

NOTICE OF BOND SALE

\$27,695,000*

CITY OF COLUMBIA, MISSOURI WATER AND ELECTRIC SYSTEM REVENUE BONDS SERIES 2022

Proposals. Electronic proposals for the purchase of \$27,695,000* principal amount of Water and Electric System Revenue Bonds, Series 2022 (the “**Bonds**”) herein described, of the City of Columbia, Missouri (the “**City**”), will be received on the Columbia Capital Auction website, <http://www.columbiacapitalauction.com> (“**Columbia Capital Auction**”). Proposals for the purchase of the Bonds will be received until

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

on **DECEMBER __, 2022** (the “**Sale Date**”).

Bids on the Bonds will be opened at the Submittal Hour at the offices of the Director of Finance of the City. Unless all bids are rejected, award will be made to the bidder offering the *lowest* TIC (as hereinafter defined) to the City. After bid opening, the Director of Finance will notify the bidder providing the apparent low bid. Bids will not be accepted via any other method of delivery (e.g., no telephonic or hand-delivered bids).

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

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

Terms of the Bonds. The Bonds will consist of fully-registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of delivery and will become due in principal amounts on the maturity dates as follows:

* Subject to adjustment as provided under the caption “Post-Bid Revisions.”

MATURITY SCHEDULE*

<u>Due: October 1</u>	<u>Principal Amount</u>	<u>Due: October 1</u>	<u>Principal Amount</u>
2023		2038	
2024		2039	
2025		2040	
2026		2041	
2027		2042	
2028		2043	
2029		2044	
2030		2045	
2031		2046	
2032		2047	
2033		2048	
2034		2049	
2035		2050	
2036		2051	
2037		2052	

The Bonds will bear interest from the date thereof at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on April 1 and October 1 in each year, beginning on April 1, 2023.

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

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

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

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

* Subject to adjustment as provided under the caption “Post-Bid Revisions.”

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

Optional Redemption. As described in the Official Statement, at the option of the City, the Bonds or portions thereof maturing on October 1, 2032, and thereafter are subject to optional redemption and payment prior to their Stated Maturity, on October 1, 2031, and thereafter, in whole or in part at any time at a redemption price of 100% of the principal amount being redeemed, without premium, together with accrued interest thereon to the date of redemption.

Submission of Bids. Bids may be submitted on the Columbia Capital Auction website at <http://www.columbiacapitalauction.com>. Bids will not be accepted in any other manner

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

Good Faith Deposits. A good faith deposit (the "Deposit") in the amount of \$276,950.00 payable to the order of the Issuer is required in order to secure the Issuer from any loss resulting from the failure of the Successful Bidder to comply with the terms of its bid.

The Deposit must be submitted by the Successful Bidder in Federal Reserve funds, immediately available for use by the Issuer not later than 2:00 p.m. applicable Central Time on the Sale Date (wire transfer information will be provided to the Successful Bidder by the Financial Advisor).

Contemporaneously with the submission of the Deposit, the Successful Bidder(s) shall send an email to the Financial Advisor at jprichard@columbiacapital.com and kokelly@columbiacapital.com including the following information: (a) notification that a wire transfer has been made; and (b) the amount of the wire transfer. The Issuer reserves the right to withhold reasonable charges for any fees or expenses incurred in returning a wire transfer Deposit, if necessary. No interest on the Deposit will be paid by the Issuer. If a bid is accepted, the Deposit, or the proceeds thereof, will be held by the Issuer until the Successful Bidder has complied with all of the terms and conditions of this Notice at which time the amount of the Deposit shall be returned to the Successful Bidder or deducted from the purchase price at the option of the Issuer. If a bid is accepted but the Issuer fails to deliver the Bonds to the Successful Bidder in accordance with the terms and conditions of this Notice, the Deposit, or the proceeds thereof, will be returned to the Successful Bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of the Deposit will be retained by the Issuer as and for liquidated damages.

Conditions of Bids. Bids will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) each bid shall be for all of the Bonds; (b) the same interest rate shall apply to all Bonds of the same maturity; (c) no supplemental interest payments will be authorized; (d) **no bid shall be for a price less than 100% or more than 110% of the principal amount of all of the Bonds;** and (e) **for Bonds maturing on and after**

October 1, 2032, no price below 98% will be accepted for any maturity. Each bid shall specify the total interest cost (expressed in dollars) during the life of the Bonds on the basis of such bid and the original issue discount or premium, if any, offered by the bidder. Each bid shall also specify the true interest cost to the City on the basis of such bid to a delivery date of December ___, 2022. Each bidder agrees that, if it is awarded the Bonds, it will provide to the City the certification as to issue prices described under the caption “Establishment of Issue Price” in this Notice of Bond Sale (this “**Notice**”).

