

**EXHIBIT C
TO ORDINANCE**

PRELIMINARY OFFICIAL STATEMENT

[On file with the City Clerk.]

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER __, 2023

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) (1) is 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) is 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. Bond Counsel notes that for tax years beginning after December 31, 2022, interest on the Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See “TAX MATTERS” in this Official Statement.



\$27,695,000*
CITY OF COLUMBIA, MISSOURI
WATER AND ELECTRIC SYSTEM REVENUE BONDS
SERIES 2023A

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Bonds will be issued as fully-registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. The Bonds will be available for purchase in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. DTC will receive all payments with respect to the Bonds from UMB Bank, N.A., St. Louis, Missouri, as Paying Agent for the Bonds. DTC is required to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. Semiannual interest will be payable on April 1 and October 1, beginning on April 1, 2024.

The Bonds are special limited obligations of the City, payable solely from the Net Revenues (as defined in the below-defined Bond Ordinance) derived by the City from the operation of its System (defined herein) and certain accounts under the Bond Ordinance to the extent pledged under the Bond Ordinance. The Bonds are on a parity with four series of the City’s outstanding water and electric system revenue bonds. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds or the interest thereon.

The Bonds are being issued to (1) extend and improve the City’s municipal water system, (2) fund a debt service reserve account for the Bonds, and (3) pay certain costs and expenses of issuing the Bonds. See the section captioned “**PLAN OF FINANCING**” herein.

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

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the City. Gilmore & Bell, P.C. will also pass upon certain matters relating to this Official Statement. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about October __, 2023.

The date of this Official Statement is October __, 2023.

* Preliminary; subject to change.

CITY OF COLUMBIA, MISSOURI

\$27,695,000*

**WATER AND ELECTRIC SYSTEM REVENUE BONDS
SERIES 2023A**

MATURITY SCHEDULE*

Base CUSIP: _____

<u>Maturity October 1</u>	<u>Principal Amount</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>Price (%)</u>	<u>CUSIP Extension</u>
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					

* Preliminary; subject to change.

CITY OF COLUMBIA, MISSOURI

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

CITY OFFICIALS

Mayor

Barbara Buffaloe

Council Members

Nick Knoth
Andrea Waner
Roy Lovelady

Nick Foster
Donald Waterman
Betsy Peters

Administrative Officials

De'Carlton Seewood, City Manager
Nancy Thompson, City Counselor
Sheela Amin, City Clerk
Matthew Lue, Director of Finance
David Sorrell, Director of Utilities

CERTIFIED PUBLIC ACCOUNTANTS

Allen, Gibbs & Houlik, L.C.
Overland Park, Kansas

BOND 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 over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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

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

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

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OFFICIAL STATEMENT

CITY OF COLUMBIA, MISSOURI

\$27,695,000*

WATER AND ELECTRIC SYSTEM REVENUE BONDS SERIES 2023A

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 the 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 concerning the City of Columbia, Missouri (the “City”), the City’s water and electric utility (the “System”) and the City’s \$27,695,000* Water and Electric System Revenue Bonds, Series 2023A (the “Bonds”).

The City and the System

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

The System is composed of a water system (the “Water Utility”) and an electric power and light system (the “Electric Utility”). See the sections herein captioned “**THE SYSTEM,**” “**THE ELECTRIC UTILITY**” and “**THE WATER UTILITY.**”

Purpose of the Bonds

The Bonds are being issued pursuant to the Constitution, the laws of the State and an ordinance adopted by the City Council of the City on September 18, 2023 (the “Bond Ordinance”) for the purpose of providing funds to (1) extend and improve the Water Utility, (2) fund a debt service reserve account for the Bonds, and (3) pay certain costs and expenses of issuing the Bonds. See the section captioned “**PLAN OF FINANCING.**”

The Bonds represent the final installment of \$42,845,000 of waterworks and electric system revenue bonds authorized by the required majority of the qualified voters of the City on August 7, 2018. See “**THE BONDS**” and “**PLAN OF FINANCING.**”

Security and Source of Payment

The Bonds will be special limited obligations of the City, payable solely from and secured by a pledge of the Net Revenues (defined below) of the System and certain accounts under the Bond Ordinance to the extent pledged under the Bond Ordinance. At the time of issuance of the Bonds, the City will fund a debt service reserve account for the Bonds in the amount of \$_____ * (the “2023A Reserve Requirement”). The 2023A

* Preliminary; subject to change.

* Preliminary; subject to change.

Reserve Requirement will be redetermined annually as described under the caption “**SECURITY FOR THE BONDS – The Bond Ordinance – Debt Service Reserve Fund**” herein.

Outstanding System Revenue Bonds

As of the date of issuance of the Bonds, the City will have the following bonds outstanding payable from the Net Revenues of the System (collectively, the “Previously Issued Parity Bonds”):

- \$4,910,000 principal amount of Water and Electric System Revenue Refunding Bonds, Series 2014A;
- \$30,260,000 principal amount of Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015;
- \$13,935,000 principal amount of Water and Electric System Revenue Bonds, Series 2019A; and
- \$56,035,000 principal amount of Water and Electric System Refunding Revenue Bonds, Series 2019B.

The Bonds will be issued on a parity with the Previously Issued Parity Bonds with respect to the Net Revenues of the System.

In addition, the City intends to make principal and interest payments from the revenues of its Electric Utility on the outstanding \$31,990,000 principal amount of Special Obligation Refunding Bonds, Series 2020B (the “Series 2020B Bonds”), but those revenues are not pledged to the payment of the Series 2020B Bonds.

The City has the right under the Bond Ordinance to issue additional bonds on a parity with the Bonds and the Previously Issued Parity Bonds payable from the same sources and secured by the same revenues as the Bonds and the Previously Issued Parity Bonds, but only in accordance with and subject to the terms and conditions set forth in the Bond Ordinance. The Previously Issued Parity Bonds and any additional bonds or other obligations hereafter issued or incurred pursuant to the Bond Ordinance and standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net Revenues of the System are collectively referred to as the “Parity Bonds.” The taxing power of the City is not pledged to the payment of the Bonds or the interest thereon. 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, 2022, are included in the City’s Annual Comprehensive Financial Report in **Appendix B** to this Official Statement. These financial statements have been audited by Allen, Gibbs & Houlik, L.C., Overland Park, Kansas, independent certified public accountants, to the extent and for the periods indicated in their report, which is also included in **Appendix B**.

