transcript of proceedings had in connection with any amendment of, or supplement to, this 2013 Bond Ordinance to each Rating Service if then rating the 2013 Series A Bonds, within 30 days of the effective date of such amendment or supplementation.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 901. Notices, Consents and Other Instruments. Any notice, consent, request, direction, approval, objection or other instrument required by this 2013 Bond Ordinance to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondowners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any

of the purposes of this 2013 Bond Ordinance, and shall be conclusive in favor of the City and the Paying Agent and Bond Registrar with regard to any action taken, suffered or omitted under any such instrument, namely:

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

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

Section 902. Further Authority. The officers of the City, including the City Manager, Director of Finance, City Clerk, and City Counselor, shall be, and they hereby are, authorized and directed to execute all agreements, documents and certificates and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this 2013 Bond Ordinance and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 903. Severability. If any section, subsection, paragraph, sentence, clause, or phrase of this 2013 Bond Ordinance, or of the 2013 Series A Bonds, shall ever be held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this 2013 Bond Ordinance, or of the 2013 Series A Bonds, but this 2013 Bond Ordinance, and the 2013 Series A Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Section 904. Governing Law. This 2013 Bond Ordinance shall be governed exclusively by and constructed in accordance with the applicable laws of the State of Missouri.

Section 905. Effective Date. This 2013 Bond Ordinance shall take effect and be in full force from and after its passage by the City Council.

PASSED this _____ day of _____, 2013.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

CERTIFICATE

STATE OF MISSOURI)
) SS.
COUNTY OF BOONE)

I, the undersigned, City Clerk of the City of Columbia, Missouri, hereby certify that the above and foregoing constitutes a full, true and correct copy of the Ordinance authorizing the issuance of Water and Electric System Revenue Refunding Bonds, 2013 Series A, of the City, duly adopted by the City Council of the City of Columbia, Missouri at a meeting duly and regularly held ____; that said Ordinance has not been modified, amended or repealed, and is in full force and effect as of the date hereof; and that the same is on file in my office.

WITNESS my hand and official seal on _____.

City Clerk

(Seal)

EXHIBIT A

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

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

Registered

Registered

No. R- _____

\$ _____

THE CITY OF COLUMBIA, MISSOURI

**WATER AND ELECTRIC SYSTEM
REVENUE REFUNDING BOND
2013 SERIES A**

Interest Rate

Maturity Date

Dated Date

CUSIP

_____%

October 1, _____

_____, 2013

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____

THE CITY OF COLUMBIA, MISSOURI, a municipal corporation duly organized and existing under the laws of the State of Missouri and its home rule charter (the “**City**”), acting through its City Council (the “**City Council**”), for value received, hereby promises to pay to the Registered Owner shown above or registered assigns, but solely out of the Net Revenues of the System as hereinafter provided, the Principal Amount shown above on the Maturity Date shown above, and to pay interest on said Principal Amount at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date shown above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually on April 1 and October 1 in each year, beginning October 1, 2013, until said Principal Amount shall have been paid.

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

Registrar”) or such location as otherwise directed by the Paying Agent. The interest payable on this Bond on any interest payment date shall be paid by check or draft mailed by the Paying Agent and Bond Registrar to the person in whose name such Bond is registered on the registration books maintained by the Paying Agent and Bond Registrar at the close of business on the Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or (b) in the case of an interest payment to any Registered Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Registered Owner upon written notice given to the Paying Agent by such Bondowner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal of, redemption premium, if any, and interest on this Bond shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of debts due the United States of America.

This Bond is one of a duly authorized series of bonds of the City designated “**Water and Electric System Revenue Refunding Bonds, 2013 Series A,**” aggregating the principal amount of \$28,500,000* (the “**Bonds**”), issued by the City for the purpose of refunding certain outstanding revenue bonds of the System, under the authority of and in full compliance with the Constitution and laws of the State of Missouri, including particularly Section 108.140 of the Revised Statutes of Missouri, as amended, and pursuant to an Ordinance duly adopted by the City Council (the “**Ordinance**”), the 2013 Series A Bonds being secured by a pledge of the Net Revenues derived by the City from the operation and ownership of the System.

At the option of the City, 2013 Series A Bonds or portions thereof maturing not later than October 1, 20__, and thereafter may be called for redemption and payment prior to the stated maturity thereof not later than October 1, 20__ and at any time thereafter, in whole at any time or in part on any interest payment date in any order of maturity selected by the City, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

Notice of redemption, unless waived, is to be given by the Bond Registrar by mailing an official redemption notice by first-class mail at least 30 days prior to the date fixed for redemption to the registered owner of the 2013 Series A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. Notice of redemption having been given as aforesaid, the 2013 Series A Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless

* Preliminary, subject to change.

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

The 2013 Series A Bonds are special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of the Net Revenues derived from the operation and ownership of the System (excluding amounts payable to the United States pursuant to Section 148 of the Code), and said Net Revenues shall be set aside for that purpose in a special fund held pursuant to the Ordinance. This Bond shall not be deemed to be a general obligation or an indebtedness of the State of Missouri or of the City or of the City Council or of the individual members of said City Council.

The 2013 Series A Bonds stand on a parity and are equally and ratably secured with respect to the payment of principal and interest from the Net Revenues of the System of the City and in all other respects with the Outstanding Parity Bonds. Under the conditions set forth in the Ordinance, the City has the right to issue Additional Bonds payable from the same source and secured by the same revenues as the 2013 Series A Bonds; provided, however, that such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Ordinance.

The 2013 Series A Bonds are being issued by means of a book-entry system with no physical distribution of certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the 2013 Series A Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the 2013 Series A Bonds by the Securities Depository's participants, beneficial ownership of the 2013 Series A Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City, the Bond Registrar and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfers of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfers of principal, interest and any redemption premium payments to beneficial owners of the 2013 Series A Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City, the Bond Registrar and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of and interest on this Bond shall be made in accordance with existing arrangements among the City, the Bond Registrar and the Securities Depository.

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

DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. The 2013 Series A Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

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

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

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the 2013 Series A Bonds have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of the 2013 Series A Bonds, provision has been duly made for the collection and segregation of the Revenues of the System and for the application of the same as herein provided.

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2013 Series A Bonds
of the issue described in the
within-mentioned Ordinance.

**THE CITY OF COLUMBIA,
MISSOURI**

By _____
Mayor

Registration Date:

UMB Bank N.A.
Paying Agent and Bond Registrar

SEAL

By _____
Authorized Signature

ATTEST:

City Clerk

ASSIGNMENT

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

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

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

Dated: _____

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

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By _____
Title:

NEW ISSUE
Book-Entry Only

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

In the opinion of Thompson Coburn, LLP, Bond Counsel, conditioned on continuing compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) interest on the 2013 Series A Bonds (a) is excluded from gross income for federal income tax purposes and (b) is exempt from income taxation by the State of Missouri. Also in the opinion of Bond Counsel, interest on the 2013 Series A Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individuals. However, interest on the Bonds is not included in a corporate taxpayer's adjusted current earnings for purposes of determining its federal alternative minimum tax liability. In the opinion of Bond Counsel, the 2013 Series A Bonds are not "qualified tax-exempt obligations" within the meaning of the Code (relating to financial institution deductibility of interest expense). See "TAX MATTERS" herein.

\$28,500,000*

**CITY OF COLUMBIA, MISSOURI
Water and Electric System Revenue Refunding Bonds
2013 Series A**

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive certificates representing their interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the bondowners or registered owners shall mean Cede & Co. as aforesaid and shall not mean the Beneficial Owners of the Bonds. Principal of, redemption premium, if any, and interest on the Bonds is payable to the registered owners of the Bonds at the maturity or redemption date thereof upon the surrender thereof at the principal corporate trust office of UMB Bank, N.A., St. Louis, Missouri as paying agent (the "Paying Agent"). See the section entitled "BOOK-ENTRY-ONLY SYSTEM." Interest on the Bonds will be payable on October 1 and April 1 of each year, beginning on October 1, 2013.

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

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

The Bonds are being issued pursuant to the Constitution and laws of the State of Missouri for the purpose of, (i) currently refunding all of the Water and Electric Revenue Refunding Bonds, 2003 Series A, advance refunding all of the Water and Electric System Improvement Revenue Bonds, 2004 Series A and advance refunding certain of the Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A; (ii) making a deposit to the Reserve Account for the Bonds (the "2013 Bond Reserve Account"); and (iii) paying costs and expenses incident to the issuance of the Bonds. See the section captioned "PLAN OF FINANCE".

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

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Thompson Coburn LLP, St. Louis, Missouri, Bond Counsel. It is expected that the Bonds will be available for delivery in St. Louis, Missouri, on or about _____, 2013.

* Preliminary, subject to change.

The date of this Official Statement is _____, 2013

\$28,500,000*
CITY OF COLUMBIA, MISSOURI
Water and Electric System Revenue Refunding Bonds
2013 Series A

MATURITY SCHEDULE
Base CUSIP: 198072

<u>Due</u> <u>October 1,</u>	<u>Principal</u> <u>Amount</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u>
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				

* Preliminary, subject to change.

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

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

CITY COUNSELOR

Nancy Thompson

BOND COUNSEL

Thompson Coburn LLP
St. Louis, Missouri

FINANCIAL ADVISOR

Columbia Capital Management, LLC
St. Louis, Missouri

TRUSTEE AND ESCROW AGENT

[_____]

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

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR “BLUE SKY” LAWS. THE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.

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

STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT THAT CONTAIN ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS A REPRESENTATION OF FACT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN SUCH INFORMATION AND EXPRESSIONS OF OPINION SINCE THE DATE HEREOF.

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OFFICIAL STATEMENT

\$28,500,000*

CITY OF COLUMBIA, MISSOURI Water and Electric System Revenue Refunding Bonds 2013 Series A

INTRODUCTION

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

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information concerning the City of Columbia, Missouri (the “City”), the City-owned Water and Electric System (the “System”) and the City’s \$[_____] * Water and Electric System Revenue Refunding Bonds, 2013 Series A (the “Bonds”).

The City and the System

The City is a constitutional charter city organized and existing under the laws of the State of Missouri. See the section herein captioned “THE CITY.” The City owns and operates a water and electric utility that is composed of a water system (the “Water Utility”) and an electric power and light system (the “Electric Utility”) and collectively referred to herein as the “Water and Electric System” or “System.” See the sections herein captioned “WATER AND ELECTRIC SYSTEM,” “THE ELECTRIC UTILITY,” and “THE WATER UTILITY.”

Purpose of the Bonds

The Bonds are being issued pursuant to the Constitution and laws of the State of Missouri for the purpose of, (i) currently refunding all of the Water and Electric Revenue Refunding Bonds, 2003 Series A, advance refunding all of the Water and Electric System Improvement Revenue Bonds, 2004 Series A and advance refunding certain of the Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A; (ii) making a deposit to the Reserve Account for the Bonds (the “2013 Bond Reserve Account”); and (iii) paying costs and expenses incident to the issuance of the Bonds. See the section captioned “PLAN OF FINANCE”.

Security and Source of Payment for the Bonds

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

* Preliminary, subject to change.

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

THE BONDS

Authorization for the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and Statutes of the State of Missouri, including particularly the City's charter, and an Ordinance adopted by the governing body of the City (the "Ordinance").

Description of the Bonds

The Bonds will be issued in the principal amount of \$[_____]*, will be dated as of the date of delivery, and will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, numbered from R-1 consecutively upward. The Bonds will mature on October 1 in the years and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable semiannually on April 1 and October 1 in each year, beginning on October 1, 2013 (each, an "Interest Payment Date"). Principal will be payable at the principal corporate trust office of UMB Bank, N.A. (the "Paying Agent"). Interest shall be paid to the person appearing as the registered owner thereof at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to the Registered Owner at the address shown on the registration books kept by the Paying Agent or at such other address as is furnished to the Paying Agent in writing by such Registered Owner.

Optional Redemption

At the option of the City, the Bonds or portions thereof maturing on October 1, 2022 and thereafter may be called for redemption and payment prior to their stated maturity on October 1, 2021 and thereafter, in whole or in part at any time in any order of maturity selected by the City and by lot in multiples of \$5,000 within a maturity, at the redemption price equal to the principal amount thereof, plus accrued interest thereon to the date of redemption (the "Redemption Date").

Notice of Redemption

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

(Remainder of Page Intentionally Left Blank)

* Preliminary, subject to change.

Registration, Transfer and Exchange

The Paying Agent will maintain a Bond Register for the registration, transfer and exchange of the Bonds. Bonds may be transferred or exchanged only on the Bond Register maintained by the Paying Agent upon compliance with the terms, conditions and limitations set forth in the Ordinance and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, transfer or exchange.

Book-Entry Only System

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

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

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Bonds, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of

their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

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

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

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

SECURITY FOR THE BONDS

General

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

The Bonds will be on a parity with the City's outstanding \$82,505,000 principal amount of Water and Electric System Revenue and Improvement Bonds, 2011 Series A (the "Parity Bonds"); \$16,725,000 principal amount of Water and Electric System Bonds, 2009 Series A; \$14,935,000 (post-refunding) principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2005 A, and collectively, the 2009 Series A Bonds with the 2005 Series A Bonds, the ("Outstanding Parity Bonds"). In addition, the City has outstanding \$24,500,000 principal amount of Special Obligation Refunding Bonds, Series 2012D (Electric Utility Project – Annual Appropriation Obligation) (the "Series 2012D Bonds") which have a subordinate lien on the Electric Utility revenues. Further, the City intends to make principal and interest payments from the net revenues of its Electric Utility on the \$39,955,000 principal amount of Special Obligation Electric Utility Refunding Bonds (Annual Appropriation Obligation), Series 2012E (the "Series 2012E Bonds"), however such net revenues are not pledged to the Series 2012E Bonds. The payment of the principal of, premium, if any, and interest on the Bonds is secured by a pledge of (i) the Net Revenues and (ii) certain accounts established in the Ordinance, subject only to the provisions of the Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth in the Ordinance. The Bonds, the Parity Bonds and the Outstanding Parity Bonds, together with such Additional Bonds and Refunding Bonds as may be issued on a parity with such Bonds under the Ordinance are and will be equally and ratably secured by such pledge. See the subsection of this section entitled "Additional Bonds and Refunding Bonds."

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

Rate Covenant

The City has covenanted in the Ordinance to charge and collect rates, fees and other charges for the sale of electric power and energy, water and other services, facilities and commodities of the

System as shall be required to provide revenues and income (including investment income) at least sufficient in each Fiscal Year for the payment which:

- (a) will equal at least 110% of the Debt Service Requirement on all Parity Bonds then Outstanding for the year of computation and 100% of the Debt Service Requirement on all System Revenue Bonds then Outstanding for the year of computation;
- (b) will enable the City to make all required payments, if any, into the Water and Electric Renewal and Replacement Account, and the Rebate Fund and to any Credit Facility Provider, any Reserve Account Credit Facility Provider, and any Qualified Hedge Provider;
- (c) will remedy all deficiencies in required payments into any of the funds and accounts established under the Bond Ordinance from prior Fiscal Years; and
- (d) will enable the City to pay and discharge all other charges or liens whatsoever payable out of Net Revenues during such Fiscal Year.

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

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

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

2013 Bond Reserve Account

The Ordinance establishes a Reserve Account (the "Reserve Account"). The Ordinance also establishes the Debt Service Reserve Requirement for the Bonds, which is defined as the maximum annual debt service (as defined in the Ordinance) payable in any Fiscal Year on the Bonds.

At the time of the issuance of the Bonds, the Reserve Account will consist of a 2005 Series A Subaccount, a Series 2009 A Subaccount and Series 2011 A Subaccount. The 2005 Series A and the 2009 Series A, together the "Outstanding Parity Bonds", Debt Service Reserve Requirement requires

the total deposits in the subaccounts for the Outstanding Parity Bonds shall aggregate the maximum cumulative debt service payable in any Fiscal Year on the Outstanding Parity Bonds and each Subaccount must also equal the maximum annual debt service payable in any Fiscal Year on such series of bonds. The Series 2011 A Debt Service Reserve Requirement requires the Subaccount to equal the maximum annual debt service payable in any Fiscal Year on the Series 2011 A Bonds. The Ordinance creates a subaccount (the "2013 Bond Reserve Account"), which will be funded from proceeds of the Bonds (\$_____) and Reserve Subaccounts of the Refunded Bonds (\$_____), at the time of issuance and delivery of the Bonds in the total amount of \$[_____].*

Amounts held in the 2013 Bond Reserve Account shall be applied only to the payment of the principal of, premium, if any, or interest on the Bonds.

The Debt Service Reserve Requirement for any Additional Bonds shall be determined at the time of issuance of such Bonds and shall be established in the Approving Ordinance for such Bonds.

Renewal and Replacement Account

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

Additional Bonds and Refunding Bonds

The City reserves the right to issue Additional Bonds, including commercial paper and variable rate debt obligations, from time to time payable from the Revenues of the Water and Electric System and ranking on a parity with the Bonds and any Additional Bonds and Refunding Bonds theretofore issued if there exists no default in the performance of any of the provisions of the Ordinance; and either

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

Additional Bonds shall not be subject to the requirement of (a) or (b) above if such Additional Bonds are being issued because it is necessary, in the opinion of the Consulting Engineer, to repair any damage or loss to the System if the System has been destroyed or damaged by disaster

* Preliminary, subject to change.

to such an extent that it cannot be operated if such repair is necessary to keep the System in good operating condition after such damage or loss.

Refunding Bonds may be issued in accordance with the Ordinance without regard to the requirements of (a) or (b) above.

Subordinated Indebtedness

The City reserves the right to issue subordinated bonds or other obligations, including commercial paper and variable rate debt obligations, payable from the Net Revenues of the Water and Electric System subject to the prior lien on the Net Revenues for payment of the Parity Bonds. The City currently has outstanding \$24,500,000 principal amount of Special Obligation Refunding Bonds, Series 2012D (Electric Utility Project – Annual Appropriation Obligation), which have a subordinate lien on the Electric Utility revenues.

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THE REFUNDING PLAN

Proceeds of the Bonds will be applied to currently refund the City's outstanding Water and Electric System Revenue Refunding Bonds, 2003 Series A and to advance refund its outstanding Water and Electric System Improvement Revenue Bonds, 2004 Series A and to advance refund a portion of its Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A (collectively the "Refunded Bonds" as shown in the tables below.

Water and Electric System Revenue Refunding Bonds, 2003 Series A, dated February 27, 2003:

<u>Maturity Amount</u>	<u>Maturity Date (December 1)</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
\$950,000	2013	3.750%	July 17, 2013	100%
985,000	2014	3.750	July 17, 2013	100
1,025,000	2015	4.000	July 17, 2013	100

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

<u>Maturity Amount</u>	<u>Maturity Date (October 1)</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
\$605,000	2013	4.000%	N/A	N/A
630,000	2014	4.000	October 1, 2014	100%
650,000	2015	4.000	October 1, 2014	100
675,000	2016	4.000	October 1, 2014	100
700,000	2017	4.000	October 1, 2014	100
730,000	2018	4.000	October 1, 2014	100
760,000	2019	4.000	October 1, 2014	100
790,000	2020	4.000	October 1, 2014	100
825,000	2021	4.000	October 1, 2014	100
870,000	2022	4.100	October 1, 2014	100
910,000	2023	4.100	October 1, 2014	100
950,000	2024	4.200	October 1, 2014	100
995,000	2025	4.250	October 1, 2014	100
3,260,000	2028	4.250	October 1, 2014	100

Water and Electric System Refunding and Improvement Revenue Bonds, 2005 Series A, dated May 17, 2005:

<u>Maturity Amount</u>	<u>Refunded Portion</u>	<u>Maturity Date (October 1)</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
\$1,550,000	\$580,000	2013	3.500%	N/A	N/A
1,615,000	600,000	2014	4.000	N/A	N/A
1,675,000	625,000	2015	4.000	October 1, 2015	100%
1,755,000	655,000	2016	5.250	October 1, 2015	100
1,855,000	690,000	2017	5.250	October 1, 2015	100
1,950,000	725,000	2018	5.250	October 1, 2015	100
2,055,000	765,000	2019	5.000	October 1, 2015	100
2,150,000	800,000	2020	4.000	October 1, 2015	100
2,250,000	840,000	2021	5.000	October 1, 2015	100
2,370,000	885,000	2022	5.000	October 1, 2015	100
570,000	210,000	2023	4.125	October 1, 2015	100
595,000	220,000	2024	4.200	October 1, 2015	100
620,000	230,000	2025	4.250	October 1, 2015	100
650,000	240,000	2026	4.250	October 1, 2015	100
680,000	250,000	2027	4.300	October 1, 2015	100
705,000	260,000	2028	4.375	October 1, 2015	100
740,000	275,000	2029	4.375	October 1, 2015	100

A portion of the proceeds of the sale of the 2013 Series A Bonds will be deposited into the Escrow Fund established under the indenture to refund certain of the Refunded Bonds, as shown below.

Sources and Uses of Funds

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

Sources of Funds:

Principal Amount of the Bonds	\$ _____.
Original Issue Premium/Discount	_____.
Total	\$ _____.

Uses of Funds:

Escrow Fund Deposit	\$ _____.
2013 Bond Reserve Account Deposit	_____.
Cost of Issuance	_____.
Underwriter's Discount	_____.
Total	\$ _____.

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THE WATER AND ELECTRIC SYSTEM

Management

The City Council is responsible for all basic policy decisions relating to the Water and Electric System, including rate making, approval of the operating budget, short-term and long-term capital budgets and, subject to voter approval of other than refunding issues, bond issues. A Water and Light Advisory Board (the “Board”) is appointed by and renders advisory assistance to the City Council on the foregoing matters. The present members of the Board are:

<u>Name</u>	<u>Term Expires</u>
Mr. John Conway, Chairman	2014
Mr. Henry Ottinger	2015
Mr. Dick Parker	2015
Mr. Tom O’Connor	2016
Mr. Robert L. Roper, Jr.	2013

Financial Statements

The financial records of the City, including those of the Water and Electric System, are audited annually by a firm of independent certified accountants in accordance with generally accepted auditing standards. McGladrey & Pullen, LLP of Kansas City, Missouri, completed the audit for the fiscal year ending September 30, 2012. The combined financial statements of the City and the Water and Electric System for the Fiscal Year ended September 30, 2012 are attached in Appendix A to this Official Statement.

System Maintenance, Expansion and Replacement

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

The City updates its Capital Improvements Plan (CIP) Budget annually. The CIP is a five-year plan for capital expansion and the replacement of aging facilities. As part of preparing the CIP, the water and electric systems are evaluated for adequacy and replacement requirements. The engineering staff of the water and electric utilities develops recommendations for the CIP. These recommendations then go through a review process that includes the Director of Water & Light, the City Manager, the Board, and finally the Columbia City Council.

Electric. Various evaluation tools are utilized to make the recommendations outlined in the annual CIP. This includes evaluation of circuit loading after system peak; evaluation of customer growth

patterns; communication with inter-connected systems; and, the evaluation of the need to upgrade lower voltage lines and/or replace older lines due to a history of faults.

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

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

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

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

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

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Debt Service Requirements

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

Fiscal Year Ended September 30	Existing Principal & Interest Requirements of Outstanding Bonds ¹	<u>The Bonds</u>		Total Requirements	Total Requirements All Bonds
		Principal ²	Interest		
2013	10,440,381.49				
2014	11,299,965.02				
2015	11,370,240.02				
2016	11,335,490.02				
2017	11,320,640.02				
2018	13,308,358.77				
2019	13,313,046.27				
2020	13,331,615.02				
2021	13,328,890.02				
2022	13,340,090.02				
2023	13,344,596.27				
2024	12,174,158.77				
2025	12,178,265.02				
2026	12,181,515.02				
2027	12,195,805.64				
2028	11,060,479.39				
2029	11,057,390.64				
2030	11,070,790.63				
2031	10,598,071.88				
2032	10,603,493.76				
2033	7,516,893.76				
2034	7,535,093.76				
2035	5,965,921.88				
2036	4,569,900.00				
2037	4,565,862.50				
2038	1,345,140.63				
2039	1,341,028.13				
2040	1,344,981.25				
2041	1,341,912.50				
2042	1,341,112.50				
Total	\$ 275,721,130.60	\$			

¹ Does not include the Refunded Bonds.

² Preliminary, subject to change.

Employee Relations

The Water and Electric System currently has approximately 255 full-time employees. As of May 31, 2013, 140 or 55% of the System's employees were represented by the International Brotherhood of Electrical Workers, Local 2. Prior to October 2010, the employees were members of the Water and Electric Employees Association, a local, autonomous association. There are also 35 Power Plant employees who are members of the Public Service Employees Local 773 of the Laborers International Union. These two groups meet with the City under the State's "meet and confer" statute. The Water and Electric System has never experienced a strike or a slowdown, and the City considers its labor relations to be excellent. The Missouri Local Government Employees Retirement System administers the System's pension plan.

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Payments to the City

The City's Charter requires the City Council to set rates for water and electric services to produce sufficient revenue for several purposes, one of which is to pay into the General Fund of the City an amount substantially equal to the amount of taxes which would be due if the System were privately owned. There is paid to the General Fund monthly an amount representing the real estate taxes and the gross receipts tax to meet the requirements of the Charter. In Fiscal Year 2012 this amount was \$14,170,229. These payments are not included in the System's Operating Expenses and may be paid only after all payments required to be paid from Net Revenues, including debt service and other payments required on System Revenue Bonds, have been made.

Service Area

The Water and Electric System's area of service extends beyond the corporate limits of the City. The electric service area is approximately 60 square miles. As of May 2013, the System had 46,065 electric customers inside the City, plus 887 outside the City. The water service area is approximately 89 square miles. As of May 2013, the System had 43,620 water customers inside the City, plus 2,869 outside the City.

Rate Regulation

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

Historical and Projected Operating Results

System combined operations reflected Net Revenues of \$47.0 million for the year ended September 30, 2012, an increase of 7.6% from the Net Revenues in 2011 of \$43.7 million. At September 30, 2012, Net Revenues were 334% of annual debt service.

The table on the following page provides historical debt service coverage and operating results derived from the audited financial statements for the Fiscal Years 2008 through 2012, and projected operating results prepared by the City for the Fiscal Years 2013 through 2017.

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

	<u>Act. 2008</u>	<u>Act. 2009</u>	<u>Act. 2010</u>	<u>Act. 2011</u>	<u>Act. 2012</u>	<u>Est. 2013*</u>	<u>Proj. 2014*</u>	<u>Proj. 2015*</u>	<u>Proj. 2016*</u>	<u>Proj. 2017*</u>
REVENUES										
ELECTRIC UTILITY										
Residential Sales	\$38,675,208	\$40,239,328	\$47,314,389	\$48,637,638	\$47,303,944	\$49,420,026	\$50,204,122	\$52,744,599	\$53,799,491	\$55,424,235
Commercial and Industrial Sales	50,794,471	51,076,559	54,667,426	56,124,930	56,579,501	58,014,814	58,601,930	61,567,373	62,798,720	64,695,241
Intragovernmental Sales	837,800	812,276	814,900	983,746	1,200,868	1,250,542	1,268,812	1,333,018	1,359,679	1,400,741
Street Lighting and Traffic Signs	1,158,676	1,218,947	1,225,610	1,041,881	520,293	566,767	576,342	605,507	617,617	636,269
Sales to Public Authorities	7,360,756	7,899,621	8,237,656	8,891,753	8,576,399	9,239,396	9354804	9,828,186	10,024,750	10,327,497
Sales for Resale	2,593,675	5,940,915	5,364,906	8,480,462	1,928,953	4,200,000	4,200,000	4,000,000	4,080,000	4,161,600
Other	11,833,381	9,125,717	7,310,809	6,047,573	5,890,598	4,928,680	4,718,042	5,490,000	5,490,000	5,490,000
Total Electric Revenues	\$113,253,967	\$116,313,363	\$124,935,696	\$130,207,983	\$122,000,556	\$127,620,225	\$128,924,052	\$135,568,683	\$138,170,257	\$142,135,583
WATER UTILITY										
Water	14,748,541	15,366,698	16,773,898	19,522,028	23,497,540	23,186,000	23,550,000	23,901,595	24,379,627	25,613,236
Intragovernmental Sales	0	0	0	0	0	0	0	0	0	0
Sales to Public Authorities	0	0	0	0	0	0	0	0	0	0
Other	866,173	735,892	1,120,130	1,796,806	1,577,321	2,118,733	1,718,540	1,711,173	1,749,731	1,749,731
Total Water Revenues	15,614,714	16,102,590	17,894,028	21,318,834	25,074,861	25,304,733	25,268,540	25,612,768	26,129,358	27,362,967
TOTAL REVENUES	\$128,868,681	\$132,415,953	\$142,829,724	\$151,526,817	\$147,075,417	\$152,924,958	\$154,192,592	\$161,181,451	\$164,299,615	\$169,498,550
EXPENSES										
ELECTRIC UTILITY										
Fuel and Purchased Power	62,387,711	67,127,555	73,382,005	72,461,470	60,553,372	72,660,000	75,328,000	76,834,560	78,371,251	79,154,964
Other Production Expenses	3,995,067	4,318,028	4,409,017	5,754,398	7,517,957	10,007,825	10,505,084	10,872,762	11,253,309	11,647,174
Transmission and Distribution	9,120,759	10,151,606	11,368,196	11,826,102	12,366,207	10,192,278	10,266,604	10,625,935	10,997,843	11,382,767
Accounting and Collection	2,351,000	2,828,384	2,468,010	2,644,525	2,869,382	4,088,735	4,211,652	4,359,060	4,511,627	4,669,534
Administrative and General	2,901,481	3,187,546	3,762,170	4,556,656	4,404,841	4,882,081	6,449,509	6,675,242	6,908,875	7,150,686
Total Electric Expenses	80,756,018	87,613,119	95,389,398	97,243,151	87,691,759	101,830,919	106,760,849	109,367,559	112,042,905	114,005,125
WATER UTILITY										
Production	3,745,490	5,010,747	3,643,162	3,902,870	5,041,266	5,264,303	5,320,312	5,506,523	5,699,251	5,898,725
Transmission and Distribution	4,247,377	4,421,648	3,895,161	4,592,239	5,019,928	4,547,686	4,779,879	4,923,275	5,070,974	5,223,103
Accounting and General	1,248,080	1,367,645	1,377,304	1,455,628	1,536,633	1,690,290	1,848,998	1,904,468	1,961,602	2,020,450
Administrative and General	726,630	680,867	655,327	620,110	748,846	1,103,274	1,495,308	1,540,167	1,586,372	1,633,963
Total Water Expenses	9,967,577	11,480,907	9,570,954	10,570,847	12,346,673	12,605,553	13,444,497	13,874,433	14,318,199	14,776,241
TOTAL EXPENSES	90,723,595	99,094,026	104,960,352	107,813,998	100,038,432	114,436,472	120,205,346	123,242,002	126,361,104	128,781,366
NET REVENUES	\$38,145,086	\$33,321,927	\$37,869,372	\$43,712,819	\$47,036,985	\$38,488,486	\$33,987,246	\$37,939,449	\$37,938,511	\$40,717,184
COVERAGE	4.32x	3.33x	3.70x	4.15x	3.34x	2.56x	2.37x	2.63x	2.64x	3.05x

Source: City of Columbia

* Coverage includes the Bonds.

THE ELECTRIC UTILITY

History

The City acquired the Water and Electric System in 1904 to supply water and electricity to its residents. During the 1960s, the City experienced rapid population growth, resulting in increased demand for electricity and caused the Electric Utility to operate at near-capacity levels. In 1976 a capacity purchase contract was entered into with the City of Sikeston, Missouri. A revised contract with the City of Sikeston which became effective June 1, 1986 was signed in 1983 for capacity purchases through 2011, renewable by mutual agreement through 2021 or for the useful life of the Sikeston plant, whichever is longer. In 1983 a capacity purchase contract was entered into with the Kansas City, Kansas Board of Public Utilities (the “BPU”) for capacity purchases through 1998. This contract was renewed at the City’s option for an additional 15 years or the useful life of the Nearman #1 plant operated by the BPU, whichever is longer. In 2001 agreements were negotiated with Ameren Energy Development Company that allowed four (4) simple-cycle, natural gas, combustion turbines rated at 36 megawatts (MW) each to be sited at one of the Electric Utility’s substation properties. The agreements allow for capacity purchases with the option to purchase 25% ownership of the units at a later date. In 2003 agreements were negotiated with Ameren Energy Marketing to allow the City an option to purchase an additional 25% ownership of the units three years after the first 25% was purchased. In January 2010, the City purchased 25% of the plant from Ameren and contracted with Ameren for operation services. In 2006 unit power purchase agreements were negotiated with the Missouri Joint Municipal Electric Utility Commission (MJMEUC) for capacity and energy from their ownership share of power from two power plants under construction—Prairie State Energy Campus and Iatan 2. The agreement for Prairie State Energy Campus, dated April 28, 2006, is for a total of 50 MW of capacity and energy with 25 MW coming from each of the two units. Unit one began commercial operation on June 14, 2012. Unit two began commercial operation on November 3, 2012. The agreement for Iatan 2, dated July 10, 2006, is for 20 MW of capacity and energy. Iatan 2 began commercial operation on January 1, 2011.

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

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

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Power Generation Facilities

The System has a rated installed generation capacity of 245 MW, consisting of two coal-fired steam turbo-generators, one oil or gas fired turbo-generator and one oil or gas fired combustion turbine, eleven reciprocating internal combustion generator units, and four (4) simple-cycle, natural gas, combustion turbines rated at 36 megawatts (MW) each. Additional information follows:

<u>Turbine/Generator Output Rating in MW</u>	<u>Description</u>	<u>Year Installed</u>
16.5 MW	Westinghouse Turbo-generator (Coal)	1957
12.5 MW	Westinghouse Combustion Turbine (Gas or Oil)	1963
22.0 MW	Westinghouse Turbo-generator (Coal)	1965
35.0 MW	General Electric Turbo-generator (Gas or Oil)	1970
36.0 MW	25% of four 36 MW GE Combustion Turbines (Gas)	2001
1.25 MW	Caterpillar Diesel Generator, model 3512B	2002
1.25 MW	Caterpillar Diesel Generator, model 3512B	2002
2 MW	Cummins Diesel Generator, model 2000DQKC	2004
2 MW	Cummins Diesel Generator, model 2000DQKC	2004
2 MW	Cummins Diesel Generator, model 2000DQKC	2004
1 MW	Cummins Diesel Generator, model 1000DQFAD	2008
1 MW	Cummins Diesel Generator, model 1000DQFAD	2008
1 MW	Cummins Diesel Generator, model 1000DQFAD	2008
1 MW	Cummins Diesel Generator, model 1000DQFAD	2008
1 MW	Jenbacher Landfill Gas Generator, model J320GS	2008
1 MW	Jenbacher Landfill Gas Generator, model J320GS	2008

The first four large generating units are located on the same plant site. Adjacent to the plant is an open area owned by the System and capable of holding a six-month supply of coal, approximately 25,000 tons. Oil storage facilities owned by the System are also located adjacent to the plant. The nine distributed generation units are located at five locations. The two 1.25 MW units, one 2 MW unit and four 1 MW units are located at four industrial customer sites where the customer has contracted for backup power. The remaining two 2 MW units are located at the City's water treatment plant and serve as emergency backup. The two 1 MW landfill gas generators are located at the city owned landfill. These two generators are housed in a structure designed for the addition of two more generators for a total design capacity of four landfill gas generators. The third landfill gas generator is currently being installed and should be operational by the end of August 2013. All eleven units are self-contained and are available to meet capacity requirements. The four 36 MW combustion turbines are located on property owned by the System and adjacent to an existing substation..

Power Supply Agreements

Power Supply Contract with Sikeston, Missouri.

The City has entered into two separate, consecutive contracts with the Sikeston Board of Municipal Utilities for the purchase of capacity from the Sikeston 235 MW coal-fired unit. The Sikeston plant was put in commercial operation on September 1, 1981 at an installed capital cost of approximately \$250,000,000. Energy cost per kilowatt hour (kWh) in FY 2012 was 1.8 cents per kWh. Under the contract, from 1986 to 2011, subject to extension as described below, the capacity participation is for 66 MW. The second contract will be automatically extended through 2021, or for the useful life of the Sikeston power plant, whichever is longer. However, either the City or the City

of Sikeston may cancel the contract, at any time after September 2006, on five years' notice to the other party. At the time of issuance of the Bonds, neither party has issued such notice of cancellation.

The City must take an annual energy amount equal to the Systems annual load factor which averages around fifty percent. The City has been curtailing energy when market energy is less expensive than the price of Sikeston energy. During FY 2012, the City was able to reduce cost while maintaining energy purchases well above the annual load factor requirement.

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

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

Participation Power Sales Agreement with Kansas City, Kansas Board of Public Utilities (BPU).

The City had entered into a Participation Power Sales Agreement with the BPU. The City was contracted to purchase 8.51% (20 MW) of the electric power and energy of the BPU's 235 MW coal-fired Nearman Creek Power Station No. 1 through 1998 subject to automatic extension for an additional period of 15 years or the useful life of the Nearman Plant, whichever is longer. The Nearman plant was put in commercial operation on February 20, 1981, at an installed capital cost of approximately \$139,000,000.

In addition to a capacity charge, the City is required to pay a monthly fuel charge, based on the amount of power actually taken in any month, equal to 105% of the Nearman Plant's fuel cost per kilowatt hour. The City must also pay an operation and maintenance charge based upon its reserved capacity and the amount of power actually taken, and must make a payment in lieu of taxes, currently equal to 9.9% of gross billings. The City may terminate the contract if such payment in lieu of taxes, together with all other state and local taxes required to be paid by the City, exceeds 6% of the City's total monthly bill. The capacity charge and a portion of the operating and maintenance charge, plus the associated payment in lieu of taxes, must be paid regardless of whether the Nearman Plant is operating or operable. Payments under contracts are operating expenses, payable prior to the principal and interest of the Bonds. The all-in energy cost per kWh in FY 2012 was 5.3 cents.

Based on an economic analysis of current and projected costs, the City elected to terminate the BPU contract based on the excess payment in lieu of tax clause which exceeded 9%. Notification of termination was submitted in April 2012 and the last delivery of energy was scheduled in April 2013.

Regional Transmission Organization

Federal Energy Regulatory Commission (FERC) Order No. 2000 requested that all transmission-owning utilities place their facilities under the control of a Regional Transmission Organization (RTO). The City has decided to use Midwest Independent System Operator (MISO) as its RTO. The City is participating in MISO as a Local Balancing Authority and as a Market Participant. The requirements for the Local Balancing Authority (which include Columbia, Fulton and the University of Missouri) are the operational responsibility of the City. The City signed an agreement to have The Energy Authority (TEA) perform its Market Participant requirements. TEA is

a pooled municipal resource that takes public power to the wholesale market and brings the market to public power through a variety of energy services.

Columbia Transmission System

The City's transmission network is comprised of approximately 40 miles of 69 kV circuits and 30 miles of 161 kV circuits. These transmission facilities carry the output of one generating plant to eight distribution substations within the Columbia area. The electric utility has one 161 kV interconnection with Ameren, two 161 kV interconnections with Associated Electric Cooperative Inc. (AECI), three 69 kV interconnections with AECI and one 69 kV interconnection with Ameren. The electric utility also has one 69 kV interconnection each with the City of Fulton and the University of Missouri. The electric utility has a 69 kV looped system surrounding the City with two looped and one radial 161 kV substations. Four 100 mega volt ampere (MVA) and one 168 MVA 161/69 kV autotransformers connect the two systems. The City of Columbia's service area is a compact urban region totaling approximately 58 square miles. Transmission interconnections are ties to this system and emanate past the electric utility's service area. The City is a Transmission Owning (TO) member of MISO. As such, the City is eligible for a prorated share of monthly transmission revenues administered by MISO.

Electric Distribution System

The System's electric distribution system consists of 290 circuit miles of overhead line and 497 miles of underground distribution lines. There are 47,446 electric meters in service, and 11,323 distribution transformers with 710,209 kilovolt-ampere (kVA) capacity. The distribution circuits are fed from the Power Plant and nine substations. The substations are controlled and monitored by a Supervisory Control and Data Acquisition ("SCADA") system. The SCADA control station is located at the Power Plant. The SCADA system was updated in 2004.

Interconnection Agreements

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

Fuel Supply

The City has a purchase contracts with Nighthawk Coal and Phoenix Coal to buy coal for the municipal electric generating plant. The City will purchase approximately 40,000 tons per year for the contract term ending July 31, 2013. The average price per ton was \$83. This price is adjusted monthly based on the average energy content for coal delivered during the month.

The City's two oil or natural gas units are used primarily as mid-range or peaking units. Oil storage capacity is 2.5 million gallons. Most recently, oil has not been used since natural gas is available. The City does not have long-term contracts for the purchase of oil or natural gas because the City's requirements are minimal.

Power Supply Planning/Future Capital Expenditures

The City has a comprehensive and ongoing planning process for the System. Long-range forecasts have been prepared for both the Water Utility and Electric Utility. Bulk power supply planning has provided adequate but not excessive capacity through 2022. The City's power supply includes the adding of capacity in increments to attempt to match additions to load growth, rehabilitation of existing generation facilities, strategic purchase of energy from the MISO market,

and a comprehensive demand-side management program. Cost-of-service studies and rate design are performed by staff personnel following a strategy developed to attempt to generate adequate revenues, charge customers according to cost, and through price differentials, induce customers to reduce use on-peak and increase use off-peak.

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

Electrical Demand and Capacity

The following table summarizes historical peak demand and capacity for 2007 to 2012 and projected data for the period 2013 to 2017 (in MW):

	<u>Peak Demand Requirement</u>	<u>Reserve Requirement</u>	<u>Net Capacity Requirement</u>	<u>Total Capacity</u>
2007	265	40	305	306
2008	257	39	296	313
2009	250	35	285	327
2010	265	37	302	368
2011	277	39	316	354
2012	272	38	310	404
2013*	285	40	325	385
2014*	289	40	329	385
2015*	294	41	335	385
2016*	300	42	342	385
2017*	306	43	349	385

*Projected

Source: City of Columbia

Electric Customers

The Electric Utility delivers electricity to approximately 46,220 customers within its service area. The number of customers and kilowatt hour sales distributed by customer classification served by the Electric Utility in each of the Fiscal Years ended September 30, 2008 through September 30, 2012 is as follows:

<u>Fiscal Year ending Sept. 30</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential					
Average # of Customers	37,500	38,479	39,025	39,595	39,816
Percent of Total Customers	84.20%	85.62%	86.28%	86.22%	86.14%
Sales – MWh	391,327	384,518	425,702	420,560	401,881
Percent of Total Sales	34.39%	35.21%	36.93%	36.56%	35.39%
Average kWh/Mth/Customer	870	833	909		
Sales Revenue – (000)	\$39,077	\$40,260	\$47,729	\$48,302	\$46,586
Percent of Total Revenue	38.67%	39.29%	41.99%	41.65%	41.06%

Small General Service (SGS)					
Average # of Customers	5,980	5,403	5,177	5,185	5,336
Percent of Total Customers	13.43%	12.03%	11.44%	11.29%	11.54%
Sales – MWh	109,544	99,202	103,512	96,036	98,998
Percent of Total Sales	9.63%	9.08%	8.98%	8.35%	8.72%
Average kWh/Mth/Customer	1,527	1,530	1,666		
Sales Revenue – (000)	\$10,496	\$9,970	\$11,119	\$10,840	\$10,540
Percent of Total Revenue	10.39%	9.73%	9.78%	9.35%	9.29%
Large General Services (LGS)					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Average # of Customers	1,024	1,025	1,000	1,111	1,034
Percent of Total Customers	2.30%	2.28%	2.21%	2.42%	2.24%
Sales – MWh	353,596	349,041	365,179	368,147	354,615
Percent of Total Sales	31.08%	31.96%	31.68%	32.00%	31.22%
Average kWh/Mth/Customer	28,776	28,377	30,432		
Sales Revenue – (000)	\$30,364	\$31,430	\$33,576	\$34,865	\$33,754
Percent of Total Revenue	30.05%	30.67%	29.54%	30.06%	29.75%
Industrial					
Average # of Customers	33	32	30	31	35
Percent of Total Customers	0.07%	0.07%	0.07%	0.07%	0.08%
Sales – MWh	271,952	249,217	248,309	255,529	269,964
Percent of Total Sales	23.90%	22.82%	21.54%	22.21%	23.77%
Average kWh/Mth/Customer	686,747	649,003	689,747		
Sales Revenue – (000)	\$19,496	\$19,091	\$19,527	\$20,495	\$21,687
Percent of Total Revenue	19.29%	18.63%	17.18%	17.67%	19.11%
Other					
Average # of Customers	0	0	0	0	0
Percent of Total Customers	0.00%	0.00%	0.00%	0.00%	0.00%
Sales – MWh	0	0	0	0	0
Percent of Total Sales	0.00%	0.00%	0.00%	0.00%	0.00%
Average kWh/Mth/Customer	0	0	0	0	0
Sales Revenue – (000)	\$0	\$0	\$0	\$0	\$0
Percent of Total Revenue	0.00%	0.00%	0.00%	0.00%	0.00%
Lighting					
Unmetered use – MWh	11,342	10,189	10,152	10,191	10,258
Sales Revenue – (000)	\$1,615	\$1,721	\$1,725	\$1,471	\$900
Totals					
Total Number of Customers	44,537	44,939	45,232	45,922	46,221
Total energy sales – MWh	1,137,760	1,092,167	1,152,854	1,150,463	1,135,716
Energy Losses – MWh	17,339	15,161	29,392	30,338	38,926
Total Energy Distributed – MWh	1,155,099	1,107,328	1,182,246	1,180,801	1,174,642
Total Revenues of Electricity – (000)	\$101,047	\$102,472	\$113,676	\$115,973	\$113,467

Source: City of Columbia

Ten Largest Electric Customers

The ten largest customers served by the Electric Utility based on kilowatt-hour sales for the Fiscal Year ended September 30, 2012 are set forth in the table below:

<u>Customer</u>	<u>Billed kWh</u>	<u>Billed Revenue</u>
Boone Hospital Center	29,753,149	2,311,240
Columbia Foods	29,021,214	2,116,271
3M Company	21,367,203	1,412,205
VA Hospital	18,579,938	1,490,017
Gates Rubber	16,680,152	1,367,462
Quaker Oats	14,586,461	1,160,506
University of Missouri – Columbia Hospital	11,014,125	853,249
PW Eagle	9,265,282	709,390
GGP Ltd - Columbia Mall	9,232,282	834,546
Shelter Insurance	8,275,354	648,841
	<u>167,775,064</u>	<u>12,903,727</u>

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

Electric Rates

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

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

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

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

Included in the charges to all customers is a payment in lieu of gross receipts tax equal to 7% of gross receipts. This amount, which is collected by the System and remitted to the City's General Fund after deposits required by the Ordinance, represents payments in lieu of taxes substantially equivalent to the gross receipts and real estate taxes paid by privately owned utilities. Customers not otherwise exempt are also subject to a 7.35% sales tax, which includes the City's one-cent general sales tax, 1/2 cent transportation tax, 1/4 cent capital improvement tax and 1/4 cent local park tax.

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

Schedule of Electric Service Rates*
2012-2013

Residential service rate (per kilowatt hour):

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

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

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

Small general service rate (per kilowatt hour):

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

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

Customer charge (single-phase)	\$8.45 per month
Customer charge (three-phase)	10.85 per month
First 1,500 kWh	9.44¢ per kWh
All remaining kWh	8.024¢ per kWh

Outdoor area lighting rate:

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

Large general service rate:

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

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

69 KV service rate:

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

* The rates shown in this table are those in effect October 1, 2012. The electric service rates for residential service, small general service, and the energy charge portion for large general service and industrial services, can be increased or decreased by a fuel adjustment allowance without further City Council action. The fuel adjustment is computed annually based on the energy costs estimate (purchased power and fuel) per kWh. As of October 1, 2010, the fuel adjustment amount was zero.

THE WATER UTILITY

Production and Distribution Facilities

The City's water supply was originally provided by a series of twelve deep wells located throughout the City. In the late 1960s, as area usage approached the safe perennial yield of these deep wells, a new, long-range source was developed. The deep wells, currently maintained to provide a reserve, have been replaced as the main source of water by a system of fourteen shallow wells. These wells draw on an underground aquifer located in the alluvial plain in the Missouri River valley eight miles southwest of the City. The shallow well field consists of 15 wells having a firm capacity of 26.0 MGD. Installation of three additional wells is currently underway with completion anticipated by the end of calendar 2013. In 2012, the City's water system had an average demand of 13.7 MGD and a maximum demand of 23.3 MGD.

Water from the alluvial plain requires softening and treatment for iron removal. Accordingly, the City opened a treatment plant in 1972 with a capacity of 16 MGD. The entire system has been expanded to 32 MGD with two 36-inch transmission mains capable of distributing 48 MGD.

Storage and distribution facilities and equipment consist of numerous reservoirs, high service pumps, booster pumps, 5,656 fire hydrants, 665.55 miles of water main lines and 46,857 water meters in service.

The City has entered into a territory agreement with Public Water Supply District #9.

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Top Ten Water Users

The ten largest customers served by the Water Utility for the Fiscal Year ended September 30, 2012 are set forth below:

Largest Water Utility Customers September 30, 2012

Customer	Billed CCF	Billed Revenue
Columbia Foods	416,079	\$ 986,195
VA Hospital	55,141	148,484
Boone Hospital Center	52,141	136,675
3M Company	47,144	120,014
State Farm	32,392	104,334
UMC Columbia Regional Hospital	31,922	82,376
Best Men LLC	24,681	60,738
Linen King	23,764	57,197
Rock Bridge Senior High School	16,964	50,196
PW Eagle	15,132	37,509
	<u>715,547</u>	<u>\$ 1,783,718</u>

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

Water Rates

The following table shows water service rates currently in effect.

Schedule of Water Service Rates

	Water Rates			
	Inside Limits	City	Outside Limits	City Former Dist. O/S City
Residential:				
First 4 CCF (June through September)	\$2.72 per CCF		\$3.62 per CCF	\$3.15 per CCF
Remaining CCF (June through Sept)	\$3.81 per CCF		\$5.07 per CCF	\$4.41 per CCF
All CCF (October through May)	\$2.72 per CCF		\$3.62 per CCF	\$3.15 per CCF
Commercial:*				
First 80% (June through September)	\$2.52 per CCF		\$3.35 per CCF	\$2.92 per CCF
Remaining CCF (June through Sept)	\$3.81 per CCF		\$5.07 per CCF	\$4.41 per CCF
All CCF (October through May)	\$2.52 per CCF		\$3.35 per CCF	\$2.92 per CCF
Large Commercial:*				
First 80% (June through September)	\$2.36 per CCF		\$3.14 per CCF	\$2.73 per CCF
Remaining CCF (June through Sept)	\$3.81 per CCF		\$5.07 per CCF	\$4.41 per CCF
All CCF (October through May)	\$2.36 per CCF		\$3.14 per CCF	\$2.73 per CCF

* Summer surcharged rate for Commercial and Large Commercial customers:
(June through September water use in excess of 80% average for January through March use)
For lawn irrigation, the summer rate applies to all summer use.

* In effect 9/30/12

	Minimum Charge Per Month		Former Water Dist. O/S City
	Inside City Limits	Outside City Limits	
<u>Meter Size</u>			
5/8 & 3/4 inch	\$7.90	\$10.50	\$9.14
1 inch	8.31	11.05	9.61
1 1/2 inch	12.22	16.26	14.14
2 inch	12.81	17.04	14.82
3 inch	21.59	28.71	24.98
4 inch	32.01	42.58	37.04
6 inch	61.55	81.86	71.21

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

	Fire Flow Charge per Month		Former Water Dist. O/S City
	Inside City Limits	Outside City Limits	
<u>Meter Size</u>			
5/8 & 3/4 inch	\$1.45	\$1.93	\$1.68
1 inch	1.54	2.05	1.79
1 1/2 inch	2.23	2.96	2.58
2 inch	2.39	3.18	2.77
3 inch	5.86	7.79	6.78
4 inch	9.06	12.05	10.48
6 inch	18.12	24.10	20.97

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ENVIRONMENTAL AND REGULATORY MATTERS

Air

The Columbia Municipal Power Plant is subject to various parts of the Clean Air Act, including the Clean Air Interstate Rule (CAIR). CAIR requires utilities to reduce emissions of nitrogen oxides (NOX) and sulfur dioxide (SO₂) from power plants in the eastern half of the United States, through a two-phase cap and trade program. On December 23, 2008, the US Court of Appeals of the DC Circuit remanded, but did not vacate CAIR. CAIR remains in place while the Environmental Protection Agency (EPA) finalizes a new rule to be known as the Clean Air Transport Rule (CATR). In addition, the Municipal Power Plant will be subject to the EPA's proposed Utility MACT rule. This rule will regulate the emission of hazardous air pollutants (HAPs), which include mercury, particulate matter, hydrogen chloride, carbon monoxide, and dioxin/furans. On December 27, 2010, the Missouri Department of Natural Resources issued a Part 70 Permit to Operate to the Municipal Power Plant. This permit, which expires on December 26, 2015, allows for the combustion of coal, distillate fuel oil, natural gas, and acceptable biomass fuels.

Water

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

OTHER MATTERS AFFECTING THE CITY AND THE WATER AND ELECTRIC SYSTEM

Changes in the Electrical Utility Industry

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

One of the most significant of these factors is the effort on both the national and local levels to restructure the electric utility industry from a heavily regulated, vertically-integrated monopoly to an industry in which there is a separation of control between generation and transmission and open competition for power supply service on both the wholesale and retail level.

In addition, such factors include, among others (i) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (ii) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (iii) changes that might result from a regional or national energy pool, (iv) increasing competition from independent power producers, marketers and brokers, (v) "self-generation" by

certain industrial and commercial customers, (vi) issues relating to the ability to issue tax-exempt obligations, (vii) service restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations (viii) changes from projected future load requirements, (ix) increases in costs, and (x) shifts in the availability and relative costs of different fuels. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The City continually monitors factors that will impact the operation of the electric utility. The following information does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date of this Official Statement. Extensive information on the electric utility industry is, and is expected to be, available from legislative and regulatory bodies and other sources in the public domain.

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

The Midwest Independent Transmission System Operator, Inc. is the nation’s first Regional Transmission Organization (RTO) approved by the Federal Energy Regulatory Commission (FERC). The Midwest ISO is based in Carmel, Indiana, and is responsible for monitoring the electric transmission system that delivers power from generating plants to wholesale power transmitters (the entities that deliver power to distribution companies that, in turn, deliver power to residential and commercial customers). The Midwest ISO’s role is to ensure equal access to the transmission system and to maintain or improve electric system reliability in the Midwest.

The Midwest ISO was founded on Feb. 12, 1996, and was specifically configured to comply with FERC’s concept of an independent organization that will ensure the smooth regional flow of electricity in a competitive wholesale marketplace.

The MISO’s primary objective is to “direct traffic” on the wholesale bulk electric power lines. In this role, the Midwest ISO will ensure that every electric industry participant has access to the lines and that no entity has the ability to deny access to a competitor. The Midwest ISO will also manage the use of the lines to make sure that they do not become overloaded. The MISO began selling transmission service under its “tariff” on Feb. 1, 2002.

Utilities with more than 100,000 miles of transmission lines covering 1.1 million square miles from Manitoba, Canada, to Kentucky have committed to participate in the Midwest ISO.

The Midwest ISO administers the “tariff”—the terms, conditions and rate information applicable to various types of electric service. A tariff is consistent with the mandate of FERC Order No. 2000, which requires RTOs to provide real-time energy imbalance services and a market-based mechanism for congestion management.

The Midwest ISO filed Certificates of Operational and Organizational Readiness with FERC and launched its Energy Markets on April 1, 2005. To incorporate ancillary services, the Midwest ISO launched the Energy and Operating Reserve Market on January 6, 2009. In addition to Market Participant services, the City contracts with TEA for Risk Management and Hedging Analysis services. These services assist the City in mitigation of market impacts.

Energy Policy Act of 1992 and Retail Wheeling

Regulatory authority with respect to retail wheeling, which allows a retail customer to be located in one utility’s service area and to obtain power from another utility or non-utility source, is specifically excluded from the enhanced authority granted to the FERC under the Energy Policy Act. Many believe that this leaves the authority for regulation of retail wheeling with state legislative and regulatory bodies that, in several states, are now receiving and acting on requests for this service. One

potential effect of this trend is that utilities with low-cost power may be better able to compete for new and existing loads. Neither the Missouri Legislature nor the Missouri Public Service Commission has yet taken any action relating to retail wheeling.

BONDOWNERS' RISKS

Factors Affecting the Business Operations of the Water and Electric Utility

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

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

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

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

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

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

Factors Relating to Security for the Bonds

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

No Mortgage of the Projects

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on the Projects nor any property of the City, nor by any pledge of the revenues from the operations of the Projects or the City's enterprise systems.

Certain Matters Relating to Enforceability

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

The Hancock Amendment

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

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

Risk of Taxability on Interest on the 2013 Series A Bonds

For information with respect to events that may cause interest on the 2013 Series A Bonds to be included in gross income for purposes of federal income taxation or not be exempt from income taxation by the State of Missouri, see "**TAX MATTERS**" herein. Furthermore, the Bond Ordinance does not require the City to redeem the 2013 Series A Bonds or to pay any additional interest or penalty in the event that interest on the 2013 Series A Bonds becomes taxable.

Risk of Audit of the 2011 Series A Bonds

The Internal Revenue Service (the "Service") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Bonds. Owners of the Bonds are advised that, if an audit of the Bonds were

commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer, and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

CONTINUING DISCLOSURE INFORMATION

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

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

<u>Fiscal Year</u>	<u>Filing Deadline</u>	<u>Filing Date</u>	<u>Link to Filing Documentation</u>
2008	3/29/09	3/3/09	http://www.disclosureusa.org/pages/FilingSummary.aspx?filingid=287043
2009	3/29/10	3/8/10	http://emma.msrb.org/EP401557-EP315781-EP711880.pdf
2010	3/29/11	3/7/11	http://emma.msrb.org/EP505759-EP394339-EP791548.pdf
2011	3/28/12	2/9/12	http://emma.msrb.org/ER582347-ER452231-ER854899.pdf
2012	3/29/13	3/7/13	http://emma.msrb.org/ER653829-ER507051-ER909781.pdf

LEGAL MATTERS

Litigation

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

Legal Proceedings

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

TAX MATTERS

Tax Exemption. The opinion of Thompson Coburn LLP, Bond Counsel, to be delivered upon the issuance of the 2013 Series A Bonds will state that, under existing law, (a) interest on the 2013 Series A Bonds (including any original issue discount properly allocable to an owner thereof as discussed in the portion of this Official Statement captioned "**TAX MATTERS – 2013 Series A**

Bonds – Original Issue Discount”) is excluded from gross income for federal income tax purposes and (b) is exempt from income taxation by the State of Missouri.

Bond Counsel’s opinion will be conditioned on continuing compliance by the City with all requirements of the Code that must be satisfied in order that interest on the 2013 Series A Bonds (including any original issue discount properly allocable to an owner thereof) be, and continue to be, excluded from gross income for federal income tax purposes and exempt from income taxation by the State of Missouri. The City is to covenant in the Bond Ordinance and the Tax Compliance Agreement to comply with all such requirements. In addition, Bond Counsel will rely on representations by the City and others, with respect to matters solely within their knowledge, which Bond Counsel has not independently verified. Failure to comply with the requirements of the Code (including due to the foregoing representations being determined to be inaccurate or incomplete), may cause interest on the 2013 Series A Bonds (including any original issue discount properly allocable to an owner thereof) to be included in gross income for federal income tax purposes and not be exempt from income taxation by the State of Missouri retroactive to the date of issuance of the 2013 Series A Bonds. Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the 2013 Series A Bonds. In addition, the Bond Ordinance does not require the City to redeem the 2013 Series A Bonds or to pay any additional interest or penalty in the event that interest on the 2013 Series A Bonds becomes taxable.

In addition, the opinion of Bond Counsel will state that, under existing law, interest on the 2013 Series A Bonds (including any original issue discount properly allocable to an owner thereof) (a) is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individuals. However, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is not included in a corporate taxpayer’s adjusted current earnings for purposes of determining its federal alternative minimum tax liability. Furthermore, the opinion of Bond Counsel will state the 2013 Series A Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code (relating to financial institution deductibility of interest expense).

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences arising with respect to the 2013 Series A Bonds.

Bond Counsel’s opinions are based on Bond Counsel’s knowledge of facts as of the date thereof. Further, Bond Counsel’s opinions are based on existing legal authorities, cover certain matters not directly addressed by such authorities and represent Bond Counsel’s legal judgment as to the proper treatment of the 2013 Series A Bonds for federal and State of Missouri income tax purposes. Such opinions are not a guarantee of result and are not binding on the Service or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Service. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur.

[Original Issue Discount. The initial public offering prices of certain maturities of 2013 Series A Bonds, as set forth on the inside cover page of this Official Statement, may be less than the respective stated redemption prices at maturity (such 2013 Series A Bonds are hereinafter referred to as “**2013 Series A OID Bonds**”). An amount equal to the difference between the initial public offering price of a 2013 Series A OID Bond (assuming a substantial amount of such maturity is first sold at that price) and its stated redemption price at maturity constitutes original issue discount. The amount of original issue discount properly accruable with respect to a 2013 Series A Bonds that is a 2013 Series A OID Bond is excluded from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri (subject to compliance by the City with the

requirements of the Code). The amount of properly accruable original issue discount during the period that the owner holds a 2013 Series A OID Bond is added to the owner's tax basis for purposes of determining gain or loss upon maturity, redemption, prior sale or other disposition of such 2013 Series A OID Bond.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis under the constant yield method. The amount of original issue discount that accrues during any accrual period to an owner of a 2013 Series A OID Bond who purchases such 2013 Series A OID Bond in this initial offering at the initial offering price generally equals (i) the issue price of such 2013 Series A OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such 2013 Series A OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest on such 2013 Series A OID Bond payable during, or otherwise allocable to, such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period. Each owner of a 2013 Series A OID Bond may select accrual periods that may vary in length over the term of the 2013 Series A OID Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period.

Original issue discount on a 2013 Series A Bond as described above (a) is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individuals. However, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is not included in a corporate taxpayer's adjusted current earnings for purposes of determining its federal alternative minimum tax liability.

Owners of 2013 Series A OID Bonds (and particularly those not purchasing in this initial offering at the initial offering prices) should consult their own tax advisors with respect to the determination and treatment of original issue discount for federal and State of Missouri income tax purposes and with respect to other federal, state, local and foreign tax consequences of owning or disposing of such 2013 Series A OID Bonds.]

[Premium. An amount equal to the excess of the purchase price of a 2013 Series A Bond over its stated redemption price at maturity constitutes amortizable bond premium on such 2013 Series A Bond. A purchaser of a 2013 Series A Bond generally must amortize any premium over such 2013 Series A Bond's term using constant yield principles, based on the purchaser's yield on the 2013 Series A Bond to maturity; provided that the premium must be amortized over the period to a call date with respect to the 2013 Series A Bond, based on the purchaser's yield on the 2013 Series A Bond to such call date, if the call by the City on such date would minimize the purchaser's yield on the 2013 Series A Bond. As premium is amortized, the purchaser's basis in such 2013 Series A Bond (and the amount of tax-exempt interest received) will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal and State of Missouri income tax purposes upon a sale or disposition of such 2013 Series A Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal or State of Missouri income tax deduction is allowed.

Owners of 2013 Series A Bonds who purchase at a premium (whether at the time of initial issuance or subsequent thereto) should consult their own tax advisors with respect to the determination and treatment of premium for federal and State of Missouri income tax purposes and with respect to other federal, state, local and foreign tax consequences of owning or disposing of such 2013 Series A Bonds.]

Market Discount. If a 2013 Series A Bond is purchased at any time for a price that is less than the 2013 Series A Bond's stated redemption price at maturity, in the case of a 2013 Series A Bond other than a 2013 Series A OID Bond (or its "revised issue price" in the case of a 2013 Series A OID Bond, defined as the sum of the issue price of the 2013 Series A OID Bond and the aggregate amount of the original issue discount previously accrued thereon), such bondowner will be treated as having purchased such 2013 Series A Bond at a "market discount," unless such market discount is less than a statutorily specified de minimis rule amount. Under the market discount rules, a bondowner will be required to treat any principal payment (or, in the case of a 2013 Series A OID Bond, any payment that does not constitute qualified stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition (including certain nontaxable dispositions such as gifts) of, such 2013 Series A Bond as ordinary income to the extent of the market discount which has previously not been included in gross income and is treated as having accrued on such 2013 Series A Bond at the time of such payment or disposition. A bondowner may instead elect to include market discount in gross income each taxable year as it accrues with respect to all debt instruments (including a 2013 Series A Bond) acquired in the taxable year for which the election is made. Such election would apply to the taxable year for which it is made and for all subsequent taxable years and could be revoked only with the consent of the Service. The accrued market discount on a 2013 Series A Bond is generally determined on a ratable basis, unless the bondowner elects with respect to such 2013 Series A Bond to determine accrued market discount under a constant yield method similar to that applicable to original issue discount.

The applicability of the market discount rules may adversely affect the liquidity or secondary market price of a 2013 Series A Bond. Owners of 2013 Series A Bonds should consult their own tax advisors regarding the potential implications of the market discount rules with respect to the 2013 Series A Bonds.

Collateral Tax Consequences. Prospective purchasers of the 2013 Series A Bonds should be aware that the ownership of the 2013 Series A Bonds may result in other federal and State of Missouri tax consequences to certain taxpayers, including, without limitation, financial institutions, insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers who have incurred or continued indebtedness to purchase or carry, or have paid or incurred certain expenses allocated to, the 2013 Series A Bonds, individuals who may be eligible for the earned income credit, owners who dispose of any 2013 Series A Bond prior to its stated maturity (whether by sale or otherwise) and owners who purchase any 2013 Series A Bond at a price different from its initial offering price. All prospective purchasers of the 2013 Series A Bonds should consult their own tax advisors as to the applicability and the impact of any other tax consequences (which may depend upon their particular tax status or other tax items) as well as to the treatment of interest on the 2013 Series A Bonds (including any original issue discount properly allocable to an owner thereof) under state or local laws other than those of the State of Missouri.

Under the Code, all taxpayers are required to report on their federal income tax returns the amount of interest (including properly allocable original issue discount) received or accrued during the year that is excluded from gross income for federal income tax purposes. This requirement applies to interest on all tax-exempt obligations, including, but not limited to, the 2013 Series A Bonds. Also, the Code requires the reporting by payors of tax-exempt interest, in a manner similar to that for interest on taxable obligations. Generally, payors (including paying agents and other middlemen and nominees) of tax-exempt interest (such as interest on the 2013 Series A Bonds) to non-corporate payees are subject to federal income tax information return and payee statement reporting and recordkeeping requirements. Also, as to payor reportable payments of tax-exempt interest (such as payments to non-corporate payees of interest on the 2013 Series A Bonds), the general rules of federal income tax backup withholding will apply to such payments, unless the payor obtains from the payee a completed, certified Form W-9, Request for Taxpayer Identification Number

and Certification. However, for tax-exempt original issue discount, no information reporting or backup withholding will be required until such time as the Service provides future guidance.

Federal, state or local legislation, if enacted in the future, may cause interest on the 2013 Series A Bonds to be subject, directly or indirectly, to federal or State of Missouri income taxation or otherwise adversely affect the federal, state or local tax consequences of ownership or disposition of, and, whether or not enacted, may adversely affect the value and liquidity of, the 2013 Series A Bonds.

MISCELLANEOUS

Bond Rating

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

Financial Advisor

Columbia Capital Management, LLC, St. Louis, Missouri, a registered municipal advisor, is employed as Financial Advisor to the City to render certain professional services, including advising the City on a plan of financing. The Financial Advisor, has read and participated in drafting certain portions of this Official Statement and has supervised the compilation and editing thereof. The Financial Advisor has not, however, independently verified the factual information contained in the Official Statement.

Underwriting

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

Other Matters

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

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

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are

believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized.

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

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Additional Information

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

CITY OF COLUMBIA, MISSOURI

By: _____
Mayor

Appendix A

Information Concerning the City

GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY

Location and Size

The City is located in Boone County, Missouri, in the central portion of the State of Missouri, approximately 125 miles east of Kansas City and 125 miles west of St. Louis. The City encompasses approximately 60 square miles and has a current estimated population of approximately 111,000 according to the U.S. Census Bureau.

Government Structure

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

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

Municipal Services and Utilities

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

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

Economic Condition and Outlook

The City's geographic location serves as a crossroad for travelers going east and west on Interstate 70 and north and south on U.S. 63. The City is serviced by 14 motor carriers, Columbia Regional Airport, Columbia Terminal Railroad, Columbia Transit System and two intrastate bus systems.

The City is the location of the main campus of the University of Missouri, Columbia College, and Stephens College. Approximately 49,000 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 4.7% in 2012, has been well below the national average of approximately 8.1%.

	<u>Major Employers</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1.	University of Missouri – Columbia	Education	8,608
2.	University Hospital and Clinics	Medical	4,468
3.	Columbia Public Schools	Education	2,117
4.	Boone Hospital Center	Medical	1,655
5.	City of Columbia	Government	1,332
6.	U.S. Department of Veterans Affairs	Government	1,278
7.	MBS Textbook Exchange	Education	1,239
8.	Shelter Insurance Company	Insurance	1,078
9.	State Farm Insurance Companies	Insurance	1,063
10.	Joe Machens	Automotive Dealer	630

Source: *Comprehensive Annual Financial Report, Fiscal Year 2012*

The following table sets forth employment figures for the Columbia, Missouri Metropolitan Statistical Area (MSA):

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2012	97,468	92,894	4,574	4.7%
2011	95,925	90,258	5,667	5.9%
2010	94,741	88,634	6,107	6.4%
2009	93,692	87,580	6,112	6.5%
2008	92,683	88,671	4,012	4.3%
2007	92,992	89,536	3,456	3.7%
2006	92,316	89,230	3,086	3.3%
2005	91,210	87,921	3,289	3.6%
2004	88,214	84,813	3,401	3.9%
2003	87,936	84,818	3,118	3.5%

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

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General Demographic Statistics

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

Year	Estimated Population	Columbia Median Age	Personal Income (\$000)	Per Capita Personal Income
2011	111,213	26.5	6,567,000	37,350
2010	98,893	26.5	6,293,000	35,875
2009	97,403	28.2	6,025,000	36,241
2008	96,093	31.8	5,521,000	33,604
2007	94,645	28.1	5,283,000	32,548
2006	93,219	29.7	5,087,000	32,608
2005	91,814	35.2	4,865,759	31,959
2004	89,803	35.2	4,537,251	30,019
2003	88,423	30.8	4,230,922	28,197
2002	87,003	29.9	4,056,814	27,293

Source: *Comprehensive Annual Financial Report, Fiscal Year 2012*

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.

Year	Commercial Construction		Residential Construction	
	Number of Permits	Estimated Valuation	Number of Permits	Estimated Valuation
2012	34	64,741,303	411	94,993,740
2011	33	20,508,272	424	112,250,462
2010	32	15,776,890	374	69,360,630
2009	42	90,871,538	355	55,436,649
2008	58	51,336,697	408	69,590,716

Source: *Comprehensive Annual Financial Report, Fiscal Year 2012*

DEBT STRUCTURE OF THE CITY

Current Long-Term General Obligation Indebtedness

The City has no outstanding general obligation debt.

History of General Obligation Indebtedness

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

Overlapping General Obligation Indebtedness

The following table sets forth overlapping indebtedness of political subdivisions with boundaries overlapping the City as of September 30, 2012 and the percent attributable (on the basis of assessed valuation) to the City:

<u>Jurisdiction</u>	<u>Bond Issues Outstanding</u>	<u>Amount Available Debt Service Funds</u>	<u>Net Debt Outstanding</u>	<u>Amount Applicable to City of Columbia</u>	<u>Applicable to City of Columbia</u>
City of Columbia	\$0	\$0	\$0	0.0%	\$0
Columbia SD	210,472,000	31,365,695	179,106,305	82.0%	146,946,654
Boone County	<u>5,470,650</u>	<u>95,696</u>	<u>5,374,954</u>	71.7%	<u>3,851,928</u>
Totals	<u>\$215,942,650</u>	<u>\$31,461,391</u>	<u>\$184,481,259</u>		<u>\$150,798,582</u>

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

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, 2012, the legal debt limit of the City is \$342,349,711. The City has no outstanding indebtedness, which leaves a legal debt margin of \$342,349,711.

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Other Long-Term Obligations of the City

Revenue Bonds. The City had the following outstanding revenue bonds payable solely from the revenues of the applicable systems, as of September 30, 2012:

<u>Revenue Bonds*</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Term In Years</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>
1998 Water & Electric System Revenue Bonds	3.75 – 6.00%	03/01/98	25	10/01/12	\$28,295,000	\$ 880,000
2002A Water & Electric System Revenue Bonds	3.00 – 6.00%	02/01/02	25	10/01/12	16,490,000	580,000
2003 Water & Electric System Refunding Bonds	2.00 – 5.00%	02/15/03	13	12/01/15	8,950,000	3,875,000
2004 Water & Electric System Refunding Bonds	2.00 – 4.25%	03/15/04	25	10/01/28	17,095,000	13,940,000
2005 Water & Electric System Refunding & Improvement Bonds	3.00 – 5.25%	05/17/05	24	10/01/29	30,630,000	25,320,000
2009 Water & Electric System Revenue Bonds Series A	3.00 – 4.125%	9/29/2009	25	10/01/34	16,725,000	16,725,000
2011 Water & Electric System Revenue Refunding and Improvement Series A	3.00 – 5.00%	5/17/2011	30	10/01/41	84,180,000	83,150,000
1992 Sanitary Sewerage System Revenue Bonds Series B	4.25 – 6.550%	06/01/92	20	01/01/13	870,000	75,000
1999 Sanitary Sewerage System Revenue Bonds Series A	3.625 – 5.250%	06/01/99	20	01/01/20	3,730,000	1,660,000
1999 Sanitary Sewerage System Revenue Bonds Series B	4.125 – 6.000%	12/01/99	20	07/01/20	1,420,000	635,000
2000 Sanitary Sewerage System Revenue Bonds Series B	4.350 – 5.625%	11/01/00	20	07/01/21	2,445,000	1,220,000
2002 Sanitary Sewerage System Revenue Bonds	3.000 – 5.375%	05/08/02	24	01/01/23	2,230,000	1,320,000
2002 Sanitary Sewerage System Refunding Bonds	2.000 – 4.000%	09/01/02	15	10/01/17	7,940,000	3,845,000
2003 Sanitary Sewerage System Revenue Bonds	2.00 – 5.25%	04/09/03	20	01/01/24	3,620,000	2,320,000
2004 Sanitary Sewerage System Revenue Bonds	2.00 – 5.25%	05/28/04	20	01/01/25	650,000	455,000
2006 Sanitary Sewerage System Revenue Bonds Series B	4.00 – 5.00%	11/01/06	20	07/01/26	915,000	685,000
2007 Sanitary Sewerage System Revenue Bonds	4.00 – 5.00%	11/15/07	20	01/01/28	1,800,000	1,490,000
2009 Sanitary Sewerage System Build America Revenue Bonds	5.44 – 6.02%	9/29/2009	25	10/01/34	10,405,000	10,405,000
2010 Sanitary Sewerage System Revenue Bonds Series A**	1.49%	1/14/2010	23	7/01/2032	59,335,000*	53,341,790
2012 Sanitary Sewerage System	0.35 – 3.75%	3/29/12	25	10/1/36	9,365,000	<u>9,365,000</u>
Total Revenue Bonds						<u>\$221,286,790</u>

*The Series 2010 Sanitary Sewer System Revenue Bonds Series A has a not to exceed amount of \$59,335,000. As of September 30, 2012 the related bonds payable for this issue is \$53,341,790.

Of the annual appropriation bonds the City has issued, one series, the Series 2012D Special Obligation Refunding Bonds, is secured by a subordinate pledge of the City's electric utility revenues..

Special Obligation Bonds: The City has 10 series of special obligation bonds outstanding. The City may make payments on the outstanding special obligation bonds and notes from any funds of the City legally

available for such purposes, subject to annual appropriation by the City Council. However, the City expects to make payments from revenues of the sewer system, solid waste system, parking system and electric utility of the City as well as from the Capital Improvement Sales Tax. The total debt service for these 10 currently outstanding issues is set forth in the table below.

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

Fiscal Year	Maturing Principal	Interest Due*	Total Debt Service
2013	\$7,350,000	\$4,447,757	\$11,797,757
2014	7,485,000	4,633,134	12,118,134
2015	7,755,000	4,329,496	12,084,496
2016	8,055,000	3,989,529	12,044,529
2017	4,625,000	3,727,845	8,352,845
2018	6,260,000	3,562,274	9,822,274
2019	6,505,000	3,326,135	9,831,135
2020	6,760,000	3,072,657	9,832,657
2021	7,005,000	2,812,501	9,817,501
2022	6,775,000	2,551,621	9,326,621
2023	6,995,000	2,323,198	9,318,198
2024	7,225,000	2,087,125	9,312,125
2025	7,465,000	1,849,277	9,314,277
2026	7,715,000	1,601,786	9,316,786
2027	7,200,000	1,357,660	8,557,660
2028	7,470,000	1,102,935	8,572,935
2029	5,535,000	885,618	6,420,618
2030	5,715,000	705,030	6,420,030
2031	5,905,000	514,950	6,419,950
2032	5,480,000	328,951	5,808,951
2033	2,565,000	146,229	2,711,229
2034	2,660,000	49,333	2,709,333
	140,505,000	49,405,040	189,910,040

* Net of Series 2009A Taxable Build America Bonds 35% interest subsidy.

Other obligations: In addition to the above listed Bonds, the City has two outstanding bank loans that are described on page 71 of the September 30, 2012 Audit in Appendix F.

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

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

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

Fiscal Year Ended	Operating Revenue	Operating Expenses	Net Revenues	Principal	Interest ^(b)	Total	Revenue Bond Coverage
2003	76,094,540	58,444,470	17,650,070	3,410,000	3,160,451	6,570,451	2.69
2004	79,237,016	62,559,631	16,677,385	3,685,000	2,992,679	6,677,679	2.50
2005	92,127,894	72,052,155	20,075,739	3,870,000	3,449,264	7,319,264	2.74
2006	105,384,237	85,904,487	19,479,750	575,000	3,308,873	3,883,873	5.02
2007	116,758,098	84,055,177	32,702,921	3,595,000	4,332,137	7,927,137	4.13
2008	121,609,839	90,723,595	30,886,244	3,755,000	5,079,238	8,834,238	3.50
2009	132,415,953	99,094,026	33,321,927	3,875,000	6,125,758	10,000,758	3.33
2010	142,829,724	104,960,352	37,869,372	4,020,000	6,206,577	10,226,577	3.70
2011	151,526,817	107,813,998	43,712,819	4,175,000	6,354,157	10,529,157	4.15
2012	147,075,417	100,038,432	47,036,985	5,360,000	8,714,110	14,074,110	3.34

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

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

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

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

SANITARY SEWER SYSTEM REVENUE BONDS ^(d)

Fiscal Year Ended	Operating Revenue ^(c)	Operating Expenses	Net Revenue	Principal	Interest ^(b)	Total	Revenue Bond Coverage
2003	7,923,672	5,501,961	2,421,711	825,000	795,719	1,620,719	1.49
2004	8,708,998	5,721,756	2,987,242	1,040,000	1,038,747	2,078,747	1.44
2005	9,378,918	5,750,876	3,628,042	1,245,000	994,648	2,239,648	1.62
2006	9,915,355	6,221,458	3,693,897	1,280,000	1,126,455	2,406,455	1.53
2007	10,313,861	6,395,635	3,918,226	1,590,000	1,281,897	2,871,897	1.36
2008	10,333,579	6,596,832	3,736,747	1,640,000	1,290,111	2,930,111	1.28
2009	11,645,980	7,637,179	4,008,801	1,765,000	1,256,537	3,021,537	1.33
2010	13,536,909	7,576,703	5,960,206	1,805,000	1,520,655	3,325,655	1.79
2011	15,430,156	7,850,327	7,579,829	1,875,000	1,911,364	3,786,364	2.00
2012	17,973,980	9,145,955	8,828,025	1,915,000	2,121,660	4,036,660	2.19

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

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

^(c) Includes investment revenue in fiscal year 2002 and thereafter.

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

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

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

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

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

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

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

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

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the 2011 and 2012 fiscal years:

<u>Source</u>	<u>2011</u>	<u>2012</u>
General Property Taxes	\$ 6,876,040	\$ 7,097,767
Sales Tax	19,891,980	20,840,696
Other Local Taxes	11,661,935	11,931,167
Licenses and Permits	845,158	882,974
Fines	2,049,392	2,184,075
Fees and Service Charges	1,905,917	1,973,292
Intragovernmental Revenues	4,139,602	4,130,138
Revenue from other governmental units	5,431,035	4,503,591
Investment Revenue	661,033	417,452
Miscellaneous Revenue	<u>1,234,220</u>	<u>1,412,146</u>
Totals	<u>\$54,696,312</u>	<u>\$55,373,298</u>

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

Sales tax revenues currently represent more than 37% of the City of Columbia's general fund revenues. The sales tax revenues of the City are derived from a 1-cent General Sales tax, a ½-cent Transportation Sales Tax, a ¼-cent Capital Improvements Sales Tax and a ¼-cent Local Parks Sales Tax.

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

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

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

Sales Tax Revenues

<u>Year</u>	<u>General</u>	<u>Transportation</u>	<u>Capital Improvements</u>	<u>Local Park</u>
2012	\$ 20,840,696	\$ 10,393,186	\$ 5,196,536	\$ 5,193,354
2011	19,891,980	9,898,088	4,949,012	4,949,003
2010	18,794,534	9,349,477	4,674,637	4,674,563
2009	18,427,197	9,200,210	4,599,952	4,599,880
2008	18,947,469	9,456,240	4,727,958	4,727,415

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

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

Audited Financial Summary (Fiscal Years 2008-2011)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Actual General Fund Revenues	56,891,837	53,364,857	55,077,703	54,696,312	55,373,298
Actual General Fund Expenditures	<u>66,671,571</u>	<u>69,645,490</u>	<u>71,547,191</u>	<u>\$72,476,748</u>	<u>71,819,190</u>
Actual Revenues-Expenditures	(9,779,734)	(16,280,633)	(16,469,488)	(17,780,436)	(16,445,892)
Net Operating Transfers	15,835,838	16,033,255	17,414,579	19,093,797	18,114,374
Fund Balance, End of Period	<u>\$24,748,997</u>	<u>\$25,659,827</u>	<u>26,604,918</u>	<u>27,918,279</u>	<u>29,821,761</u>

Source: Comprehensive Annual Financial Report, Fiscal Years 2008-2012

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

Employee Retirement and Pension Plans. The City contributes to the Police Retirement Fund and the Firefighters' Retirement Fund, two separate single employer defined benefit pension plans. The City of Columbia acts as an agent of the plans and has administrative responsibility for the assets of the plans. All full-time regular police officers and full-time regular firefighters are participants in their respective plans. Participants become fully vested at the completion of their probationary period, which is generally 12 months after employment. Participants are eligible for an annual retirement benefit, payable monthly for life, upon reaching the age of 65, or 20 years of credited service.

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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, 2011, the employer contribution rate was 15.1% for general employees and 17.7% for water and electric utility employees. The employer contribution rate for 2012 was 16.1% 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:

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

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

Funding Policy for Police and Fire Pension

The City's Police and Fire pension contributions for the fiscal year ended September 30, 2012, were made in accordance with actuarially determined contribution requirements determined through actuarial valuation.

The City's annual pension cost for the current year and the related information for each plan follows:

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

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

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

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

Annual Pension Cost

Schedule of Employer Contributions

	<u>FY Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
LAGERS	6/30/2012	\$7,423,367	97.8%	\$518,893
Police Pension	9/30/2012	\$3,153,367	100.0%	\$---
Fire Pension	9/30/2012	\$3,995,869	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, 2012.

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.

Police and Fire employees hired after 10/1/2012 will have changes from the retirement plan currently in place for those individuals hired before 10/1/2012.

Police officer new hires will now have to work 25 years or attain the age of 65 to retire. They will no longer receive a City 401A match when they make an addition to their 457 plan and will contribute to the police retirement fund at a rate of 4.5%.

Fire department new hires will have to attain the age of 55 with one year of active employment to retire. They too will not receive a 401A match from the City and will contribute 4% to their retirement 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, 2012, there were 1,246 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, 2012, the City contributed \$903,770 to the plan. Plan provisions and contribution requirements are established and may be amended by the City Council.

Post Employment Health Plan (PEHP)

Beginning with the fiscal year ended September 30, 2010, the City will no longer make contributions toward the employee post employment health plan. However, employees who terminate employment after 10 or more years of service may be eligible to convert unused sick leave hours (at the rate of \$2.00 for every hour

of final accumulated sick leave) for deposit into the employee's PEHP account. For the year ended September 30, 2012, \$105,620 was contributed to the plan.

Other Post Employment Benefits (OPEB)

The City of Columbia post employment Health Plan is a single employer defined benefit plan that is self-funded. The Plan provides medical and prescription drug benefits to eligible retirees and their dependents. Eligible non-Medicare retirees receive health care coverage through a self-insured Point-of-Service plan offered through United Healthcare. Eligible Medicare retirees receive health care coverage through a fully insured Medicare Supplement Plan F and a Part D Rx plan offered through United American. As of October 1, 2010, the date of the last actuarial valuation, plan membership consisted of 245 Retirees receiving benefits and 1,253 active members for a total of 1,498 total current members.

The funding policy is based on the City contributing into a trust an amount that is approximately equal to the current fiscal year GASB 45 annual required contribution (ARC). Contributions for the medical and prescription drug benefit are required for both retiree and dependent coverage. It is assumed that the total contribution will increase with medical trends. The contribution requirement is included in the City's annual budget, which is adopted by the City Council.

The City of Columbia's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the City's net OPEB obligation to the post employment health plan:

Annual Required Contribution	\$706,338
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	(204)
Annual OPEB Cost (Expense)	706,134
Employer contributions into trust	(706,338)
Increase in Net OPEB Obligation (Asset)	(204)
Net OPEB Obligation (Asset)-October 1, 2011	0
Net OPEB Obligation (Asset)-September 30, 2012	(\$204)

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PROPERTY TAX INFORMATION CONCERNING THE CITY

Property Valuations

Current Assessed Valuation. The following table shows the total assessed valuation of all taxable tangible real and personal property situated in the City according to the Boone County Assessor's Office as of September 30, 2012:

Real	\$ 1,413,996,612
Personal.....	264,972,925
State	<u>4,354,717</u>
Total	<u>\$ 1,683,324,254</u>

History of Property Valuations. The total assessed valuation of all taxable tangible real and personal property situated in the City, excluding state assessed railroad and utility property, according to the assessment of January 1 in each of the following years, has been as follows:

<u>Fiscal Year</u>	<u>Assessed Valuation</u>
2012	\$ 1,683,324,254
2011	1,655,914,159
2010	1,639,395,223
2009	1,628,439,181
2008	1,571,621,920

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

Tax Rates

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

Operating Levy. The current operating levy of the City is \$.41 per \$100 of assessed valuation. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's operating levy above \$.45 must be approved by a majority of the voters voting on the proposition.

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Major Property Taxpayers

The following table sets forth the ten largest property taxpayers in the City for the fiscal year ending September 30, 2012:

CITY OF COLUMBIA, MISSOURI

PRINCIPAL TAXPAYERS SEPTEMBER 30, 2012

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
State Farm Mutual Auto Ins Company	Insurance	\$ 7,807,371	0.50%
TKG Biscayne LLC	Property/Developer	7,010,595	0.45%
Columbia Mall Limited Partnership	Property/Developer	6,705,078	0.43%
Shelter Insurance	Insurance	6,088,161	0.39%
Century Tel	Manufacturer	4,692,820	0.30%
3M Company	Manufacturer	4,554,511	0.29%
COG Leasing Company LLP	Health Services	4,002,304	0.25%
Rayman Columbia Center Trust	Property/Developer	3,935,232	0.25%
Broadway-Fairview Venture LLC	Property Developer	3,896,005	0.25%
Rusk Rehabilitation Center	Health Services	<u>3,783,072</u>	0.24%
		<u>\$52,475,149</u>	3.35%

Source: Comprehensive Annual Financial Report, Fiscal Year 2012

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Appendix B

Audited Financial Statements of the City for Fiscal Year 2012

Appendix C

Summary of Continuing Disclosure Certificate

Appendix D

Form of Opinion of Bond Counsel

[FORM OF OPINION OF BOND COUNSEL]

NOTICE OF BOND SALE

CITY OF COLUMBIA, MISSOURI

\$28,500,000*

Water and Electric System Revenue Refunding Bonds 2013 Series A

Proposals. Sealed, facsimile and electronic (explained below) proposals for the purchase of \$28,500,000* principal amount of Water and Electric System Revenue Refunding Bonds (the “**Bonds**”), herein described, of the City of Columbia, Missouri (the “**City**”), will be received by Columbia Capital Management, LLC, the City’s financial advisor (the “Financial Advisor”) on behalf of the City, 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**”) until

Monday, July 1, 2013 (the “Sale Date”) at

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

Bids will be publicly opened at the Submittal Hour at the offices of the Finance Director of the City and will be affirmed and finally acted upon by the Finance Director of the City on the Sale Date following the authorization of the sale of the Bonds by the City Council of the City at a meeting to be held July 1, 2013 at 7:00 p.m. Unless all bids for the Bonds are rejected, award with respect to the Bonds will be made to the bidder offering the *lowest true interest cost* to the City (as described under “Basis of Award” herein) for the Bonds. After the bid opening, the Director of Administration of the City will notify the bidder providing the apparent low bid for the Bonds. 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 electronic bidding website or to successfully deliver a facsimile prior to the indicated Submittal Hour is solely upon the party making the bid and not the City or the Financial Advisor. Each bidder 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.

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 (<http://www.ColumbiaCapitalAuction.com>) 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 (<http://www.ColumbiaCapitalAuction.com>) and Bloomberg (<http://www.bloomberg.com>) at least 48 hours prior to the time bids are to be submitted. On any such alternative Sale Date, bidders shall submit bids for the purchase of the Bonds in conformity with the provisions of this Notice of Bond Sale (this “**Notice**”), subject to any pre-bid revisions announced via the Columbia Capital Auction website (<http://www.ColumbiaCapitalAuction.com>) as provided under the caption “Pre-Bid Revisions” herein.

***Subject to change**

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 the principal amounts and on the maturity dates as follows:

**Water and Electric Revenue Refunding Bonds
2013 Series A**

<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>[*]
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	

The Bonds will bear interest from the date thereof at interest rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on April 1 and October 1 in each year, beginning on October 1, 2013, computed on a 30/360 day basis (a 360-day year consisting of twelve 30-day months).

Any bidder electing to designate a maturity of term bonds shall specify the current serial bonds by year of maturity which 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 sale of 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.

*Subject to change

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, N.A. (“**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 fifteenth day (whether or not a business day) of the calendar month immediately 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-only 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 DTC and its participants.

It shall be the obligation of the Successful Bidder (as defined under “Basis of Award” herein) to furnish to DTC an underwriters’ 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. The Bonds are subject to redemption and payment prior to maturity, at the option of the City, on October 1, [_____] and thereafter in whole or in part at any time, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, with Bonds within a maturity selected by lot in multiples of \$5,000 in such equitable manner as the Paying Agent may determine.

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 available funds of the City, providing funds to finance the acquisition, construction, improving and equipping of community centers in the City, together with other equipment, capital improvements and capital expenditures by the City (the “Project”), and paying costs and expenses incident to the issuance of the Bonds. The Bonds will be special obligations of the City, payable solely from the annual appropriation of funds by the City for that purpose from legally available funds. The taxing power of the City is not pledged to the payment of the principal of the Bonds or the interest thereon.

Submission of Bids. Bids may be submitted on the Columbia Capital Auction website (<http://www.ColumbiaCapitalAuction.com>) or by facsimile. Bids will not be accepted in any other manner.

Faxed bids must be made on forms which may be procured from the the Financial Advisor and shall be addressed to the undersigned, and marked “Special Obligation Bonds (Community Center Projects), Series 2013A.” Bids submitted by facsimile should not be preceded by a cover sheet and should be sent only once to the following facsimile phone number: (913) 312-8053. You may confirm receipt of your facsimile by calling the Financial Advisor at the number listed below.

Only FINRA registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. 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. The City will determine whether any request for admission is granted. Bidders will be notified prior to the scheduled bidding time of their admission to bid.

Bids must be received by the undersigned prior to the Submittal Hour on the Sale Date 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 on the Sale Date. 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 not be considered.

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

Pre-Bid Revisions. The City reserves the right to issue a Supplemental Notice of Sale not later than 48 hours prior to the Sale Date via the Columbia Capital Auction website (<http://www.ColumbiaCapitalAuction.com>) (the “**Supplemental Notice**”). If issued, the Supplemental Notice may modify (i) the maturity dates and principal 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.

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:

- Each bid shall be for all of the Bonds.
- Each interest rate specified shall be a multiple of 1/8th or 1/100th of 1%, or both. 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 less than [____]% of the principal amount of the Bonds and accrued interest, if any, thereon to the date of delivery.
- No maturity on or after December 1, 20[____], may be reoffered at a price less than [____]% of the principal amount of such maturity amount and accrued interest, if any, thereon to the date of delivery.

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 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. **Solely for purposes of the calculations set forth in the two preceding sentences, each bidder shall assume an issuance and dated date for the Bonds of July 16, 2013.** Each bidder agrees that, if it is awarded the Bonds, it will provide to the City the certificate described under the caption “Certification as to Offering Prices” in this Notice.

Good Faith Deposit. Each bid for the Bonds shall be accompanied by a good faith deposit (“**Deposit**”) in the form of a certified or cashier’s check, a financial surety bond or wire transfer to the City in the amount of \$_____ (which is equal to 2% of the principal amount of the Bonds), payable to the order of St. Louis City, Missouri. If a certified or cashier’s check is used, it must be submitted to the City prior to the opening of the bids. 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 rated in one of the two highest rating categories (without regard to modifier) by both Standard & Poor’s Ratings Service, Group, a division of Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (“**Standard & Poor’s**”) and Moody’s Investors Service, Inc. (“**Moody’s**”), and such bond must be submitted to the City prior to the opening of the bids. 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., Central Time on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the Deposit requirements. If a wire transfer to the City is used, the bidder must wire the Deposit to the City, to the account shown below, **not later than the Submittal Hour**.

No interest on the Deposit will accrue to the Successful Bidder. The Deposit of the Successful Bidder will be applied to the purchase price of the Bonds. The Deposit of the Successful Bidder shall constitute a good faith deposit and shall be retained by the City to ensure performance of the requirements of the sale by the Successful Bidder. 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. Upon delivery of the Bonds, the Deposit will be applied to the purchase price of the Bonds, but no interest shall be allowed thereon.

After the award is made to the Successful Bidder, the Deposits of the unsuccessful bidders will be returned forthwith. Deposits wired to the City by bidders other than the Successful Bidder will be returned via wire as soon as possible following completion of the bidding. (Unsuccessful bidders desiring a return of the Deposit via wire must send wire instructions to the Financial Advisor at jwhite@columbiacapital.com by the Submittal Hour. An unsuccessful bidder’s failure to provide return wire instructions will likely delay the return of its Deposit by at least one business day.)

Wire Instructions for the Deposit:

[]

Basis of Award. Following the opening of the bids, the low bidder (the “**Low Bidder**”) with respect to the Bonds will be designated by a representative of the City. The Low Bidder will be the bidder whose bid will result in the lowest “true interest cost” (“**TIC**” or the “**Canadian Method**”), determined as follows: the TIC is that annual interest rate which, when used to compute the present value of all scheduled payments of principal of and interest on the Bonds, as of the settlement date, produces an amount equal to the purchase price of the Bonds. For purposes of computing TIC, 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. **Solely for purposes of the calculations set forth in this paragraph, each bidder shall assume an issuance and dated date for the Bonds of July 16, 2013.** No bidder will be designated as the

*Subject to change

Low Bidder or 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 for the Bonds at the same lowest TIC, a representative of the City will determine by lot which bidder will be designated as the Low Bidder. If there is a discrepancy between the interest rates specified on the bid and the TIC, the interest rates shall govern, and the TIC shall be adjusted accordingly.

The Bonds, if awarded, will be awarded to the Low Bidder with respect to the Bonds (hereinafter, the “**Successful Bidder**”). The Successful Bidder must pay accrued interest, if any, computed on a 30/360 day basis, from the date of the Bonds to the date of delivery.

Reoffering Yields and Underwriter’s Discount. Upon notification of preliminary award, the Successful Bidder must transmit to the City within 20 minutes, by fax or email, its reoffering yields and prices on, and underwriter’s discount with respect to the Bonds.

Post-Bid Revisions. The City reserves the right to modify the principal amount of any maturity of the Bonds and, therefore, the total amount of the Bonds, 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 and prices submitted by the Successful Bidder. ***The Bonds include an advance refunding component which is sensitive to movements in interest rates.*** The Successful Bidder will be notified by means of telephone or facsimile transmission of any modification to such principal amount not later than 2:00 p.m. Central 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 spread as a percentage of the principal amount of the Bonds issued after taking into account such adjustments. In formulating bids, bidders should consider that bids generating significant premium may lead to post-bid revisions by the City as described above resulting in greater principal amortization in later years and bids generating significant discount may lead to post-bid revisions by the City as described above resulting in greater principal amortization in earlier years. ***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.***

Legal Opinions. The Bonds will be sold subject to the approving legal opinion of Thompson Coburn LLP, St. Louis, Missouri, Bond Counsel, which opinion will be addressed to the City and the Successful Bidder with respect to the Bonds and 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 income tax purposes and the exemption of the interest on the Bonds from income taxation by the State of Missouri. 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 Sections 148 and 1271 through 1275 of the Internal Revenue Code of 1986, as amended (the “**Code**”), the Successful Bidder for the Bonds will be required to complete, execute and deliver to the City prior to the delivery of the Bonds, a certificate, in form and substance satisfactory to Bond Counsel, regarding the “issue price” (as referenced in Sections 148 and 1271 through 1275 of the Code) of the Bonds.

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

Delivery and Payment. The Bonds, properly prepared and executed, will be delivered by the City without additional cost to the Successful Bidder on or about July 16, 2013 at DTC, with one bond certificate being issued for each maturity of the Bonds. 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 of the City that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity, and a certificate of the City regarding the completeness and accuracy of the Official Statement. Payment for the Bonds shall be made in federal reserve funds, immediately subject to use by the City by 9:00 A.M., Central Time, on the day of delivery.

CUSIP Numbers. The City has applied for CUSIP identification numbers for the Bonds. 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 therefor to accept delivery of and pay for said Bonds in accordance with the terms of this Notice. The expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the City.

Bond Ratings. Standard & Poor’s has assigned a rating of “____” to the Bonds based on the credit of the City.

Preliminary Official Statement and Official Statement. The City has prepared a Preliminary Official Statement, copies of which may be obtained from the City’s Financial Advisor or the Finance Director of the City. Upon the sale of the Bonds, the City will adopt the final Official Statement and, at the request of the Successful Bidder, will furnish the Successful Bidder with a reasonable number of copies thereof without cost **within seven business days of the acceptance of the Successful Bidder’s proposal 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 the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board, at no cost to either Successful Bidder.

Additional Information. Additional information regarding the Bonds may be obtained from the City's Financial Advisor, Columbia Capital Management, LLC, 6330 Lamar, Suite 200, Overland Park, Kansas 66202, Attention: Jeff White, (913) 312-8077, or from John Blattel, Finance Director, 701 E Broadway, Columbia, Missouri 65205, (573) 874-7368.

DATED this ___nd day of June, 2013.

CITY OF COLUMBIA, MISSOURI

By: /s/ John Blattel
Finance Director

PROPOSAL FOR THE PURCHASE OF
CITY OF COLUMBIA, MISSOURI
\$28,500,000*
Water and Electric System Revenue Refunding Bonds
2013 Series A

July 1, 2013 (or such later Sale Date established
pursuant to the Notice of Bond Sale)

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

For \$28,500,000* principal amount of Water and Electric System Revenue Refunding Bonds, 2013 Series A (the **“Bonds”**), 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 May 23, 2013**), as described in the Notice of Bond Sale dated June __, 2013, said Bonds to mature and bear interest as follows:

<u>Due</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u> *	<u>Interest</u> <u>Rate</u>
2013		___%
2014		___%
2015		___%
2016		___%
2017		___%
2018		___%
2019		___%
2020		___%
2021		___%
2022		___%
2023		___%
2024		___%
2025		___%
2026		___%
2027		___%
2028		___%
2029		___%

*Subject to change

The undersigned will pay a purchase price equal to \$_____ (which is not less than [__]% of the aggregate principal amount of the Bonds), plus accrued interest, if any, to the date of delivery.

Total Interest Cost on the Bonds calculated to maturity at the interest rates specified above (assuming solely for purposes of calculation of this bid an issuance and dated date of the Bonds of July 16, 2013)	\$_____
Less Premium/Plus Discount on the Bonds on the Basis of this proposal	(\$_____)
Net Total Interest Cost on the Bonds on the basis of this proposal	\$_____
True Interest Cost on the Bonds on the basis of this proposal	_____%

As provided in the Notice of Bond Sale, the undersigned hereby designates the following maturities of Bonds, as shown above, as term bonds:

Bonds Maturing in Years

<u>First Year</u>	Through	<u>Last Year*</u>
_____		_____
_____		_____
_____		_____

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 of Bond Sale. 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.

* Last year to be maturity for term bonds.
 *Subject to change

A cashier's or certified check or a Financial Surety Bond or, in the absence of a Financial Surety Bond provider, a wire to the City in an amount equal to 2% of the principal amount of the Bonds, payable to the order of the City of Columbia, Missouri, accompanies this proposal as an evidence of good faith.

Submitted by the Following Firm as Account Manager:

Firm Name: _____

Address: _____

Phone: _____

By: _____

Authorized Signature

In Association with the Following Account Members:

ACCEPTANCE

Pursuant to action duly taken by the City Council of the City of Columbia, Missouri, the above proposal is hereby accepted this 1st day of July, 2013.

CITY OF COLUMBIA, MISSOURI

By: _____

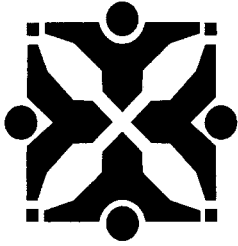
Title: Finance Director

For completion if this bid is unsuccessful

Return of Good Faith Deposit is hereby acknowledged:

Firm Name: _____

By: _____



Source: Finance

Agenda Item No:

To: City Council

From: City Manager and Staff

Council Meeting Date: Jun 17, 2013

Re: Ordinance Authorizing the Issuance of Water and Electric System Revenue Refunding Bond Series 2013A.

EXECUTIVE SUMMARY:

The current bond interest rates provide the opportunity to refinance three Revenue Bond Issue and to save a significant amount of interest for the Electric Utility. The 2003 Series A Bonds are currently callable. The 2004 Series A Bonds and the 2005 Series A Bonds will be advance refundings.

DISCUSSION:

The current interest rates are much lower than the rates when these Revenue Bonds were issued. Although two of these issues require advance refunding because the call date has not been reached significant savings to the city are available due to the favorable interest rates.

FISCAL IMPACT:

The refunding of these three issues is projected to save \$1,575,515 (\$1,262,902 in net present value) over the remaining 17 years of the issue.

VISION IMPACT:

<http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php>

None

SUGGESTED COUNCIL ACTIONS:

Approve the attached ordinance.

FISCAL and VISION NOTES:					
City Fiscal Impact Enter all that apply		Program Impact		Mandates	
City's current net FY cost	\$0.00	New Program/ Agency?		Federal or State mandated?	
Amount of funds already appropriated	\$0.00	Duplicates/Epands an existing program?		Vision Implementation impact	
Amount of budget amendment needed	\$0.00	Fiscal Impact on any local political subdivision?		Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		Resources Required		Vision Impact?	
One Time	\$0.00	Requires add'l FTE Personnel?		Primary Vision, Strategy and/or Goal Item #	
Operating/ Ongoing	\$0.00	Requires add'l facilities?		Secondary Vision, Strategy and/or Goal Item #	
		Requires add'l capital equipment?		Fiscal year implementation Task #	