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

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

Upon notification of preliminary award, the Successful Bidder must transmit to the City within 20 minutes, by fax or email, its reoffering yields on the Bonds.

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

Pre-Bid Revisions. The City reserves the right to issue a Supplemental Notice of Bond Sale (the “**Supplemental Notice**”) not later than 24 hours prior to the Submittal Hour via the electronic bidding website (<http://www.columbiacapitalauction.com>). If issued, the Supplemental Notice may modify (i) the maturity amounts of the Bonds, and/or (ii) such other terms of this Notice as the City determines. Any such modifications will supersede the maturities and such other terms as set forth herein.

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

Post-Bid Revisions. Subsequent to the receipt of bids but prior to award, the City reserves the right to modify the total principal amount of the Bonds and the amount of any maturity in order to properly structure certain funds and accounts and substantially obtain annual debt service parameters determined by the City, based upon the interest rates and reoffering yields submitted by the Successful Bidder. The amount of the modification generally will not exceed the amount of net original issue

premium or net original issue discount bid on the Bonds. The Successful Bidder will be notified by means of telephone or email transmission of any modification to such principal amount not later than 12:00 p.m. CST on the Sale Date. If the principal amounts are modified, the City will seek to modify the maturity schedule, or make other mutually agreeable changes, in a way that will neither increase nor reduce the Successful Bidder's spreads as a percentage of the principal amount of the Bonds issued after taking into account such adjustments. ***The Successful Bidder may not withdraw its bid nor modify its proposal as a result of any post-bid revisions to the Bonds made by the City pursuant to this paragraph.***

Delivery and Payment. The Bonds, properly prepared and executed, will be delivered by the City without cost to the Successful Bidder on or about December __, 2022 (the "**Closing Date**") at DTC. The Successful Bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity, and a certificate regarding the completeness and accuracy of the Official Statement.

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

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

Bond Rating. S&P Global Ratings has assigned its rating of "__" (_____ Outlook) to the Bonds.

Bond Insurance. The purchase of any municipal bond insurance policy or the issuance of any such commitment therefor shall be at the sole option and expense of a bidder and any increased costs of issuance of the Bonds resulting by reason of the same, shall be paid by such bidder, including any rating fees other than the rating described in the section "Bond Rating" above. Any failure of the Bonds to be so insured or of any such policy or commitment of insurance to be issued, shall not constitute cause for a failure or refusal by the purchaser of the Bonds to accept delivery of and pay for the Bonds in accordance with the terms of the purchase proposal.

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

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

Establishment of Issue Price. To provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the “**Code**”), the Successful Bidder will be required to assist the City in establishing the “issue price” of the Bonds and complete, execute and deliver to the City prior to the Closing Date, a written certification (the “**Issue Price Certificate**”), the form of which is attached hereto as **Exhibit A**, containing the following for each maturity of the Bonds: (1) the interest rate; (2) the reasonably expected initial offering price to the “public” (as said term is used in Treasury Regulation Section 1.148-1(f) (the “**Regulation**”)) or the sale price; and (3) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received by the Financial Advisor or Bond Counsel on behalf of the City.

The City intends that the sale of the Bonds pursuant to this Notice shall constitute a “competitive sale” as defined in the Regulation. In support thereof: (1) the City will cause this Notice to be disseminated to potential bidders in a manner reasonably designed to reach potential bidders; (2) all bidders will have an equal opportunity to submit a bid; (3) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and (4) the City expects to award the sale of the Bonds to the bidder that provides a bid with the lowest TIC in accordance with the section hereof entitled “Basis of Award.”

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds as specified therein. The Successful Bidder shall constitute an “underwriter” as that term is defined in the Regulation. By submitting its bid, the Successful Bidder confirms that it will require any agreement among underwriters, selling group agreement or other agreement to which it is a party relating to the initial sale of the Bonds to include provisions requiring compliance with provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a “competitive sale” are not satisfied, the City will advise the Successful Bidder of such fact at the time of award of the sale of the Bonds to the Successful Bidder and the following provisions will apply to the Bonds. ***In such event, any bid submitted will not be subject to cancellation or withdrawal.*** The Successful Bidder shall promptly advise the City on the Sale Date if a “substantial amount” (as defined in the Regulation (10%)) of any maturity of the Bonds has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The City will ***not*** require the Successful Bidder to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Successful Bidder may elect that option. If the Successful Bidder exercises the “hold-the-offering-price” option for determining the issue price of any remaining maturities, the Successful Bidder shall execute and deliver to the City a written acknowledgement specifying the maturities to which the “hold-the-offering-price” option applies, and the City will apply the initial offering price to the public provided in the bid as the issue price for those maturities. If the Successful Bidder does not exercise the “hold-the-offering-price” option, it shall

thereafter promptly provide the City the prices at which a substantial amount of such maturities are sold to the public. ***Any change in the issue price of any of the Bonds after the Submittal Hour will not affect the purchase price for the Bonds submitted in the bid of the Successful Bidder.***

The Successful Bidder will provide information explaining the factual basis for its representations in the Issue Price Certificate relating to the pricing of the Bonds if (a) the City requests the information in connection with an audit or inquiry by the Internal Revenue Service (the “IRS”) or the Securities and Exchange Commission (the “SEC”) or (b) the information is required to be retained by the City pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority. This agreement by the Successful Bidder to provide such information will continue to apply after the Closing Date.

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

Additional Information. Additional information regarding the Bonds may be obtained from Columbia Capital Management, LLC, 6770 Antioch, Suite 250, Merriam, Kansas 66204, Attention: James Prichard (913) 312-8072, e-mail: jprichard@columbiacapital.com, or Kevin O’Kelly (312) 499-9200, e-mail: kokelly@columbiacapital.com.

DATED this ____ day of November, 2022.

CITY OF COLUMBIA, MISSOURI

By: /s/ Matthew Lue
Director of Finance

EXHIBIT A

FORM OF PURCHASER'S RECEIPT FOR BONDS AND REPRESENTATION

CITY OF COLUMBIA, MISSOURI

§ _____ WATER AND ELECTRIC SYSTEM REVENUE BONDS SERIES 2022

The undersigned (the "Original Purchaser"), as the underwriter of the above-referenced Bonds (the "Bonds"), of the City of Columbia, Missouri (the "City"), hereby certifies and represents as follows:

1. Authorized Representative. The undersigned is the duly authorized representative of the Original Purchaser.

2. Receipt for Bonds. The Original Purchaser acknowledges receipt on the date hereof of the Bonds, consisting of fully registered Bonds, numbered from 1 consecutively upward in denominations of \$5,000 or integral multiples thereof. Each of said Bonds has been signed by the facsimile signature of the City Manager and attested by the facsimile signature of the City Clerk, with the City's official seal affixed or imprinted thereon, and has been authenticated by the manual signature of an authorized officer or signatory of the Paying Agent.

3. Issue Price.

(a) *Public Offering.* The Original Purchaser offered all of the Bonds to the Public in a bona fide initial offering.

(b) *Reasonably Expected Initial Offering Price.* As of the sale date of the Bonds (December ___, 2022), the reasonably expected initial offering prices of the Bonds to the Public by the Original Purchaser are the prices listed in **Schedule A** (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Original Purchaser in formulating its bid to purchase the Bonds.

(c) *Defined Terms.*

(i) The term "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(ii) The term "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" is defined in U.S. Treasury Regulation § 1.150-1(b) which generally provides that the term related party means any two or more persons who have a greater than 50 percent common ownership, directly or indirectly.

(iii) The term "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (B) any person that agrees pursuant to

a written contract directly or indirectly with a person described in clause (A) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

4. Debt Service Reserve Fund. The funding of the Debt Service Reserve Fund securing the Bonds in an amount equal to \$_____ was an essential factor in marketing the Bonds and facilitates the marketing of the Bonds at an interest rate comparable to that of other bond issues of a similar type. The amount being deposited in the Debt Service Reserve Fund does not exceed the least of (a) 10% of the proceeds of the Bonds, (b) the maximum annual debt service on the Bonds, or (c) 125% of the average annual debt service on the Bonds.

5. Representations. The representations set forth in this Certificate are limited to factual matters only. Nothing in this Certificate represents the Original Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Federal Tax Certificate of the City dated December __, 2022 and with respect to compliance with the federal income tax rules affecting the Bonds, by Columbia Capital Management, LLC, Financial Advisor to the City in executing the Certificate of Financial Advisor relating to the Bonds, and by Gilmore & Bell, P.C., St. Louis, Missouri, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

DATED: December __, 2022.

[*PURCHASER*]

By: _____
Name: _____
Title: _____

SCHEDULE A

EXPECTED OFFERING PRICES

Stated Maturity <u>October 1</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Price</u>
2023	\$	%	%
2024			
2025			
2026			
2027			
2028			
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2031			
2032			
2033			
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