Summary of the Bond Ordinance

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

Continuing Disclosure Information

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

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 April 1, 2024. Principal will be payable by check, electronic transfer or draft mailed by the Paying Agent upon presentation and surrender of the Bonds by the Registered Owners thereof at the principal payment office of UMB Bank, N.A., St. Louis, Missouri, Paying Agent. Interest shall be paid (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 at such other address as is furnished to the Paying Agent in writing by any Registered Owner, 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 acknowledgment 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, 20__ and thereafter will be subject to redemption and payment prior to maturity, on October 1, 20__ 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 in such 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.

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 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 E*.

PLAN OF FINANCING

Authorization and Purpose of the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State, including particularly Article VI, Section 27 of the Missouri Constitution, as amended, and Chapter 250 of the Revised Statutes of Missouri, as amended (the "Act"), the City's Charter and the Bond Ordinance. The Bonds are being issued to (1) extend and improve the Water Utility, (2) fund a debt service reserve account for the Bonds and (3) pay certain costs and expenses of issuing the Bonds.

The Bonds represent the final installment of \$42,845,000 of waterworks and electric system revenue bonds authorized by the required majority of the qualified voters of the City on August 7, 2018.

The Improvements

The improvements to the Water Utility will include projects to support system modernization, system reliability and the replacement of infrastructure (collectively, the "Project"). The estimated aggregate cost of the Project is \$25,500,000.

Specific Projects (anticipated as of the date of this Official Statement, but subject to change):

<u>Project</u>	<u>Expected Cost</u>
Water Treatment Plant Upgrade Phase 1	\$21,050,000
Well Platforms	1,000,000
Water Main Relocations for Streets and Highways	900,000
Water Main Replacements	2,250,000
Contingency	300,000

The City will deposit a portion of the proceeds of the Bonds in the 2023A Construction Account established under the Bond Ordinance. Those proceeds will be used by the City solely to pay costs of such improvements, in accordance with the report and estimate of the City’s engineers and plans and specifications for said improvements to be prepared by the City’s engineers. The City expects construction of the improvements to begin in fall of 2023, and the specific projects to be completed as follows:

<u>Project</u>	<u>Expected Completion Date</u>
Water Treatment Plant Upgrade Phase 1	June 30, 2026
Well Platforms	December 31, 2024
Water Main Relocations for Streets and Highways	*
Water Main Replacements	*

* The City annually performs relocations and replacements of water mains. Bond proceeds are expected to cover relocations/replacements for two to three fiscal years.

Sources and Uses of Funds

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

Sources of Funds:

Proceeds of the Bonds	\$
Net Reoffering Premium	
Total	<u>\$</u>

Uses of Funds:

Deposit to 2023A Construction Account	\$
Deposit to 2023A Bond Reserve Account	
Costs of Issuance for the Bonds (Including Underwriter’s Discount)	
Total	<u>\$</u>

SECURITY FOR THE BONDS

Special Limited Obligations

The Bonds are special obligations of the City, payable from and secured as to the payment of principal and interest by a pledge of, the net income and revenues derived by the City from the operation of the System

and, under certain circumstances, the net proceeds of insurance and other funds held under the Bond Ordinance, after payment of expenses of operation and maintenance of the System.

The Bonds will not be or constitute a general obligation of the City, nor will they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest.

The Bond Ordinance

Net Revenues. The Bonds are payable from and secured as to the payment of principal and interest by a pledge of the Net Revenues of the System.

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

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

“**Operating Expenses**” means the City’s expenses of operating the System, including all costs due under any type of contractual arrangement in respect of power and power entitlements, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administrative and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes, and other expenses actually paid or accrued, including, without limitation, any expenses of the City applicable to the System, as recorded on its books pursuant to standard governmental accounting practice and any other expenses of the City applicable to the System, as recorded on its books pursuant to standard governmental accounting practice. Operating Expenses shall not include any costs or expenses for new construction, charges for depreciation, voluntary payments in lieu of taxes, payments in respect of any “take or pay” power contract under which no power is available to the City for such payment, or payment of principal or interest on the System Revenue Bonds.

Parity Bonds. The Bonds will be on a parity with the Parity Bonds with respect to the Net Revenues of the System. The covenants and agreements of the City contained in the Bond Ordinance 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 which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Ordinance. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the net income and revenues derived from the operation of the System and in all other respects with the Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal or interest from said net income and revenues or otherwise over any Parity Bonds and any Parity Bonds shall not have any priority with respect to the payment of principal or interest from said net income and revenues or otherwise over the Bonds.

Debt Service Reserve Fund. The Bond Ordinance creates a 2023A Bond Reserve Account that will be funded in the amount of \$_____ * when the Bonds are issued. The 2023A Reserve Requirement shall be redetermined at the beginning of each Fiscal Year and shall be the lesser of the 2023A Reserve Requirement for

* Preliminary; subject to change.

the prior Fiscal Year or the maximum principal and interest coming due, whether at maturity or upon mandatory redemption on the Bonds during such Fiscal Year or any subsequent Fiscal Year. The City may provide, in lieu of any amounts required to be on deposit in the 2023A Bond Reserve Account, a bond insurance policy in favor of the Paying Agent issued by an insurance company rated (at the time of issuance of such policy) in one of the two highest rating categories by one of the Rating Agencies and sufficient to provide to the Bondowners the amounts that would otherwise have been on deposit in the 2023A Bond Reserve Account at the times the Bondowners would have otherwise received such amounts.

Except as provided in the Bond Ordinance, all amounts paid and credited to the 2023A Bond Reserve Account shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Bonds on any Maturity date or Interest Payment Date if the moneys in the 2023A Bond Account are insufficient to pay the interest on or principal of the Bonds as they become due. So long as the 2023A Bond Reserve Account aggregates the 2023A Reserve Requirement, no payments into said Account shall be required, but if (i) the City is ever required to expend and use a part of the moneys in said Account for the purpose herein authorized and such expenditure reduces the amount of said Account below the 2023A Reserve Requirement, on or before each April 1 and October 1, after paying all Operating Expenses and making the required transfers pursuant to the Bond Ordinance, the City Council shall transfer from the System Revenue Fund to the 2023A Bond Reserve Account, one-half of the amount expended from said Account during the previous six-month period until said Account aggregates a sum equal to the 2023A Reserve Requirement or (ii) the value (determined in accordance with the Bond Ordinance) of the amount held in the 2023A Bond Reserve Account is less than the 2023A Reserve Requirement due to market fluctuations, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the 2023A Bond Reserve Account, one-half of such deficiency so that said Account aggregates at the time of making the second of such transfers a sum equal to the 2023A Reserve Requirement.

The amounts required to be paid and credited to the 2023A Bond Reserve Account shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the bond reserve account established for the Parity Bonds under the provisions of any Parity Ordinance.

Moneys in the 2023A Bond Reserve Account may be used to call the Bonds for redemption and payment prior to their Stated Maturity, provided all of the Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Moneys in the 2023A Bond Reserve Account shall be used to pay and retire the last Outstanding Bonds unless such Bonds and all interest thereon are otherwise paid. Any amounts in the 2023A Bond Reserve Account in excess of the 2023A Reserve Requirement on any valuation date shall be transferred to the 2023A Bond Account.

If at any time the moneys in the System Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the 2023A Bond Reserve Account and to the debt service reserve accounts established to protect the payment of any Parity Bonds, the available moneys in the System Revenue Fund shall be divided among such debt service reserve accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in such debt service reserve accounts.

Renewal and Replacement Account. The Master Ordinance required that the City establish a Renewal and Replacement Reserve Account (the “Renewal and Replacement Account”) in the amount of \$1,500,000, which is presently on deposit in said Account. So long as the Renewal and Replacement Account aggregates the Renewal and Replacement Requirement, no payments shall be required, but if the amount in said Account is less than the Renewal and Replacement Requirement, after making the required transfers pursuant to the Bond Ordinance, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the Renewal and Replacement Account one-half of the deficiency so that the Account aggregates at the time of making the second of such transfers a sum equal to the Renewal and Replacement Requirement.

All moneys in the Renewal and Replacement Account may be drawn on and used by the City Council for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements not paid as part of the ordinary and normal expense for the operation of the System; provided, however, if the funds and investments in the 2023A Bond Reserve Account are reduced below the 2023A Reserve Requirement, funds on deposit in the Renewal and Replacement Account shall be transferred to the 2023A Bond Reserve Account to the extent necessary to eliminate the deficiency in that Account.

Rate Covenant. The City has covenanted in the Bond Ordinance to charge and collect all rates, fees and other charges for the sale of electric power and energy, water and other services, facilities and commodities of the System as are required to provide such Revenues and income (including investment income) at least sufficient in each Fiscal Year that will:

- (1) equal at least 110% of the Debt Service Requirement on all Parity Bonds then Outstanding for the year of computation and 100% of the Debt Service Requirement on all Subordinate Bonds then Outstanding for the year of computation;
- (2) enable the City to make all required payments, if any, into the reserve account for any Parity Bonds, the Renewal and Replacement Account and the rebate account for any Parity Bonds, and to any Credit Facility Provider, any Reserve Account Credit Facility Provider and any Qualified Hedge Provider (as such latter terms are defined in the Master Ordinance);
- (3) remedy all deficiencies in required payments into any of the funds and accounts established under the Master Ordinance, the Parity Ordinances or the Bond Ordinance from prior Fiscal Years; and
- (4) all other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

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

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

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

Additional Bonds and Refunding Bonds

The City reserves the right to issue Additional Bonds (which could include commercial paper or variable rate debt obligations) from time to time payable from the Net Revenues of the System and ranking on a parity with the Bonds and any Additional Bonds and refunding bonds theretofore issued if the following conditions are met:

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

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

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

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

(B) a Certificate of a Consulting Engineer certifying that the estimated Revenues Available For Debt Service for the Fiscal Year immediately following the year in which the project, the cost of construction of which is being financed by such Additional Bonds, is to be in commercial operation (or for the Fiscal Year immediately following the year in which such Additional Bonds are issued, if no project is to be financed thereby) are not less than one hundred twenty-five percent (125%) of the maximum total Debt Service Requirement for any succeeding Fiscal Year on all Parity Bonds which will be Outstanding immediately after the issuance of the proposed Additional Bonds; provided, the Consulting Engineer may adjust the estimated Revenues Available For Debt Service by adding thereto any estimated increase in revenue resulting from any increase in water and electric rates which, in the opinion of the Consulting Engineer, are economically feasible and reasonably considered necessary based on projected operations of the System. Additional Bonds may be issued notwithstanding the restrictions upon the issuance of Additional Bonds set out in this subparagraph, if in the opinion of the Consulting Engineer, the proceeds of such Additional Bonds are necessary to repair any damage or loss to the System if the System has been destroyed or damaged by disaster to such an extent that it cannot be operated or if it is necessary to keep the System in good operating condition after such damage or loss; and

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

Refunding bonds may be issued in accordance with the Bond Ordinance without regard to the requirements above.

Subordinated Indebtedness

The City reserves the right to issue subordinated bonds or other obligations, including commercial paper and variable rate debt obligations, payable from the Net Revenues of the System subject to the prior lien on the Net Revenues for payment of the Parity Bonds.

THE SYSTEM

Management

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

<u>Name</u>	<u>Term Expires June 30</u>
Philip Fracica	2026
David Switzer	2027
Thomas Jensen	2027
Amanda Jacobs	2024
Gregg Coffin	2025

Overall administration and operation of the System are performed by the Director of Utilities and his staff. On September 19, 2022, the City Council approved two new Assistant Director positions, one in the Electric Division and one in the Water Division. The individuals in these positions are responsible for the operation of each division.

David Sorrell, Director of Utilities, is a dedicated public servant with almost 23 years of service with the City and has served as the Director since March 2020. Mr. Sorrell earned a bachelor’s degree in chemical engineering from the University of Missouri and is registered as a Professional Engineer with the State. Mr. Sorrell is also a member of the boards of directors of the Missouri Electric Commission and the Missouri Association of Municipal Utilities (MAMU).

Financial Statements

The financial records of the City, including those of the System, are audited annually by a firm of independent certified accountants in accordance with generally accepted auditing standards. Allen, Gibbs & Houlik, L.C., Overland Park, Kansas, completed the audit for the Fiscal Year ended September 30, 2022. The combined financial statements of the City and the System for the Fiscal Year ended September 30, 2022 are attached as *Appendix B* to this Official Statement.

System Maintenance, Expansion and Replacement

The City obtains an insurance certificate annually. The process of obtaining the insurance certificate involves an annual and ongoing review of the System assets. This review includes the identification of loss exposure, the review of past loss history, a review of the City financial statements, an evaluation of acquisitions, divestitures and changes within the System and an evaluation of market, legal, legislative and economic conditions which could affect the protection of assets. In addition, the City includes, as part of its Annual Comprehensive Financial Report, information on the System, including information on utility rates, customers, debt service and debt service coverage. Further, in connection with the renegotiation of power contracts, the City contracts with The Energy Authority (the “TEA”) of Jacksonville, Florida, for risk management and

hedging analysis services. These services assist in identifying the types and quantities of resources that the System should seek to add to its portfolio that will allow the City to maintain a reliable wholesale power supply and minimize potential revenue impacts. The City receives monthly hedging reviews and applies semi-annual updates to the risk model.

The City updates its Capital Improvements Plan (the “CIP”) budget annually. The CIP is a multi-year plan for capital expansion and the replacement of aging facilities. As part of preparing the CIP, the Water Utility and the Electric Utility are evaluated for adequacy and replacement requirements. The engineering staffs of the Water Utility and the Electric Utility, respectively, develop recommendations for the CIP. These recommendations then go through a review process that includes the Director of Utilities, the City Manager, the Board and the City Council.

Electric Utility. Various evaluation tools are utilized to make the recommendations outlined in the annual CIP. This includes evaluation of circuit loading after system peak; evaluation of customer growth patterns; utility coordination with inter-connected systems; and the evaluation of the need to upgrade lower voltage lines and/or replace older lines due to a history of faults.

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

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

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

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

- 1.) Formal monthly inspections of pump stations and storage facilities;
- 2.) Annual flushing and testing of distribution systems;
- 3.) Sampling and monitoring of supply wells; and
- 4.) Cooperation and compliance with State operated agencies such as the Missouri Department of Natural Resources (“DNR”).

Planning/Future Capital Expenditures

The City has a comprehensive and ongoing planning process for the System. The most recent long-range forecasts were completed in 2023 for both the Water Utility and the Electric Utility.

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

Debt Service Requirements

The following table sets forth the estimated debt service on all of the outstanding bonds payable from the Net Revenues of the System, including debt service on all Parity Bonds and the Series 2020B Bonds (which

the City intends to pay from the Electric Utility revenues, even though the Series 2020B Bonds do not have a lien on the Electric Utility revenues).

Fiscal Year Ending September 30	Existing Principal & Interest Requirements of Outstanding Bonds	The Bonds			Total Requirements of All Bonds
		Principal	Interest	Total Requirements	
2023	\$ 16,723,388				
2024	14,853,906				
2025	14,854,225				
2026	14,863,975				
2027	14,882,925				
2028	13,748,650				
2029	13,744,625				
2030	12,043,906				
2031	11,565,125				
2032	11,580,881				
2033	8,860,925				
2034	8,885,025				
2035	7,791,575				
2036	6,397,056				
2037	6,392,856				
2038	3,175,500				
2039	3,166,250				
2040	3,173,900				
2041	3,173,200				
2042	3,169,200				
2043	2,644,366				
2044	2,643,734				
2045	2,639,878				
2046	2,642,597				
2047	784,175				
2048	786,019				
2049	782,131				
2050	<u>782,513</u>				
2051					
2052					
2053					
Total	<u>\$206,752,506</u>				

Employee Relations

The System currently has approximately 283 full-time equivalent employees. On September 19, 2022 the City Council changed titles for approximately 159 positions to move them from unrepresented status to represented by the Water and Light Association. This group engages in collective bargaining with the City in accordance with Missouri law. Neither the Water Utility nor the Electric Utility has ever experienced a strike or a slowdown. The City and the Water & Light Association maintain a harmonious relationship.

Payments to the City

The City's Charter requires the City Council to set rates for water and electric services to produce sufficient revenue for several purposes, one of which is to pay into the General Fund of the City an amount substantially equal to the amount of taxes that would be due if the System were privately owned. Monthly payments are made to the General Fund in an amount representing the real estate taxes and the gross receipts tax to meet the requirements of the Charter. In Fiscal Year 2021, this amount equaled \$16,726,267. These payments are not included in the System's Operating Expenses and may be paid only after all payments required to be paid from Net Revenues, including debt service and other payments required on System Revenue Bonds, have been made.

Service Area

The System's area of service is defined by service agreements with other water and electric providers and covers land both within and outside the corporate limits of the City. The Electric Utility service area is approximately 60 square miles. As of December 2022, the Electric Utility had 51,362 electric customers inside the City and 909 outside the City. The Water Utility service area is approximately 90 square miles. As of December 2022, the Water Utility had 49,508 water customers inside the City and 1,396 outside the City.

Rate Regulation

The System is not subject to federal or state regulation in the establishment of rates. The City Council has sole authority to set rates and charges applicable to the System. The City has created a Rate and Fiscal Planning Division in the Water & Light Department. The Rate and Fiscal Planning Division assists with cost of service studies, performs load research, designs rates, and coordinates and initiates the preparation and execution of operating and capital budgets.

Historical Results

The table below details the total revenues, total expenses and Net Revenues of the System for the Fiscal Years ended September 30, 2018 through 2022. This table has been derived from the audited financial statements of the City for the Fiscal Years ended September 30, 2018 through 2022.

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Water and Electric Utility Fund
Historical Schedule of Revenues and Expenses

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
REVENUES					
ELECTRIC UTILITY					
Residential Sales	\$ 56,986,027	\$ 53,771,113	\$ 55,102,347	\$ 56,887,624	\$ 57,772,228
Commercial and Industrial Sales	58,118,254	56,799,745	55,578,734	56,721,852	58,743,896
Intragovernmental Sales	1,374,701	1,341,515	1,313,636	1,342,460	1,389,795
Street Lighting and Traffic Signs	7,601	8,825	8,898	38,890	8,953
Sales to Public Authorities	14,434,361	14,085,912	13,793,176	14,095,828	14,592,845
Sales for Resale	878,743	458,480	849,326	2,631,109 ⁽²⁾	1,026,154
Miscellaneous	2,836,188	2,024,446	2,303,472	4,604,715 ⁽³⁾	12,697,176
Total Electric Revenues	<u>\$134,635,875</u>	<u>\$ 128,490,036</u>	<u>\$ 128,949,589</u>	<u>\$ 136,322,478</u>	<u>\$146,231,047</u>
WATER UTILITY					
Residential Sales	\$ 18,502,948	\$ 17,517,893	\$ 17,942,881	\$ 18,384,427	\$ 19,123,149
Commercial and Industrial Sales	7,767,128	7,748,837	7,634,510	8,034,813	8,760,217
Miscellaneous	671,016	634,116	624,847	966,824	1,042,611
Total Water Revenues	<u>\$ 26,941,092</u>	<u>\$ 25,900,846</u>	<u>\$ 26,202,238</u>	<u>\$ 27,386,064</u>	<u>\$ 28,925,977</u>
NON-OPERATING REVENUES ⁽¹⁾	<u>\$ 2,531,020</u>	<u>\$ 5,520,155</u>	<u>\$ 4,420,080</u>	<u>\$ 7,512,197</u>	<u>\$ 7,068,825</u>
TOTAL REVENUES	<u>\$164,107,987</u>	<u>\$ 159,911,037</u>	<u>\$ 159,571,907</u>	<u>\$ 171,220,739</u>	<u>\$182,225,849</u>
OPERATING EXPENSES					
ELECTRIC UTILITY					
Fuel and Purchased Power	\$ 70,900,537	\$ 65,202,635	\$ 64,411,808	\$ 70,325,383	\$ 93,459,033 ⁽⁴⁾
Other Production Expenses	4,551,825	5,119,550	5,118,777	5,464,869	6,280,414
Transmission and Distribution	13,088,625	12,291,405	15,615,911	15,821,344	18,491,855
Accounting and Collection	5,576,015	6,451,586	6,391,857	5,843,621	4,990,867
Administrative and General	5,505,717	6,002,850	5,851,695	6,326,230	6,370,623
Total Electric Expenses	<u>\$ 99,622,719</u>	<u>\$ 95,148,026</u>	<u>\$ 97,390,048</u>	<u>\$ 103,781,447</u>	<u>\$129,592,792</u>
WATER UTILITY					
Production	\$ 4,869,504	\$ 3,964,431	\$ 4,592,196	\$ 5,143,952	\$ 5,618,177
Transmission and Distribution	5,756,909	5,003,824	5,684,167	5,842,014	5,765,676
Accounting and Collection	2,641,473	2,611,350	2,441,807	2,163,023	2,207,109
Administrative and General	1,368,025	1,603,384	1,558,925	2,157,165	2,320,449
Total Water Expenses	<u>\$ 14,635,911</u>	<u>\$ 13,182,989</u>	<u>\$ 14,277,095</u>	<u>\$ 15,306,154</u>	<u>\$ 15,911,411</u>
TOTAL OPERATING EXPENSES	<u>\$114,258,630</u>	<u>\$108,331,015</u>	<u>\$111,667,143</u>	<u>\$119,087,601</u>	<u>\$145,504,203</u>
NET REVENUES	<u>\$ 49,849,357</u>	<u>\$ 51,580,022</u>	<u>\$ 47,904,764</u>	<u>\$ 52,133,138</u>	<u>\$ 36,721,646</u>

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

(2) The increase in Sales for Resale is due to the City having 30 megawatts from Sikeston freed up that could be optimized in the Southwest Power Pool (SPP) market. The TEA offered all of the City's available megawatts from Sikeston into the SPP market, which generated a majority of this additional revenue throughout Fiscal Year 2021.

(3) The increase in Miscellaneous is due to the amount of transmission revenues the City received for financial transmission rights due to compensation for congestion in the day-ahead energy market.

(4) The City experienced significant increases in the cost of purchased power in 2022 due to higher energy prices, reliability concerns and weather events. Energy prices increased primarily due to the increase in fuel prices for both natural gas and coal; the price increases affected utilities nation-wide and globally. Reliability and price stability have become a concern as the retirement of power plants, in particular coal-fired plants, is occurring faster than replacement electricity resources can be brought online. Significant heat waves during Summer 2022 led MISO to enact emergency measures, including price increases, to address capacity shortfalls.

Source: *Financial Management Information Supplements for Fiscal Years 2018-2022; Annual Comprehensive Financial Report, Fiscal Years 2018-2022.*

Historical Debt Service Coverage

The table below shows historical debt service coverage on all Parity Bonds and the Series 2020B Bonds (which the City paid from the Electric Utility revenues, even though the Series 2020B Bonds do not have a lien on the Electric Utility revenues).

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net Revenues	\$49,849,357	\$51,580,022	\$47,904,764	\$52,133,138	\$36,721,646
Total Debt Service	\$16,897,625	\$16,900,575	\$17,132,851	\$13,090,756	\$16,698,938
Annual Debt Service Coverage	2.95x	3.05x	2.80x	3.98x	2.20x

Source: *Comprehensive Annual Financial Report, Fiscal Year 2022; the City of Columbia*

Projected Results

The table on the following page provides projected total Revenues, total Operating Expenses and Net Revenues of the System for the Fiscal Years 2023 through 2027. The table was prepared by the City's management, without assistance from or consultation with independent engineers or accountants. **The projections are based on certain assumptions that the City believes to be reasonable, but which may or may not prove to be correct, and no warranty is made that such projections will be realized. Because events and circumstances frequently do not occur as expected, there will usually be differences between the projected and actual results and those differences may be material. A difference between the projected and actual result in any one of the income or expense items can affect the Net Revenues available for debt service. Potential investors must expect that the actual results will vary from the projected results shown below. Potential investors are cautioned that the information in this section of the Official Statement represents "forward-looking statements" as described on page (i) of this Official Statement.**

The projected results include the following assumptions:

1. The City does not budget or project Revenues based on weather. Except as indicated below, projected Revenues for the Fiscal Years 2023 through 2027 reflect increases based only on projected operation and maintenance increases, as well as a small customer growth factor.
2. The projected Revenues for the Electric Utility starting in Fiscal Year 2024 reflect a 6.8% rate increase effective July 1, 2023; the increase is based on the results of a cost-of-service study. This rate increase will generate additional revenues of approximately \$8.3 million per year. Based on the results of the cost-of-service study, no additional rate increase may be necessary until 2026. The projections do not include any additional rate increases, though City Council may adopt future increases.
3. The projected Revenues for the Water Utility for the Fiscal Year 2024 reflect a 20% increase to the base fee. Effective October 1, 2022, the City Council approved an 8.5% increase to Residential Tier 1, a 14.9% increase to Commercial Tier 1 and Large Commercial, a 6.0% increase to Summer Tier 2, a 4.0% increase to Summer Tier 3, a 5.6% increase to airport, and a 4.0% increase to irrigation.
4. City staff evaluates annual rate increases in January or February after the prior fiscal year financial statements have been completed and audited. This methodology was accepted by the City Council to ensure that the City is not proposing rate increases with the annual budget process in April/May. Proposing rate increases with the annual budget process is complicated by the fact that a majority of the Revenues from the System are significantly impacted by the summer months (June thru September). This

approach allows staff to have a better financial picture of how the System fared to determine whether a rate increase is necessary.

5. The projected Operating Expenses for the Fiscal Years 2023 through 2027 are based on the previous three-year average of Operating Expenses. The projected Fuel and Purchased Power Expenses for the Electric Utility for the Fiscal Years 2023 through 2027 are based on the previous three-year average and then adjusted to account for increased contracted amounts of purchased power and market volatility.

Water and Electric Utility Fund
Projected Schedule of Revenues and Expenditures

	<u>2023*</u>	<u>2024*</u>	<u>2025*</u>	<u>2026*</u>	<u>2027*</u>
REVENUES					
ELECTRIC UTILITY					
Residential Sales	\$ 57,152,165	\$ 63,226,805	\$ 63,701,032	\$ 64,178,790	\$ 64,660,132
Commercial and Industrial Sales	58,651,468	60,046,097	60,496,477	60,950,200	61,407,326
Intragovernmental Sales	1,391,600	1,420,029	1,430,679	1,441,409	1,452,220
Street Lighting and Traffic Signs	9,050	9,050	9,118	19,186	9,255
Sales to Public Authorities	14,611,800	14,910,303	15,022,130	15,134,796	15,248,307
Sales for Resale	500,000	1,000,000	1,000,000	1,000,000	1,000,000
Miscellaneous	10,340,534	7,770,184	7,770,184	7,770,184	7,770,184
Total Electric Revenues	<u>\$142,656,617</u>	<u>\$148,382,468</u>	<u>\$149,429,620</u>	<u>\$150,484,565</u>	<u>\$151,547,424</u>
WATER UTILITY					
Residential Sales	\$ 19,430,531	\$ 20,613,934	\$ 20,768,538	\$ 20,924,303	\$ 21,081,234
Commercial and Industrial Sales	8,633,964	8,638,402	8,703,191	8,768,464	8,834,228
Miscellaneous	1,102,000	1,076,616	977,701	977,701	977,701
Total Water Revenues	<u>\$ 29,166,495</u>	<u>\$ 30,328,952</u>	<u>\$ 30,449,430</u>	<u>\$ 30,670,468</u>	<u>\$ 30,893,163</u>
NON-OPERATING REVENUES ⁽¹⁾	<u>\$ 5,085,723</u>	<u>\$ 3,432,443</u>	<u>\$ 3,422,462</u>	<u>\$ 3,422,462</u>	<u>\$ 3,422,462</u>
TOTAL REVENUES	<u>\$ 176,908,835</u>	<u>\$182,143,863</u>	<u>\$183,301,512</u>	<u>\$184,577,495</u>	<u>\$185,863,049</u>
OPERATING EXPENSES					
ELECTRIC UTILITY					
Fuel and Purchased Power	\$ 70,975,406	\$ 77,670,773	\$ 78,636,833	\$ 79,615,214	\$ 80,606,078
Other Production Expenses	6,761,740	6,457,082	6,676,085	6,869,993	7,000,880
Transmission and Distribution	18,911,369	18,948,411	19,856,145	20,653,900	21,189,408
Accounting and Collection	5,699,116	5,412,667	5,518,007	5,646,315	5,806,741
Administrative and General	6,691,670	6,392,533	6,825,858	7,217,967	7,510,058
Total Electric Expenses	<u>\$109,039,301</u>	<u>\$114,881,476</u>	<u>\$117,512,928</u>	<u>\$120,003,389</u>	<u>\$122,113,165</u>
WATER UTILITY					
Production	\$ 6,217,571	\$ 7,159,285	\$ 7,488,913	\$ 7,836,413	\$ 8,188,363
Transmission and Distribution	6,033,643	6,273,766	6,714,544	7,103,806	7,478,640
Accounting and General	2,230,502	2,579,425	2,638,292	2,709,693	2,798,656
Administrative and General	2,939,578	2,427,066	2,612,027	2,789,789	2,962,790
Total Water Expenses	<u>\$ 17,421,294</u>	<u>\$ 18,439,542</u>	<u>\$ 19,453,776</u>	<u>\$ 20,439,701</u>	<u>\$ 21,428,449</u>
TOTAL OPERATING EXPENSES	<u>\$126,460,595</u>	<u>\$133,321,018</u>	<u>\$136,966,704</u>	<u>\$140,443,090</u>	<u>\$143,541,614</u>
NET REVENUES	<u>\$ 50,448,240</u>	<u>\$ 50,821,845</u>	<u>\$ 46,334,808</u>	<u>\$ 44,134,406</u>	<u>\$ 42,321,435</u>

* Projected. These projected operating results may differ from forecasts prepared by the City for budgeting purposes. The budgets for the System are prepared to ensure additional appropriations are not needed throughout the applicable fiscal year.

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

Source: *City of Columbia*

Projected Debt Service Coverage

The table below shows projected debt service coverage on the Bonds, all Parity Bonds and the Series 2020B Bonds (which the City intends to pay from the Electric Utility revenues, even though the Series 2020B Bonds do not have a lien on the Electric Utility revenues).

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Projected Net Revenues	<u>\$50,448,240</u>	<u>\$50,821,845</u>	<u>\$46,334,808</u>	<u>\$44,134,406</u>	<u>\$42,321,435</u>
Existing Total Debt Service ⁽¹⁾	\$16,723,388	\$14,853,906	\$14,854,225	\$14,863,975	\$14,882,925
Debt Service on the Bonds ⁽³⁾	0	650,063	1,780,000	1,780,000	1,780,000
Projected New Money Issuances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Projected Total Debt Service ⁽³⁾	<u>\$16,723,388</u>	<u>\$15,503,969</u>	<u>\$16,634,225</u>	<u>\$16,634,975</u>	<u>\$16,662,925</u>
Annual Debt Service Coverage⁽³⁾	3.02x	3.28x	2.79x	2.65x	2.54x
Parity Bonds Maximum Annual Debt Service ⁽²⁾⁽³⁾	\$12,178,388	\$10,340,175	\$12,120,175	\$12,120,175	\$12,120,175
Coverage for Additional Parity Bonds Test⁽³⁾	4.14x	4.19x	3.82x	3.64x	3.49x

⁽¹⁾ Includes debt service on the Parity Bonds and the Series 2020B Bonds. The City has made and intends to continue making debt service payments on the Series 2020B Bonds from the Electric Utility revenues, even though the Series 2020B Bonds do not have a lien on the Electric Utility revenues.

⁽²⁾ The maximum annual debt service on the Bonds and the Parity Bonds occurs in Fiscal Year 2023.

⁽³⁾ Preliminary; subject to change.

Source: *City of Columbia*.

THE ELECTRIC UTILITY

History

The City acquired the System in 1904 to supply water and electricity to its residents. During the 1960s, the City experienced rapid population growth, resulting in increased demand for electricity and causing the Electric Utility to operate at near-capacity levels. In 1976, the City entered into a capacity purchase contract with the City of Sikeston, Missouri. A revised contract with the City of Sikeston, which became effective June 1, 1986, was signed in 1983 for capacity purchases through 2011, renewable by mutual agreement through 2021 or for the useful life of the Sikeston plant, whichever is longer. The Sikeston plant has not yet reached its useful life.

In 2001, agreements were negotiated with Ameren Energy Development Company (“Ameren”) that allowed four simple-cycle, natural gas, combustion turbines rated at 36.00 megawatts (“MW”) each to be sited at one of the Electric Utility’s substation properties. The completed 144.00 MW plant is called the Columbia Energy Center (the “CEC”). The agreements allowed for capacity purchases with the option to purchase 50% ownership of the CEC at a later date. In January 2010, the City purchased 25% of the CEC from Ameren and contracted with Ameren for operation services. In the fall of 2010, Ameren Energy Marketing offered to sell the City the remaining 75% interest in the CEC, and on June 1, 2011, the City took full ownership of the CEC.

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

In November 2004, the City approved a renewable energy ordinance for the City's power supply portfolio. The ordinance mandates the System purchase increasing levels of energy from renewable resources.

In 2006, unit power purchase agreements were negotiated with the Missouri Electric Commission (formerly known as the Missouri Joint Municipal Utility Commission) ("MEC") for capacity and energy from its ownership share of power from two power plants then under construction, the Prairie State Energy Campus and Iatan 2. The agreement for Prairie State Energy Campus, dated April 28, 2006, is for a total of 50.00 MW of capacity and energy with 25.00 MW coming from each of two units. The first unit began commercial operation in June 2012, and the second unit began commercial operation in November 2012. The agreement for Iatan 2, dated July 10, 2006, is for 20.00 MW of capacity and energy. Iatan 2 began commercial operation on January 1, 2011.

In 2012, the City Council approved a Power Purchase Agreement for the purchase of wind energy from Crystal Lake III energy facility located in northern Iowa. This facility has been operational since April 2009. The City's initial contract for power from this facility was amended in 2016 and involves the purchase of energy in two phases. The first is for production of 27 MW of wind beginning in January 2017 and the second is for an additional 18 MW in January 2023. Both contracts were amended in 2020 and include updated pricing as a result of turbine repower of the entire NextEra site completed in 2021, which is estimated to result in an additional 40,000 MWHs per year.

In June 2017, the City entered into an agreement with MJMEUC for a 35 MW involvement in the MJMEUC-KWP1 wind contract. MJMEUC has assembled a Purchase Power Agreement with Iron Star Wind and a Transmission Service Agreement with Grain Belt Express Clean Line, which allows for the delivery of wind energy from western Kansas. After much public input and debate, a consensus on transmission line development was reached in the 2022 Missouri Legislative session. The adopted legislation focuses on future transmission line development, allowing for the Grain Belt Express transmission line to proceed as planned. Invenergy Transmission is continuing work on the right-of-way acquisition through property easements in Missouri and Kansas, with an anticipated delivery date of 2028.

In December 2018, the City Council approved an amendment to a power purchase agreement and a solar interconnection agreement with Truman Solar LLC for the purchase of energy from a 10 MW solar facility constructed by Truman Solar in the City. The facility became operational in May 2021 and is connected to the System at the Rebel Hill substation. The City extended two feeders from its Rebel Hill substation to receive this energy.

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Power Generation Facilities

The Electric Utility has a rated installed generation capacity of 194.00 MW, consisting of one gas fired turbo-generator and one gas fired combustion turbine, and four simple-cycle, natural gas, combustion turbines rated at 36.00 MW each and three landfill gas generators at 1 MW each. Additional information follows:

<u>Turbine/Generator Output Rating in MW</u>	<u>Description</u>	<u>Year Installed</u>
12.00 MW	Westinghouse Combustion Turbine (Gas or Oil)	1963
35.00 MW	General Electric Turbo-generator (Gas or Oil)	1970
36.00 MW	36.00 MW GE Combustion Turbine (Gas)	2001
36.00 MW	36.00 MW GE Combustion Turbine (Gas)	2001
36.00 MW	36.00 MW GE Combustion Turbine (Gas)	2001
36.00 MW	36.00 MW GE Combustion Turbine (Gas)	2001
1.00 MW	Jenbacher Landfill Gas Generator, model J320GS	2008
1.00 MW	Jenbacher Landfill Gas Generator, model J320GS	2008
1.00 MW	Jenbacher Landfill Gas Generator, model J320GS	2013

The first two large generating units are located at the Power Plant. The four 36.00 MW combustion turbines are located at the CEC. The three 1.00 MW landfill gas generators are located at the City’s Biogas Energy Plant. The City has awarded a contract for the installation of a fourth and final generator (1 MW) for the existing building at the Columbia Landfill Gas Energy Plant. Construction of this generator will begin in early 2024 following delivery of materials.

DNR issues Part 70 Permits, which allow for the combustion of coal, distillate fuel oil, natural gas and acceptable biomass fuels. The City has received the following Part 70 Permits from DNR:

	<u>Issue Date</u>	<u>Expiration Date</u>
Power Plant	12/10/2018	12/10/2023
Columbia Energy Center	2/26/2021	2/26/2026
Biogas Energy Plant	6/20/2018	6/20/2023*

*The renewal application for the Part 70 permit for the Biogas Energy Plant was submitted to DNR in January 2023.

In June of 2015, the City entered into a contract with Dynegy Inc. (the “Dynegy Contract”), which became effective in Fiscal Year 2017 and extends through Fiscal Year 2026 for the purchase of MISO resource capacity. The Dynegy Contract is a capacity only contract and will allow the City to take advantage of market energy purchases while meeting all capacity requirements. The amount of capacity purchased under the Dynegy Contract is based on current projections of load growth and will increase during the first few years and remain constant for the last six years. This will allow the City to meet capacity requirements while evaluating future options as well as the regulatory climate.

Power Supply Agreements

The City has entered into two separate, consecutive contracts with the Sikeston Board of Municipal Utilities for the purchase of capacity from the Sikeston 235.00 MW coal-fired unit. The Sikeston plant was put in commercial operation on September 1, 1981 at an installed capital cost of approximately \$250,000,000. Under the contract, from 1986 to 2011, subject to extension as described below, the capacity participation was for 66.00 MW. The second contract was automatically extended through May 31, 2021, or for the useful life of the Sikeston power plant, whichever is longer; according to the City, there is no definitive termination date at this

time. Either the City or the City of Sikeston may cancel the contract at any time with five years' notice to the other party. At the time of issuance of the Bonds, neither party has issued such notice of cancellation.

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

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

Participation Power Sales Agreement with Municipal Electric Commission

In 2006, unit power purchase agreements were negotiated with MEC for capacity and energy from its ownership share of power from two power plants, the Prairie State Energy Campus and Iatan 2. The City's obligations under the agreements to pay for the agreed-upon amount of power is absolute, regardless of whether the Prairie State Energy Campus and Iatan 2 plants are operating or operable, or whether power is available or delivered.

The agreement for Prairie State Energy Campus, dated April 28, 2006, is for a total of 50 MW of capacity and energy, with 25 MW coming from each of the two units located at the Prairie State Energy Campus. The first unit began commercial operation in June 2012, and the second unit began commercial operation in November 2012.

The agreement for Iatan 2, dated July 10, 2006, is for 20 MW of capacity and energy. Iatan 2 began commercial operation on January 1, 2011.

Renewable Energy

In November 2004, the City's voters approved a renewable energy ordinance for the City's power supply portfolio, directing Columbia Water & Light (CWL) to generate or purchase increasing levels of energy from renewable resources through 2029. In 2014, the City Council revised the renewable energy ordinance to increase the renewable energy goals; under the revised ordinance, the goal is for 15% of electric demand to be achieved from renewable sources by December 31, 2017, 25% by December 31, 2022 and 30% by December 31, 2028. The renewable energy ordinance requires those levels to be attained only to the extent that it is possible without increasing electric rates more than 3% higher than the electric rates that would otherwise be attributable to the cost of continuing to generate or purchase electricity generated from 100% non-renewable sources. In 2022, the City generated 18.15% of the electric portfolio from renewable sources, consisting of wind (12.9%), landfill gas (2.9%) and solar (2.3%).

Wind Generation and Purchase Agreement with Associated Electric Coop., Inc. The City has entered into an agreement with the Associated Electric Cooperative Inc. ("AECT"), which is effective through June 2027. The City has been allocated 11.1% of the net energy and renewable energy credits, commonly known as green tags, produced by the Bluegrass Ridge Wind Farm.

Wind Power Agreement with Crystal Lake Wind III, LLC. In December 2016, the City Council approved a Power Purchase Agreement for the purchase of wind energy from Crystal Lake III, LLC. This agreement represents an extension of the City's original involvement with the Crystal Lake III wind energy facility located in Northern Iowa. This facility has been operational since April 2009 and the City's initial

contract for power from this facility started in 2012. The contracted amount has and will continue to increase over time as detailed below:

- 21 MWs of wind turbine production, beginning in 2012
- 48 MWs of wind turbine production, beginning in 2017
- 66 MW's of wind turbine production, beginning in 2023

The agreement was further amended in 2020 as a result of turbine repower (i.e., refurbishing) of the entire site in 2021; the amended agreement lowers the City's annual power costs from the facility.

Power Supply Agreement with Ameresco Jefferson City LLC. The City has entered into an agreement with Ameresco Jefferson City LLC to purchase power from a landfill gas plant located in Jefferson City, Missouri. The City has agreed to purchase the electric output of the plant over a 20-year period starting in March 2009 at a fixed cost of \$52.50 per MWH.

Wind Power Agreement with MEC. In June 2017, the City entered into an agreement with MEC for a 35 MW involvement in the MEC-KWP1 wind contract. MEC has assembled a Purchase Power Agreement with Iron Star Wind and a Transmission Service Agreement with Grain Belt Express Clean Line which allows for the delivery of wind energy from western Kansas at a proposed converter station in northeast Missouri. The original projected delivery date was in 2021, but that was delayed due to debate over right-of-way acquisition for the transmission line. After much public input, earlier in 2023 the Missouri General Assembly approved legislation that allows the Grain Belt Express transmission line to proceed as planned. