

**EXHIBIT C
TO ORDINANCE**

PRELIMINARY OFFICIAL STATEMENT

[On file with the City Clerk]

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST ___, 2020

**NEW ISSUE
BOOK ENTRY ONLY**

**S&P RATING: “___”
See “RATING” herein.**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is (1) excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax, and (2) exempt from income taxation by the State of Missouri. The Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS” in this Official Statement.



CITY OF COLUMBIA, MISSOURI
\$53,925,000*
SPECIAL OBLIGATION REFUNDING BONDS
SERIES 2020B

Dated: Date of Issuance

Due: October 1, as shown on inside cover page

The Bonds will be issued as fully-registered bonds in denominations of \$5,000 or any integral multiple thereof under the book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”). Principal on the Bonds will be payable annually on October 1 as set forth on the inside cover page of this Official Statement. The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each April 1 and October 1, commencing April 1, 2021.

The Bonds and the interest thereon will constitute special obligations of the City payable solely from amounts appropriated in each fiscal year (1) out of the income and revenues of the City provided for such fiscal year, plus (2) any unencumbered balances from previous years. The City is not obligated to make any such annual appropriation. The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds. The fiscal year of the City begins on each October 1 and ends on September 30.

The Bonds are being issued for the purpose of providing funds to (1) refund certain outstanding special obligation bonds of the City, and (2) pay costs of issuing the Bonds.

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

The Bonds are subject to certain risks. See the section captioned “**RISK FACTORS.**”

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. Gilmore & Bell, P.C. will also pass upon certain matters relating to this Official Statement. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about September 17, 2020.

The date of this Official Statement is August ___, 2020.

* Preliminary; subject to change.

\$53,925,000*
CITY OF COLUMBIA, MISSOURI
SPECIAL OBLIGATION REFUNDING BONDS
SERIES 2020B

MATURITY SCHEDULE*
Base CUSIP: 198045

<u>Maturity</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				

* Preliminary; subject to change.

CITY OF COLUMBIA, MISSOURI

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

CITY OFFICIALS

Mayor

Brian Treece

Council Members

Pat Fowler
Karl Skala
Matt Pitzer

Michael Trapp
Ian Thomas
Betsy Peters

Administrative Officials

John Glascock, City Manager
Nancy Thompson, City Counselor
Sheela Amin, City Clerk
Matthew Lue, Director of Finance

CERTIFIED PUBLIC ACCOUNTANTS

RSM US LLP
Kansas City, Missouri

BOND AND DISCLOSURE COUNSEL

Gilmore & Bell, P.C.
St. Louis, Missouri

FINANCIAL ADVISOR

Columbia Capital Management, LLC
Merriam, Kansas

PAYING AGENT

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

REGARDING USE OF THIS OFFICIAL STATEMENT

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

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

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

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

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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

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

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

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OFFICIAL STATEMENT

\$53,925,000*
CITY OF COLUMBIA, MISSOURI
SPECIAL OBLIGATION REFUNDING BONDS
SERIES 2020B

INTRODUCTION

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

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (1) the City of Columbia, Missouri (the “City”) and (2) the Special Obligation Refunding Bonds, Series 2020B (the “Bonds”), of the City, dated their date of delivery, to be issued in the aggregate principal amount of \$53,925,000*.

The City

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

The Bonds

The Bonds are being issued pursuant to an ordinance expected to be adopted by the City Council of the City on August 17, 2020 (the “Bond Ordinance”) for the purpose of providing funds, together with other legally available money of the City, to (1) refund the City’s Tax-Exempt Special Obligation Improvement Bonds (Parking Project – Annual Appropriation Obligation), Series 2012A-2 (the “Series 2012A-2 Bonds”), (2) refund the City’s Special Obligation Refunding Bonds (Electric Utility Project – Annual Appropriation Obligation), Series 2012D (the “Series 2012D Bonds”), (3) refund the City’s Special Obligation Electric Utility Refunding Bonds (Annual Appropriation Obligation), Series 2012E (the “Series 2012E Bonds” and, together with the Series 2012A-2 Bonds and the Series 2012D Bonds, the “Refunded Bonds”) and (4) pay costs of issuing the Bonds. See “**PLAN OF FINANCING.**”

Security and Source of Payment

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

The Bonds and the interest thereon will constitute special obligations of the City payable solely from amounts appropriated in each Fiscal Year (defined below) (1) out of the income and revenues of the City provided for such Fiscal Year, plus (2) any unencumbered balances from previous years. The City is not obligated to make any such annual appropriation.

* Preliminary; subject to change.

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

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

Financial Statements

Audited financial statements of the City as of and for the Fiscal Year ended September 30, 2019, are included in the City’s Comprehensive Annual Financial Report in **Appendix B** to this Official Statement. These financial statements have been audited by RSM US LLP, Kansas City, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report, which is also included in **Appendix B** hereto.

Summary of the Bond Ordinance

A summary of the Bond Ordinance, including definitions of certain words and terms used herein and in the Bond Ordinance, is included in **Appendix C** to this Official Statement. Such summary and definitions do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance are qualified in their entirety by reference to the Bond Ordinance. Copies of the Bond Ordinance and this Official Statement may be viewed at the office of the City’s financial advisor, Columbia Capital Management, LLC, 6700 Antioch, Suite 250, Merriam, Kansas 66204, by calling (913) 312-8072, or will be provided to any prospective purchaser requesting the same.

Continuing Disclosure Information

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

PLAN OF FINANCING

Authorization and Purpose of the Bonds

The Bonds are authorized pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, the City’s Charter and the Bond Ordinance. The Bonds are being issued for the purpose of (1) refunding the Refunded Bonds, and (2) paying costs of issuing the Bonds.

The Series 2012A-2 Bonds financed improvements to the City’s parking utility, including construction of the Short Street Parking Garage. The Series 2012D Bonds and Series 2012E Bonds refinanced various improvements to the City’s electric utility.

The Refunding Plan

A portion of the proceeds of Bonds will be used for the purposes of refunding and redeeming the Refunded Bonds. The Series 2012A-2 Bonds and the Series 2012E Bonds will be redeemed on September 18, 2020 at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. The Series 2012D Bonds maturing in 2021 and thereafter will be redeemed on October 1, 2020 at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the

redemption date. On the date of issuance of the Bonds, the City will transfer a portion of the proceeds of the Bonds to UMB Bank, N.A., St. Louis, Missouri, as paying agent for the Refunded Bonds, for payment of the principal of and interest on the Refunded Bonds.

Set forth below is a description of the Refunded Bonds:

Series 2012A-2 Bonds

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
3/8/2012	3/1/2021	\$445,000	2.500%	198045 FW1	9/18/2020	100%
3/8/2012	3/1/2022	460,000	2.500	198045 FX9	9/18/2020	100
3/8/2012	3/1/2023	470,000	3.000	198045 FY7	9/18/2020	100
3/8/2012	3/1/2024	485,000	2.400	198045 FZ4	9/18/2020	100
3/8/2012	3/1/2025	495,000	3.000	198045 GA8	9/18/2020	100
3/8/2012	3/1/2026	510,000	3.000	198045 GB6	9/18/2020	100
3/8/2012	3/1/2027	525,000	2.750	198045 GC4	9/18/2020	100
3/8/2012	3/1/2028	540,000 ⁽¹⁾	3.000	198045 GE0	9/18/2020	100
3/8/2012	3/1/2029	555,000	3.000	198045 GE0	9/18/2020	100
3/8/2012	3/1/2030	570,000 ⁽¹⁾	4.000	198045 GD2	9/18/2020	100
3/8/2012	3/1/2031	595,000	4.000	198045 GD2	9/18/2020	100

⁽¹⁾ Mandatory sinking fund payment.

Series 2012D Bonds

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
5/21/2012	10/1/2020	\$1,035,000	4.000%	198045 HH2	N/A	N/A
5/21/2012	10/1/2021	1,080,000	3.000	198045 HJ8	10/1/2020	100%
5/21/2012	10/1/2022	1,120,000	4.000	198045 HK5	10/1/2020	100
5/21/2012	10/1/2023	1,165,000	4.000	198045 HL3	10/1/2020	100
5/21/2012	10/1/2024	1,205,000	3.000	198045 HM1	10/1/2020	100
5/21/2012	10/1/2025	1,240,000	3.000	198045 HN9	10/1/2020	100
5/21/2012	10/1/2026	1,280,000	3.000	198045 HP4	10/1/2020	100
5/21/2012	10/1/2027	1,320,000	3.000	198045 HQ2	10/1/2020	100
5/21/2012	10/1/2028	1,360,000	3.250	198045 HR0	10/1/2020	100
5/21/2012	10/1/2029	1,405,000	3.250	198045 HS8	10/1/2020	100
5/21/2012	10/1/2030	1,450,000	3.250	198045 HT6	10/1/2020	100
5/21/2012	10/1/2031	1,500,000	3.375	198045 HU3	10/1/2020	100
5/21/2012	10/1/2032	1,555,000	3.500	198045 HV1	10/1/2020	100
5/21/2012	10/1/2033	1,610,000	3.500	198045 HW9	10/1/2020	100

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Series 2012E Bonds

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
12/13/2012	9/1/2021	\$2,245,000	4.000%	198045 JF4	9/18/2020	100%
12/13/2012	9/1/2022	2,335,000	2.000	198045 JG2	9/18/2020	100
12/13/2012	9/1/2023	2,385,000	2.000	198045 JH0	9/18/2020	100
12/13/2012	9/1/2024	2,430,000	2.125	198045 JJ6	9/18/2020	100
12/13/2012	9/1/2025	2,485,000	2.250	198045 JK3	9/18/2020	100
12/13/2012	9/1/2026	2,540,000	2.375	198045 JL1	9/18/2020	100
12/13/2012	9/1/2027	2,600,000	3.000	198045 JM9	9/18/2020	100
12/13/2012	9/1/2028	2,675,000	3.000	198045 JN7	9/18/2020	100
12/13/2012	9/1/2029	2,755,000	3.000	198045 JP2	9/18/2020	100
12/13/2012	9/1/2030	2,840,000	3.000	198045 JQ0	9/18/2020	100
12/13/2012	9/1/2031	2,925,000	3.000	198045 JR8	9/18/2020	100
12/13/2012	9/1/2032	3,010,000	3.000	198045 JS6	9/18/2020	100

Sources and Uses of Funds

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

Sources of Funds:

Proceeds of the Bonds	\$
Debt Service Reserve Funds (from Refunded Bonds).....	
Net Original Issue Premium	
Total.....	\$

Uses of Funds:

Refund the Refunded Bonds.....	\$
Costs of Issuance (including Underwriter’s Discount).....	
Total.....	\$

THE BONDS

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

General Description

The Bonds will be issued in the principal amounts stated on the inside cover page of this Official Statement, will be dated the date of issuance thereof, and will consist of fully-registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature, subject to redemption as described below, on October 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on April 1 and October 1 in each year, beginning on October 1, 2020. Principal will be payable by check, electronic transfer or draft mailed by UMB Bank, N.A., St. Louis, Missouri, Paying Agent, upon presentation and surrender of the Bonds by the Registered Owners thereof at the principal payment office of the Paying Agent. Interest shall be paid (1) to the Registered Owners of the Bonds as shown on the registration books of the Paying Agent (the “Bond Register”) at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to the address of such Registered Owners shown on the Bond Register, or (2) by electronic transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15

days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank address, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed and an acknowledgement that an electronic transfer fee may be applicable.

Redemption Provisions

Optional Redemption. At the option of the City, the Bonds or portions thereof maturing on October 1, 2029 and thereafter will be subject to redemption and payment prior to maturity on October 1, 2028 and thereafter in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

Selection of Bonds for Redemption. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

Notice and Effect of Call for Redemption. Notice of the redemption of Bonds will be mailed by the Paying Agent by first class mail at least 30 days prior to the date fixed for redemption to the Registered Owners of the Bonds to be redeemed at their addresses appearing on the Bond Register. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the redemption date therein designated at the redemption price therein specified, and from and after the redemption date such Bonds or portion of Bonds shall cease to bear interest.

Any notice of optional redemption may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and either the Paying Agent receives written notice from the City that moneys sufficient to pay the redemption price will not be on deposit on the redemption date, or such moneys are not received on the redemption date, then such notice shall be of no force and effect, the Paying Agent shall not redeem such Bonds and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

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

Registration, Transfer and Exchange of Bonds

Each Bond when issued shall be registered by the Paying Agent in the name of the owner thereof on the Bond Register. If the Book-Entry Only System (described under the following caption) is discontinued the following provisions will apply: Any Bond may be transferred upon the Bond Register by the person in whose name it is registered and shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent. The Registered Owner requesting such transfer or exchange will be required to pay any additional costs or fees that might be incurred in the secondary market with respect to such exchange. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

Book-Entry Only System

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are special obligations of the City payable solely from amounts pledged or appropriated therefor in each Fiscal Year (1) out of the income and revenues provided for such Fiscal Year plus (2) any unencumbered balances for previous years. **The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision. The City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds.**

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

The City intends to annually budget and appropriate (1) net revenues generated from its parking utility to pay debt service on the portion of the Bonds issued to refund the Series 2012A-2 Bonds, and (2) net revenues generated from its electric utility to pay debt service on the portion of the Bonds issued to refund the Series 2012D Bonds and the Series 2012E Bonds. Such revenues are not pledged as security for the payment of the Bonds, and there can be no assurance that the City will appropriate funds for payment of the Bonds. See “**THE ELECTRIC UTILITY**” and “**THE PARKING UTILITY**” in *Appendix A*.

RISK FACTORS

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

Limited Obligations

The Bonds do not give rise to a general obligation or other indebtedness of the City, the State of Missouri, or any other political subdivision thereof within the meaning of any constitutional, statutory or charter debt limitation or provision.

The Bonds are special obligations of the City payable solely from the funds appropriated annually by the City for that purpose. In each fiscal year, payments of principal of and interest on the Bonds shall be made solely from the amounts appropriated therefor (1) out of the income and revenues of the City provided for such year plus (2) any unencumbered balances for previous years, and the decision whether to make such appropriation each year shall be within the sole discretion of the then-current City Council. Subject to the preceding sentence, the obligations of the City to make payments under the Bond Ordinance and to perform and observe any other covenant and agreement contained in the Bond Ordinance shall be absolute and unconditional.

If the City fails to appropriate amounts sufficient to pay the principal of and interest on the Bonds in any fiscal year, no other funds or property will be available to pay such principal and interest. No property of the City is pledged or encumbered, nor has any reserve fund been established, to secure payment of the Bonds.

The City has declared its current intention and expectation to appropriate funds to pay the Bonds. However, such a declaration cannot be construed as contractually obligating or otherwise binding the City. Accordingly, the likelihood that the City will appropriate funds to timely pay the Bonds is dependent upon certain factors that are beyond the control of the Registered Owners, including the demographic conditions within the City and the City's ability to generate sufficient taxes, user fees and charges, and other revenues to pay the Bonds and the City's other obligations.

Potential Risks Relating to COVID-19

In December 2019, a novel strain of coronavirus (which leads to the disease known as "COVID-19"), was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The COVID-19 pandemic is expected to be broad-based and to negatively impact national, state and local economies. In response to such expectations, the President of the United States on March 13, 2020, declared a "national emergency," which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation.

On March 13, 2020, Missouri's Governor signed an Executive Order declaring a state of emergency in Missouri in response to COVID-19. On April 24, 2020, the Governor signed another Executive Order extending the state of emergency in the State through June 15, 2020. On June 11, 2020, the Governor signed another Executive Order extending the state of emergency in the State through December 30, 2020. The stated purpose of the Executive Order is to allow more flexibility in utilizing resources and deploying them around the State where they are most appropriate, including allowing the Governor to waive certain State laws and regulations where necessary. On April 3, 2020, the Governor issued a "stay at home order" for all Missouri residents, which began on April 6, 2020, and ended on May 4, 2020, requiring all Missourians to avoid leaving their residences unless necessary and to practice social distancing when they need to travel outside their homes to work, access foods, prescriptions, health care, and other necessities, or to engage in an outdoor activity.

To slow the spread of COVID-19 while still protecting basic activities, needs, social services, workers and businesses, the City imposed restrictions on non-essential activities beginning March 25, 2020. As of the date hereof, all business types are allowed to reopen in the City, but certain types of businesses may reopen only after the Health Director approves the business' reopening plan.

The Bonds are payable solely from the funds appropriated annually by the City for that purpose. The impact of COVID-19 on the City's finances is unpredictable and rapidly-changing. Some of the negative impacts that the City has identified include:

- The City expects declines in sales tax revenues in the current fiscal year due to business shutdowns, potential alterations in the operations of the University of Missouri and the impact of COVID-19 on the economy, but the City does not know the precise impact that COVID-19 will have on its sales tax revenues.
- The City expects declines in other revenues in the current fiscal year, including particularly utility gross receipts, due to business shutdowns and potential alterations in the operations of the University of Missouri. The City does not know the precise impact that COVID-19 will have on those revenues.

Because the full fiscal impact of COVID-19 cannot be predicted with any degree of certainty, all departments are spending on a critical needs basis, and other programs and projects have been delayed or

reduced to the extent feasible. The City has not prepared any formal budget scenarios for the remainder of the fiscal year, but continues to monitor revenues closely.

The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including (1) the geographic spread of the virus; (2) the severity of the disease; (3) the duration of the outbreak; (4) actions that may be taken by governmental authorities to contain or mitigate the outbreak or recurrences thereof; (5) the development of medical therapeutics or vaccinations; and (6) the impact of the outbreak and actions taken in response to the outbreak on the City's revenues, expenses and financial condition.

No Credit Enhancement or Reserve Fund

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

Enforcement of Remedies

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

Amendment of the Bond Ordinance

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

Risk of Audit

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

Taxability

The Bonds are not subject to redemption, nor are the interest rates on the Bonds subject to adjustment, in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond is or was includible in the gross income of the Registered Owner of a Bond for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set forth in the Bond Ordinance, which may constitute a default under the Bond Ordinance. Likewise, the Bond Ordinance does not require the redemption of the Bonds or the adjustment of interest rates on the Bonds if the interest thereon loses its exemption from income taxes imposed by the State of Missouri. *It may be that*

Owners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.

Other Factors Affecting the City

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

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

Investment Ratings and Secondary Market

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

Loss of Premium from Redemption

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

Defeasance Risks

When all of the Bonds are deemed paid as provided in the Bond Ordinance, the requirements contained in the Bond Ordinance and all other rights granted to bond owners thereby shall terminate. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company and having full trust powers, at or prior to the stated maturity or redemption date of said Bonds or the

interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and interest accrued to the stated maturity or redemption date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their stated maturity, (1) the City has elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with the Bond Ordinance. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. There is no legal requirement in the Bond Ordinance that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

BASIC DOCUMENTATION

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

LEGAL MATTERS

Legal Proceedings

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

Approval of Legality

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

TAX MATTERS

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

deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

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

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

Alternative Minimum Tax. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

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

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

Other Tax Consequences

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

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

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

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

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

RATING

S&P Global Ratings, a division of S&P Global Inc. ("S&P"), has assigned the Bonds the rating of "_____" (Stable Outlook). A rating reflects only the view of the rating agency at the time the rating is given, and the City and the Financial Advisor make no representation as to the appropriateness of the rating or that such rating will not be changed, suspended or withdrawn. S&P has relied on the City and others for the accuracy and completeness of the information submitted in connection with the rating. The rating is not a "market" rating nor a recommendation to buy, hold or sell the Bonds. The rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of a rating could have an adverse effect on the market price and marketability of the Bonds.

CONTINUING DISCLOSURE

The City will enter into the Continuing Disclosure Undertaking to assist the Underwriter (defined herein) in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and to provide certain financial information and operating data relating to the City and to provide notices of the occurrence of certain enumerated events relating to the Bonds. The financial information, operating data and notice of events will be filed in compliance with Rule. The City is the only "obligated person" with responsibility for continuing disclosure. Included in *Appendix C* of this Official Statement is a summary of the Continuing Disclosure Undertaking. Such summary of the Continuing Disclosure Undertaking does not purport to be complete and is qualified in its entirety by reference thereto.

The City believes that in the past five years it has complied in all material respects with its prior undertakings under the Rule.

MISCELLANEOUS

Financial Statements

Audited financial statements of the City as of and for the Fiscal Year ended September 30, 2019, are included in *Appendix B*. These financial statements have been audited by RSM US LLP, Kansas City, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in *Appendix B*.

Financial Advisor

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

Underwriting

Based upon bids received by the City on August ____, 2020, the Bonds were awarded to _____, _____, _____ (the “Underwriter”). The Bonds are being purchased for reoffering by the Underwriter. The Underwriter has agreed to purchase the Bonds from the City at a price equal to \$_____ (representing the par amount of the Bonds less an underwriter’s discount of \$_____ and plus a net original issue premium of \$_____). The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter’s business activities. The Underwriter may sell certain of the Bonds at a price greater than such purchase price, as shown on the inside cover page hereof. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

Certification and Other Matters Regarding Official Statement

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

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

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

CITY OF COLUMBIA, MISSOURI

By: _____
City Manager

APPENDIX A

CITY OF COLUMBIA, MISSOURI

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GENERAL AND DEMOGRAPHIC INFORMATION

General

The City of Columbia (the “City”) is located in Boone County, Missouri (the “County”), in the central portion of the State of Missouri, approximately 125 miles east of Kansas City and 125 miles west of St. Louis. The City encompasses approximately 63 square miles and has a current estimated population of approximately 123,182.

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

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

The City Council appoints the City Manager, who serves as the chief executive and administrative officer of the City and is responsible to the City Council for the proper administration of all of the City’s affairs. The City Manager is responsible for appointing all department heads and for directing the operations of the City in accordance with policies set by the City Council.

The current Mayor and City Council members are as follows:

<u>Elected Officials</u>	<u>Service Began</u>	<u>Current Term Expires (April)</u>
Brian Treece, Mayor	2016	2022
Pat Fowler, Ward 1 Council Member	2020	2023
Michael Trapp, Ward 2 Council Member	2012	2021
Karl Skala, Ward 3 Council Member	2007 ⁽¹⁾	2022
Ian Thomas, Ward 4 Council Member	2013	2022
Matt Pitzer, Ward 5 Council Member	2017	2023
Betsy Peters, Ward 6 Council Member	2015	2021

⁽¹⁾ Mr. Skala served as the Ward 3 Council Member from 2007 through 2010 and regained the seat in 2013.

The City Manager is John Glascock, who has served as Deputy City Manager since September 2015. Mr. Glascock began working with the City in March 2003 as the Chief Engineer of the Public Works Department. In May 2005, he became the Acting Director of the Public Works Department until July 2005 when he became the Director of the Public Works Department. During the period of December 2007 to July 2008, he also served as the Acting Director of the Water and Light Department. Mr. Glascock assumed the role of Interim City Manager on November 26, 2018 and was selected as the permanent City Manager on July 15, 2019.

The Director of Finance is Matthew Lue. He began serving as Director of Finance on November 4, 2019. Mr. Lue began his career in finance with Children’s Mercy Hospital in 2006 as the treasury accountant and was named the treasury analyst in 2010. In April 2015, Mr. Lue was selected as the finance director for the City of Warrensburg, Missouri, where he worked until being hired by the City. Mr. Lue earned a Bachelor

of Business in Finance at the University of Central Missouri (formerly Central Missouri State University) in 2006 and earned his MBA in Healthcare Administration in 2013 from Avila University in Kansas City, Missouri.

Much of the economic and financial information in this Appendix is historic in nature and generally predates the COVID-19 pandemic. It is not possible to predict whether any of the trends shown herein will continue in the future. See “**RISK FACTORS – Potential Risks Relating to COVID-19**” in this Official Statement.

Municipal Services and Utilities

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

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

Economic Condition

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

The City is the location of the main campus of the University of Missouri, Columbia College, and Stephens College. In 2019, over 48,000 students were enrolled in these institutions of higher education during the regular school year. The City is also a regional medical center with seven hospitals. Insurance is a major business operation in the City; it is the location for the home offices of Shelter Insurance Company and Columbia Insurance Group and a regional office of State Farm Insurance Company. Columbia is a regional shopping area for central Missouri with 18 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 was approximately 6.6% in April of 2020 (according to the U.S. Department of Labor, Bureau of Labor Statistics), which was well below the national average of approximately 14.4% in April of 2020.

The following table sets forth employment figures for the Columbia, Missouri Metropolitan Statistical Area (the “Columbia MSA”) for the years 2016 through 2019:

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2016	98,313	95,073	3,240	3.3%
2017	97,546	94,997	2,549	2.6
2018	97,667	95,474	2,193	2.2
2019	98,300	95,937	2,363	2.4

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Listed below are the major employers located in the City:

<u>Major Employers</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1. University of Missouri – Columbia	Education	8,310
2. University Hospital and Clinics	Medical	4,831
3. Columbia Public Schools	Education	2,672
4. Veterans United Home Loans	Lender	2,360
5. Truman Veterans Hospital	Medical	1,602
6. City of Columbia	Government	1,371
7. Boone Hospital Center	Medical	1,357
8. Shelter Insurance	Insurance	1,277
9. Joe Machens Dealerships	Car dealership	778
10. MBS Textbook Exchange	Textbook Distribution	730

Source: Comprehensive Annual Financial Report, Fiscal Year 2019.

Several of the above employers, including the University of Missouri – Columbia, University Hospital and Clinics, and BJC HealthCare (operator of Boone Hospital Center), have furloughed and laid off employees within the last several months due to the COVID-19 pandemic. See the caption “RISK FACTORS – Potential Impact of COVID-19” in the Official Statement.

General Demographic Statistics

The following table sets forth statistical information for the Columbia MSA at fiscal year-end for the years 2014 through 2018, the latest years for which such information is available:

<u>Year</u>	<u>Estimated Population</u>	<u>Median Age</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>
2014	119,476	26.6	\$7,153,637	\$41,418
2015	119,108	26.6	7,401,758	42,302
2016	120,612	26.9	7,645,037	43,292
2017	121,717	27.4	7,986,000	44,797
2018	123,180	27.6	9,662,239	46,510

Source: Comprehensive Annual Financial Report, Fiscal Year 2019.

Building Permits

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

<u>Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	<u>Number of Permits</u>	<u>Estimated Valuation</u>	<u>Number of Permits</u>	<u>Estimated Valuation</u>
2015	48	\$ 38,720,198	493	\$157,889,702
2016	64	71,368,438	611	242,584,577
2017	63	118,588,435	446	127,036,408
2018	66	60,396,060	310	146,223,835
2019	101	48,595,480	319	96,917,471

Source: Comprehensive Annual Financial Report, Fiscal Year 2019.

DEBT STRUCTURE OF THE CITY

Current Long-Term General Obligation Indebtedness

The City has no outstanding general obligation debt.

History of General Obligation Indebtedness

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

Debt Summary

(as of 12/31/2019)	2019 Assessed Valuation:	\$2,187,868,998
	2019 Estimated Actual Valuation:	\$9,527,911,979
	Population (Estimated):	123,182
	Total Outstanding General Obligation Debt:	\$0
	Overlapping General Obligation Debt: ⁽¹⁾	\$252,093,570
	Direct and Overlapping General Obligation Debt:	\$252,093,570
	Ratio of General Obligation Debt to Assessed Valuation:	N/A
	Ratio of General Obligation Debt to Estimated Actual Valuation:	N/A
	Per Capita General Obligation Debt:	\$0
	Ratio of Direct and Overlapping Debt to Assessed Valuation:	11.52%
	Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	2.65%
	Per Capita Direct and Overlapping Debt:	\$2,046.51

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

Other Long-Term Obligations of the City

Revenue Bonds. The City had the following outstanding revenue bonds payable solely from the revenues of the applicable systems, as of July 1, 2020:

<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>
2014 Water & Electric System Revenue Refunding Bonds Series A	2.00 – 3.00%	7/7/2014	14	10/1/2028	14,180,000	\$8,380,000
2015 Water and Electric System Refunding and Improvement Revenue Bonds	3.00 – 5.00%	8/5/2015	30	10/1/2045	51,280,000	39,960,000
2000 Sewerage System Revenue Bond (State Revolving Fund)	4.35 – 5.625%	11/1/2000	20	7/1/2021	2,445,000	150,000
2002 Sewerage System Revenue Bond (State Revolving Fund)	3.00 – 5.375%	5/8/2002	20	1/1/2023	2,230,000	395,000
2003 Sewerage System Revenue Bond (State Revolving Fund)	2.00 – 5.25%	4/9/2003	20	1/1/2024	3,620,000	855,000
2004 Sewerage System Revenue Bond (State Revolving Fund)	2.00 – 5.25%	5/1/2004	20	1/1/2025	650,000	195,000
2006 Sewerage System Revenue Bonds (State Revolving Fund)	4.00 – 5.00%	11/16/2006	20	7/1/2026	915,000	315,000
2007 Sewerage System Revenue Bonds (State Revolving Fund)	4.00 – 5.00%	11/15/2007	20	1/1/2028	1,800,000	805,000
2010 Sewerage System Revenue Bond (Direct Loan Program) Series A	1.49%	1/14/2010	22	7/1/2032	59,335,000 ⁽¹⁾	39,190,200
2012 Sewerage System Revenue Bonds	0.35 – 3.75%	3/29/2012	24	10/1/2036	9,365,000	7,000,000
2015 Sewerage System Revenue Bonds	3.00 – 5.00%	3/31/2015	20	10/1/2035	18,200,000	15,230,000
2017 Sewerage System Revenue Bonds	2.00 – 5.00%	4/19/2017	20	10/1/2037	15,790,000	14,650,000
2019 Sewerage System Refunding Revenue Bonds	2.49%	9/4/2019	15	10/1/2034	9,805,000	9,805,000
2019A Water and Electric System Revenue Bonds	3.00 – 5.00%	5/21/2019	30	10/1/2049	15,150,000	15,150,000
2019B Water and Electric System Revenue Bonds	3.00 – 5.00%	10/8/2019	22	10/1/2041	70,445,000	<u>70,445,000</u>
Total Revenue Bonds						<u>\$222,525,200</u>

⁽¹⁾ The Series 2010 Sanitary Sewerage System Revenue Bonds, Series A, had a not-to-exceed amount of \$59,335,000 and the final principal amount issued was \$58,030,644.79.

Special Obligation Bonds. Following the issuance of the Bonds, the City will have seven series of special obligation bonds outstanding. The City may make payments on the outstanding special obligation bonds from any funds of the City legally available for such purposes, subject to annual appropriation by the City Council. However, the City expects to make payments from revenues of the sewer system, solid waste system, parking system and electric utility of the City, as applicable, as well as from the Capital Improvement Sales Tax. The total debt service for all outstanding special obligation bonds of the City, excluding the Refunded Bonds and including the Bonds, is set forth in the table below.

Special Obligation Bonds

<u>Fiscal Year</u>	<u>2012B, 2012C, 2015, 2016, 2017, 2019 and 2020A</u>		<u>The Bonds</u>		<u>Total Debt Service</u>
	<u>Maturing Principal</u>	<u>Interest Due</u>	<u>Maturing Principal</u>	<u>Interest Due</u>	
2020	\$ 6,540,000	\$ 2,859,215			
2021	3,055,000	1,229,022			
2022	3,230,000	1,134,508			
2023	3,345,000	1,017,470			
2024	3,480,000	894,956			
2025	3,600,000	775,926			
2026	4,295,000	655,874			
2027	3,835,000	541,836			
2028	3,950,000	447,639			
2029	2,235,000	379,184			
2030	2,300,000	326,961			
2031	2,355,000	270,556			
2032	2,410,000	212,804			
2033	2,480,000	153,306			
2034	2,545,000	91,935			
2035	1,705,000	42,349			
2036	355,000	18,088			
2037	<u>365,000</u>	<u>6,159</u>			
Total	<u>\$52,080,000</u>	<u>\$11,057,787</u>			

Other Obligations. In addition to the above-listed Bonds, the City has two outstanding bank loans, a direct loan agreement with the Missouri Transportation Finance Corporation and four capital leases that are described in Note VII of the September 30, 2019 Comprehensive Annual Financial Report included as **Appendix B**.

Future Obligations. In the next three months, the City intends to issue sewerage system revenue refunding bonds to refund for savings its outstanding Sewerage System Revenue Bonds, Series 2012.

At the November 5, 2013 election, the voters of the City authorized \$32,340,000 of sanitary sewerage system revenue bonds. The City currently has \$5,771,000 remaining from such authority.

Legal Debt Capacity

Under Article VI, Sections 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. The legal debt limit of the City is \$437,573,799. The City has no outstanding indebtedness, which leaves a legal debt margin of \$437,573,799.

Overlapping General Obligation Indebtedness

The following table sets forth overlapping indebtedness of political subdivisions with boundaries overlapping the City as of September 30, 2019 and the percent attributable (on the basis of assessed valuation) to the City:

<u>Jurisdiction</u>	<u>Bond Issues Outstanding</u>	<u>Amount Available Debt Service Funds</u>	<u>Net Debt Outstanding</u>	<u>Amount Applicable to City of Columbia</u>	<u>Amount Applicable to City of Columbia</u>
Columbia School District	\$350,072,000	\$60,341,878	\$289,730,122	83.5%	\$241,891,897
Boone County	<u>14,722,602</u>	<u>647,243</u>	<u>14,075,359</u>	72.5	<u>10,201,673</u>
Totals	<u>\$364,794,602</u>	<u>\$60,989,121</u>	<u>\$303,805,481</u>		<u>\$252,093,570</u>

Source: Comprehensive Annual Financial Report, Fiscal Year 2019.

No Default

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

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

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

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

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

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

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

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. The annual audit for the fiscal year ended September 30, 2019 was completed by RSM US LLP, Kansas City, Missouri. Copies of past audit reports are on file in the City Clerk’s office and are available for review. Financial Statements are also available online at the City’s website www.como.gov.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the 2018 and 2019 fiscal years:

<u>Source</u>	<u>2018</u>	<u>2019</u>
General Property Taxes	\$ 8,402,709	\$ 8,546,077
Sales Tax	23,767,086	23,184,765
Other Local Taxes	11,569,758	11,113,026
Licenses and Permits	1,044,527	1,087,577
Fines	1,650,908	1,266,756
Fees and Service Charges	2,733,690	2,378,121
Intragovernmental Revenues	4,814,756	5,774,864
Revenue from other Governmental Units	3,546,635	3,429,636
Investment Revenue	184,958	1,769,561
Miscellaneous Revenue	<u>1,133,834</u>	<u>1,199,406</u>
Totals	<u>\$58,848,861</u>	<u>\$59,749,789</u>

Source: Comprehensive Annual Financial Report, Fiscal Years 2018 and 2019.

Sales tax revenues currently represent over 40% of the City’s general fund revenues. The sales tax revenues of the City are derived from a 1-cent General Sales Tax, a ½-cent Transportation Sales Tax, a ¼-cent Capital Improvements Sales Tax and a ¼-cent Local Parks Sales Tax.

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

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

The City has utilized the Capital Improvements Sales Tax to meet capital needs for public safety, parks and transportation. This ¼-cent tax was first approved by voters in 1991 and has been renewed in 1995, 2001, 2005 and 2015. The current tax expires on December 31, 2025.

The following table sets forth sales tax revenues of the City for the fiscal years ended September 30, 2015 – 2019.

<u>Year</u>	<u>General</u>	<u>Transportation</u>	<u>Capital Improvements</u>	<u>Local Parks</u>
2015	\$22,832,373	\$11,432,224	\$5,715,955	\$5,716,160
2016	23,321,470	11,675,199	5,837,471	5,837,277
2017	23,306,189	11,622,394	5,811,016	5,810,923
2018	23,767,086	11,839,437	5,919,548	5,919,668
2019	23,184,765	11,544,593	5,772,107	5,772,106

Source: Comprehensive Annual Financial Report, Fiscal Years 2015-2019.

Due to the COVID-19 pandemic, the City is expecting a decline in sales tax and other revenue. See **“RISK FACTORS – Potential Impact of COVID-19”** in the Official Statement. However, the City believes reductions in spending and the utilization of reserves will mitigate the effect of the pandemic on the City’s financial health and operations.

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General Fund Summary

The following is a summary of the revenues, expenditures and changes in fund balance for the City's General Fund for the following fiscal years, derived from the audited financial statements of the City:

REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE

	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>
REVENUES:					
General property taxes	\$ 7,572,050	\$ 7,898,843	\$ 8,124,534	\$ 8,402,709	\$ 8,546,077
Sales tax	22,832,373	23,321,470	23,306,189	23,767,086	23,184,765
Other local taxes	12,364,653	11,641,679	11,147,263	11,569,758	11,113,026
Licenses and permits	1,012,346	1,031,218	1,064,292	1,044,527	1,087,577
Fines	2,081,131	1,805,859	1,564,041	1,650,908	1,266,756
Fees and service charges	2,511,353	3,251,931	2,915,857	2,733,690	2,378,121
Intragovernmental revenue	4,247,354	4,407,469	4,748,750	4,814,756	5,774,864
Revenue from other governmental Units	5,550,225	4,119,790	3,228,182	3,546,635	3,429,636
Investment revenue (loss)	954,208	699,133	(198,858)	184,958	1,769,561
Miscellaneous	<u>1,244,959</u>	<u>1,215,312</u>	<u>1,589,377</u>	<u>1,133,834</u>	<u>1,199,406</u>
Total Revenues	\$60,370,652	\$59,392,704	\$57,489,627	\$58,848,861	\$59,749,789
EXPENDITURES:					
Current:					
Policy development and administration	\$ 9,831,674	\$10,397,355	\$ 9,377,799	\$ 9,540,883	\$ 9,591,791
Public safety	40,931,976	40,664,606	39,810,494	42,219,608	42,546,069
Transportation	8,218,875	7,643,352	9,394,668	9,629,716	10,682,061
Health and environment	8,912,085	9,265,460	9,780,992	10,204,110	9,909,094
Personal development	7,721,651	7,702,207	7,578,594	7,827,535	7,992,395
Misc. nonprogrammed activities	5,642,247 ⁽¹⁾	272,656	347,073	359,664	383,621
Capital outlay	<u>1,611,530</u>	<u>1,744,541</u>	<u>828,582</u>	<u>1,166,247</u>	<u>1,067,245</u>
Total Expenditures	\$82,870,038	\$77,690,177	\$77,118,202	\$80,947,763	\$82,172,276
Excess (Deficiency) of Revenues over Expenditures	\$(22,499,386)	\$(18,297,473)	\$(19,628,575)	\$(22,098,902)	\$(22,422,487)
Transfers in ⁽²⁾	\$23,531,305	\$24,987,499	\$24,679,979	\$25,048,909	\$25,871,229
Transfers out	<u>(4,372,969)</u>	<u>(2,282,132)</u>	<u>(2,141,439)</u>	<u>(2,476,880)</u>	<u>(2,169,091)</u>
Total Other Financing Sources (Uses)	\$19,158,336	\$22,705,367	\$22,538,540	\$22,572,029	\$23,702,138
Net Change in Fund Balances	\$ (3,341,050)	\$ 4,407,894	\$ 2,909,965	\$ 473,127	\$ 1,279,651
FUND BALANCE – BEGINNING	\$33,845,216	\$30,504,166	\$34,912,060	\$37,822,025	\$38,295,152
FUND BALANCE - ENDING	\$30,504,166	\$34,912,060	\$37,822,025	\$38,295,152	\$39,574,803

⁽¹⁾ In the fiscal year ended September 30, 2015, the City made a \$5,000,000 contribution to the Police Retirement Fund and the Firefighters' Retirement Fund.

⁽²⁾ Over 95% of the annual transfers to the General Fund are derived from the Local Parks Sales Tax and Transportation Sales Tax revenues and Payment-In-Lieu-of-Tax funds generated by the City-operated water and electric utilities.

Source: *Comprehensive Annual Financial Report, Fiscal Years 2015-2019.*

Employee Retirement and Pension Plans

Police and Fire Plans. The City contributes to the Police Retirement Fund and the Firefighters' Retirement Fund, two separate single-employer defined benefit pension plans. The City acts as an agent of the plans and has administrative responsibility for the assets of the plans. All full-time regular police officers and full-time regular firefighters are participants in their respective plans. Participants become fully vested at the completion of their probationary period, which is generally 12 months after employment. Participants

employed September 30, 2012 or earlier are eligible for an annual retirement benefit, payable monthly for life, upon reaching the age of 65, or 20 years of credited service. Police Participants employed October 1, 2012 or later are eligible for an annual retirement benefit, payable monthly for life, upon reaching the age of 65, or 25 years of credited service. Firefighter Participants employed October 1, 2012 or later are eligible for an annual retirement benefit, payable monthly for life, upon having completed at least one year of service and reaching the age of 55. The plans also provide early retirement, death and disability benefits.

LAGERS. All other employees of the City participate in the Missouri Local Government Employees’ Retirement System (“LAGERS”), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by state statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees (“LAGERS’ Board”) consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly-available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 (the “2019 LAGERS CAFR”) is available at <http://www.molagers.org/financial-reports.html>. The link to the 2019 LAGERS CAFR is provided for general background information only, and the information in the 2019 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2019 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

For information specific to the City’s participation in LAGERS, including the City’s past contributions, net pension liability and related sensitivities, and pension expense, see Note XI of the September 30, 2019 Comprehensive Annual Financial Report included as *Appendix B*. For additional information regarding LAGERS, see the 2019 LAGERS CAFR.

Membership. 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) ⁽¹⁾	176	163	730
Terminated entitled, not yet receiving benefits	28	7	343
Current active members ⁽¹⁾	150	137	999

⁽¹⁾ Included in the total for current active and current membership (receiving benefits) Police and Fire members are 5 Fire DROP (Deferred Retirement Option Program) members and 8 Police DROP members.
Source: Comprehensive Annual Financial Report, Fiscal Year 2019.

Funding Policy for Police and Fire Pension

The City’s Police and Fire pension contributions for the fiscal year ended September 30, 2019, were made in accordance with actuarially determined contribution requirements determined through actuarial valuation.

The City’s annual pension cost for the fiscal year ended September 30, 2019 and the related information for the Police and Fire plans follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
Contribution rates:		
City	42.80%	63.81%
Plan members - contributory	8.35%	16.32%
Plan members - noncontributory	3.50%	—
Annual pension cost	\$4,019,648	\$5,306,842
Contributions made	\$4,019,648	\$5,306,842
Actuarial valuation date	9/30/2018	9/30/2018
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	level % of pay—closed	level % of pay—closed
Remaining amortization period	24 years	24 years
Asset valuation method	smooth 4-year market	smooth 4-year market
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases*	0% – 11.75%	0% – 11.75%
*Includes inflation at	3.25%	3.25%
Benefit increases	2% annually until attained age of 62; 1.5% thereafter	2% annually

Source: Comprehensive Annual Financial Report, Fiscal Year 2019.

Pursuant to a September 30, 20__ actuarial report, the Unfunded Actuarial Accrued Liability for the Police Plan is \$_____ and for the Fire Plan is \$_____.

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

Annual Pension Cost

Schedule of Employer Contributions

	<u>FY Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
Police Pension	9/30/2019	\$4,019,648	100.00%	\$---
Fire Pension	9/30/2019	\$5,306,842	100.00%	\$---

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, 2019.

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

401(a) Retirement Plan

The City sponsors and administers, through a contract with Boone County National Bank, a 401(a) plan which is a defined contribution plan established to provide benefits at retirement to permanent employees of the City. At September 30, 2019, there were 1,268 plan members. The City will contribute to the plan on

behalf of each participant an amount equal to 2.0% of the participant’s salary contingent upon the participant making a matching contribution to a Section 457 deferred compensation plan. For the year ended September 30, 2019, the City contributed \$756,619 to the plan. Plan provisions and contribution requirements are established and may be amended by the City Council.

Post-Employment Health Plan (PEHP)

Beginning with the fiscal year ended September 30, 2010, the City no longer makes contributions toward the employee post-employment health plan. However, employees who terminate employment after 10 or more years of service may be eligible to convert unused sick leave hours (at the rate of \$2.00 for every hour of final accumulated sick leave) for deposit into the employee’s PEHP account. For the year ended September 30, 2019, \$60,929 was contributed to the plan.

Other Post-Employment Benefits (OPEB)

The City’s post-employment health plan is a single-employer defined benefit plan that is self-funded. The plan provides medical and prescription drug benefits to eligible retirees and their dependents. Eligible non-Medicare retirees receive health care coverage through a self-insured Point-of-Service plan offered through United Healthcare. Eligible Medicare retirees receive health care coverage through a fully-insured Medicare Supplement Plan F and a Part D Rx plan offered through United American. As of October 1, 2018, the date of the last actuarial valuation, plan membership consisted of 45 retirees receiving benefits and 1,350 active members for a total of 1,395 total current members.

Risk Management

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

PROPERTY TAX INFORMATION CONCERNING THE CITY

Property Valuations

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

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

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

On January 1 of every odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

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

Current Assessed Valuation. The following table shows the 2019 final assessed valuation as of December 31, 2019, by category, of all taxable tangible property situated in the City as reported by the Boone County Clerk:

	<u>Assessed Valuation</u>	<u>Assessment Rate⁽¹⁾</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$1,267,695,523	19.00%	\$6,672,081,700
Agricultural	5,049,201	12.00	42,076,675
Commercial	<u>543,486,517</u>	32.00	<u>1,698,395,366</u>
Subtotal	\$1,816,231,241		\$8,412,553,741
Personal Property	\$ 368,086,857	33.33	\$1,104,261,675
State RR & Utility Prop.	<u>3,550,900</u>	33.33	<u>11,096,563</u>
TOTAL	<u>\$2,187,868,998</u>		<u>\$9,527,911,979</u>

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

Source: Boone County Clerk's Office.

History of Property Valuation. The following table shows total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property:

<u>Year</u>	<u>Assessed Valuation (December 31)</u>	<u>Percent Change</u>
2015	\$1,874,871,904	N/A
2016	1,937,894,504	+3.36%
2017	2,005,613,146	+3.49
2018	2,077,301,409	+3.57
2019	2,187,868,998	+5.32

Source: Boone County Clerk's Office.

Property Tax Levies and Collections

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County

Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September 1 for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due in full on December 31 and become delinquent on January 1. The delinquent penalty for 2019 was 9% in January, increased by 2% in each succeeding month up through September for a maximum of 25%.

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

Tax Rates

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

Other Levies. The total tax levy of the City for the fiscal year ended September 30, 2019 was \$0.41 per \$100 of assessed valuation and for the current fiscal year (2020) is \$0.4075 per \$100 of assessed valuation. The levy for the General Fund does not require annual voter approval but the City Council cannot raise the rate above that approved in the last election without the approval of a majority of the voters voting thereon. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City’s General Fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

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

Property Tax Rates (Per \$100 Assessed Value)	
Fiscal Year	General Fund/ Total Levy
2015	\$0.41
2016	0.41
2017	0.41
2018	0.41
2019	0.41

Source: *Comprehensive Annual Financial Report, Fiscal Year 2019.*

Tax Collection Record

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

Property Tax Levies and Collections

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Current & Delinquent Taxes Collected Amount</u>	<u>%</u>
2015	\$7,293,515	\$7,295,499	100.03%
2016	7,674,533	7,639,739	99.55
2017	7,872,752	7,827,590	99.43
2018	6,543,022	6,465,428	98.81
2019	8,331,844	8,333,242	100.02

Source: Comprehensive Annual Financial Report, Fiscal Year 2019.

Major Property Taxpayers

The following table sets forth the ten largest property taxpayers in the City based upon local assessed valuation for fiscal year 2019.

<u>Company Name</u>	<u>Type</u>	<u>Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Union Electric	Utility	\$ 41,801,716	1.92%
Boone Electric Satellite Systems	Utility	19,299,345	0.88
Shelter Insurance	Insurance	17,171,496	0.79
Rise Columbia Property Owner LLC	Property/Developer	13,054,403	0.60
Broadway Crossings II	Property/Developer	12,303,039	0.56
CenturyTel of Missouri	Utility	11,631,895	0.53
Hubbell Power Systems	Manufacturer	10,957,130	0.50
Ameren UE Electric Utility	Manufacturer	10,730,897	0.49
TKG Biscayne LLC	Property/Developer	10,446,446	0.48
3M Company	Manufacturer	<u>9,694,596</u>	<u>0.44</u>
Total		<u>\$157,090,963</u>	<u>7.19%</u>

Source: Comprehensive Annual Financial Report, Fiscal Year 2019.

THE ELECTRIC UTILITY

The City owns and operates a water and electric utility that is composed of a water system and an electric power and light system (collectively, the “Electric Utility”). The City intends to annually budget and appropriate net revenues generated from the Electric Utility to pay debt service on the portion of the Bonds issued to refund the Series 2012D Bonds and the Series 2012E Bonds. Such revenues are not pledged as security for the payment of the Bonds, and there can be no assurance that the City will appropriate funds for payment of the Bonds. Net revenues of the Electric Utility are pledged to the City’s outstanding Water and Electric System Refunding Revenue Bonds, Series 2014, Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, Water and Electric System Revenue Bonds, Series 2019A, and Water and Electric System Refunding Revenue Bonds, Series 2019B.

The following table shows the historical revenues and expenses of the Electric Utility derived from the audited financial statements of the City for the fiscal years 2015 through 2019:

Water and Electric Utility Fund

Historical Schedule of Revenues and Expenses

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
ELECTRIC UTILITY					
Residential Sales	\$ 50,308,068	\$ 52,115,459	\$ 50,330,730	\$ 56,986,027	
Commercial and Industrial Sales	59,733,731	61,983,629	57,448,378	58,118,254	
Intragovernmental Sales	1,240,714	1,185,131	1,412,819	1,374,701	
Street Lighting and Traffic Signs	53,833	85,470	7,402	7,601	
Sales to Public Authorities	9,089,999	8,557,304	13,610,247	14,434,361	
Sales for Resale	1,168,782	1,072,511	832,964	878,743	
Miscellaneous	3,245,280	4,357,892	2,192,897	2,836,188	
Total Electric Revenues	<u>\$124,840,407</u>	<u>\$129,357,396</u>	<u>\$125,835,437</u>	<u>\$134,635,875¹</u>	
WATER UTILITY					
Residential Sales	\$ 16,046,067	\$ 17,513,700	\$ 16,924,232	\$ 18,502,948	
Commercial and Industrial Sales	6,201,551	6,900,604	7,084,081	7,767,128	
Miscellaneous	929,129	1,441,193	1,286,839	671,016 ²	
Total Water Revenues	<u>\$ 23,176,747</u>	<u>\$ 25,855,497</u>	<u>\$ 25,295,152</u>	<u>\$ 26,941,092¹</u>	
NON-OPERATING REVENUES ³	<u>\$ 4,483,475</u>	<u>\$ 4,165,748</u>	<u>\$ 2,186,529</u>	<u>\$ 2,531,020</u>	
TOTAL REVENUES	<u>\$152,500,629</u>	<u>\$159,378,641</u>	<u>\$153,317,118</u>	<u>\$164,107,987¹</u>	
EXPENSES					
ELECTRIC UTILITY					
Fuel and Purchased Power	\$ 69,635,382	\$ 68,616,399	\$ 70,560,710	\$ 70,900,537	
Other Production Expenses	6,505,160	5,432,078	6,862,649 ⁴	4,551,825 ⁴	
Transmission and Distribution	13,140,388	15,312,081	14,787,856	13,088,625	
Accounting and Collection	3,738,845	4,203,118	5,991,779	5,576,015	
Administrative and General	4,508,576	4,430,275	5,232,694	5,505,717	
Total Electric Expenses	<u>\$ 97,528,351</u>	<u>\$ 97,993,951</u>	<u>\$103,435,688</u>	<u>\$ 99,622,719</u>	
WATER UTILITY					
Production	\$ 4,899,245	\$ 5,044,309	\$ 4,750,399	\$ 4,869,504	
Transmission and Distribution	5,221,095	6,127,982	5,664,611	5,756,909	
Accounting and General	1,802,238	1,974,819	2,547,891	2,641,473	
Administrative and General	884,921	1,224,449	1,361,782	1,368,025	
Total Water Expenses	<u>\$ 12,807,499</u>	<u>\$ 14,371,559</u>	<u>\$ 14,324,683</u>	<u>\$ 14,635,911</u>	
TOTAL EXPENSES	<u>\$110,335,850</u>	<u>\$112,365,510</u>	<u>\$117,760,371</u>	<u>\$114,258,630</u>	
NET REVENUES	<u>\$ 42,164,780</u>	<u>\$ 47,013,131</u>	<u>\$ 35,556,747</u>	<u>\$ 49,849,357</u>	

(1) Revenues for Fiscal Year 2018 are higher than the previous fiscal years due to a hot, dry summer. Usage of the Electric Utility was up 3.3% over Fiscal Year 2017. Usage of the Water Utility was up 2.5% over Fiscal Year 2017.

(2) The decrease in Miscellaneous Revenues for Fiscal Year 2018 was due to fewer water connection fees.

(3) The Non-Operating Revenues line item includes investment revenue, miscellaneous revenue and revenue from other governmental units.

(4) The increase in Other Production Expenses for Fiscal Year 2017 was due to an Ameren bypass extension fee and transport fee and the purchase of parts to rebuild the CEC (defined herein). The decrease in this line item for Fiscal Year 2018 reflects that there were vacancies in the Electric Utility staff.

Source: *Financial Management Information Supplements for Fiscal Years 2015-2019; Comprehensive Annual Financial Report, Fiscal Year 2019; the City of Columbia.*

THE PARKING UTILITY

The City owns and operates a parking utility system (the “Parking Utility”). The City intends to annually budget and appropriate net revenues generated from the Parking Utility to pay debt service on the portion of the Bonds issued to refund the Series 2012A-2 Bonds. Such revenues are not pledged as security for the payment of the Bonds, and there can be no assurance that the City will appropriate funds for payment of the Bonds.

The following table shows the historical revenues and expenses of the Parking Utility derived from the audited financial statements of the City for the fiscal years 2015 through 2019:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
OPERATING REVENUES:					
Charges for Services	\$ 4,044,297	\$ 4,154,260	\$ 4,444,758	\$ 4,601,210	\$ 4,566,706
OPERATING EXPENSES:					
Personal services	\$ 470,607	\$ 538,910	\$ 577,901	\$ 526,782	\$ 566,636
Materials, supplies and power	169,036	143,274	640,580	288,516	79,672
Travel and training	2,707	3,518	6,268	6,236	9,765
Intragovernmental	234,440	192,011	278,484	240,828	330,629
Utilities, services and miscellaneous	291,287	341,260	339,007	384,373	502,061
Depreciation	<u>998,746</u>	<u>1,003,833</u>	<u>1,008,355</u>	<u>1,007,839</u>	<u>1,013,914</u>
Total Operating Expenses	\$ 2,166,823	\$ 2,222,806	\$ 2,850,595	\$ 2,454,574	\$ 2,502,677
Operating Income (Loss)	\$ 1,877,474	\$ 1,931,454	\$ 1,594,163	\$ 2,146,636	\$ 2,064,029
NONOPERATING REVENUES (EXPENSES):					
Investment revenue	\$ 398,292	\$ 356,322	\$ 199,177	\$ 263,547	\$ 315,172
Miscellaneous revenue	2,043	416	10,148	11,174	309,518
Interest expense	(1,034,409)	(961,240)	(945,315)	(912,676)	(685,885)
Gain (loss) on disposal of capital assets	(3,405)	(660)	(90,000)	-	-
Miscellaneous expense	<u>(39,640)</u>	<u>(35,584)</u>	<u>(742)</u>	<u>(554)</u>	<u>(148,267)</u>
Total Nonoperating Revenues (Expenses)	\$ (677,119)	\$ (640,746)	\$ (826,732)	\$ (638,509)	\$ (209,462)
Income (Loss) Before Contributions and Transfers	\$ 1,200,355	\$ 1,290,708	\$ 767,431	\$ 1,508,127	\$ 1,854,567
Transfers in	\$ 300,000	\$ -	\$ -	\$ -	\$ -
Transfers out	<u>(296,058)</u>	<u>(296,058)</u>	<u>(420,649)</u>	<u>(320,363)</u>	<u>(298,013)</u>
Total Transfers & Contributions	\$ 3,942	\$ (296,058)	\$ (420,649)	\$ (320,363)	\$ (298,013)
Changes in Net Position	\$ 1,204,297	\$ 994,650	\$ 346,782	\$ 1,187,764	\$ 1,556,554
NET POSITION – BEGINNING	<u>\$14,532,186</u>	<u>\$15,736,483</u>	<u>\$16,731,133</u>	<u>\$17,090,066</u>	<u>\$18,277,830</u>
NET POSITION – ENDING	<u>\$15,736,483</u>	<u>\$16,731,333</u>	<u>\$17,077,915</u>	<u>\$18,277,830</u>	<u>\$19,834,384</u>

* * *

APPENDIX B

CITY OF COLUMBIA, MISSOURI

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

APPENDIX C

SUMMARY OF THE BOND ORDINANCE AND THE CONTINUING DISCLOSURE UNDERTAKING

SUMMARY OF THE BOND ORDINANCE

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

Definitions

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

“Bond Counsel” means Gilmore & Bell, P.C., 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.

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

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

“Bonds” means the Special Obligation Refunding Bonds, Series 2020B, of the City, in the aggregate principal amount of \$ _____, authorized and issued pursuant to the Bond Ordinance.

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

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

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

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

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

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

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

(6) the obligations are rated in the same rating category as United States Government Obligations or higher by a nationally recognized rating service.

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

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

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

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

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

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

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

(c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered hereunder.

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

“Permitted Investments” means any securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

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

“Purchaser” means _____, _____, _____, the original purchaser of the Bonds.

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

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

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

“Refunded Bonds” means the Series 2012A-2 Refunded Bonds, the Series 2012D Refunded Bonds, and the Series 2012E Refunded Bonds.

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

“Series 2012A-2 Bonds” means the City’s Tax-Exempt Special Obligation Improvement Bonds (Parking Project – Annual Appropriation Obligation), Series 2012A-2 issued in the original principal amount of \$7,260,000.

“Series 2012A-2 Refunded Bonds” means the Series 2012A-2 Bonds maturing in the years 2021 and thereafter, outstanding in the aggregate principal amount of \$5,650,000.

“Series 2012D Bonds” means the City’s Special Obligation Refunding Bonds (Electric Utility Project – Annual Appropriation Obligation), Series 2012D issued in the original principal amount of \$25,400,000.

“Series 2012D Refunded Bonds” means the Series 2012D Bonds maturing in the years 2020 and thereafter, outstanding in the aggregate principal amount of \$18,325,000.

“Series 2012E Bonds” means the City’s Special Obligation Electric Utility Refunding Bonds (Annual Appropriation Obligation), Series 2012E issued in the original principal amount of \$39,955,000.

“Series 2012E Refunded Bonds” means the Series 2012E Bonds maturing in the years 2021 and thereafter, outstanding in the aggregate principal amount of \$31,225,000.

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

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

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

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the same rating category as the United States of America or higher by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the City.

Establishment of Funds and Accounts

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

Application of Moneys in the Costs of Issuance

Moneys in the Costs of Issuance Fund shall be used by the City solely for the purpose of paying the costs and expenses of issuing the Bonds. Any moneys remaining in the Costs of Issuance Fund after March 1, 2021 shall be transferred to the Special Obligation Debt Service Fund and applied as set forth in the Bond Ordinance.

Application of Moneys in the Special Obligation Debt Service Fund.

All amounts paid and credited to the Special Obligation Debt Service Fund shall be expended and used by the City for the purpose of paying the Bonds as and when the same become due and the usual and customary fees and expenses of the Paying Agent. The Director of Finance is authorized and directed to withdraw from the Special Obligation Debt Service Fund sums sufficient to pay the Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Registered Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Ordinance and shall be held in trust by the Paying Agent for the benefit of the Registered Owners of the Bonds entitled to payment from such moneys.

Payments Due on Saturdays, Sundays and Holidays

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

Nonpresentment of Bonds

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

Deposit and Investment of Moneys

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

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

Annual Audit

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

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk. The audit shall at all times during the usual business hours be open to the examination and inspection by any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such Registered Owner.

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

Tax Covenants

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

all other applicable future law in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

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

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

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

Defaults and Remedies

The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Bonds as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of the Bond Ordinance or of the constitution or statutes of the State of Missouri, and such default continues for a period of 30 days after written notice specifying such default has been given to the City by any Registered Owner of any Bond then Outstanding, or if the City declares bankruptcy, then, at any time thereafter and while such default continues, the Registered Owners of 25% in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, exercise any of the remedies specified below. This provision, however, is subject to the condition that if all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has been paid in full and all other defaults, if any, by the City under the provisions of the Bond Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

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

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

Limitation on Rights of Registered Owners

The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds. All of the Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, or date of Maturity or right of prior redemption as provided in the Bond Ordinance. No one or more Registered Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

No Acceleration

Notwithstanding anything herein to the contrary, the Bonds are not subject to acceleration upon the occurrence of an event of default under the Bond Ordinance.

No Obligation to Levy Taxes

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

Defeasance

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

Amendments

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

- (a) extend the maturity of any payment of principal or interest due upon any Bond;

- (b) alter the optional Redemption Date of any Bond;
- (c) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond;
- (d) permit preference or priority of any Bond over any other Bond; or
- (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

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

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

SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING

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

Definitions

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

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

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

“Business Day” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“Dissemination Agent” means any entity designated in writing by the City to serve as dissemination agent pursuant to the Continuing Disclosure Undertaking and which has filed with the City a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures operated by the MSRB, which can be accessed at www.emma.msrb.org.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Fiscal Year**” means the 12-month period beginning on October 1 and ending on September 30 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“**Material Events**” means any of the events listed in the Continuing Disclosure Undertaking as described below under the caption “**Reporting of Material Events.**”

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

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

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

Provision of Annual Reports

The City shall, not later than 180 days after the end of the City’s Fiscal Year, commencing with the Fiscal Year ending September 30, 2020, file with the MSRB, through EMMA, the following financial information and operating data (the “**Annual Report**”):

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

(2) Updates as of the end of the Fiscal Year of the financial information and operating data contained in *Appendix A* to the Official Statement for the Bonds in substantially the scope contained in such Appendix in the tables under the following headings:

- A. “**DEBT STRUCTURE OF THE CITY - Other Long-Term Obligations of the City**”
- B. “**FINANCIAL INFORMATION CONCERNING THE CITY**”
- C. “**PROPERTY TAX INFORMATION CONCERNING THE CITY**”

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

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

Reporting of Material Events

Not later than **10** Business Days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“**Material Events**”):

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

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

Termination of Reporting Obligation

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

Dissemination Agents

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Undertaking, and may discharge any such Dissemination

Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to the Continuing Disclosure Undertaking.

Amendment; Waiver

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

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

Additional Information

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

Default

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

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as

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

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

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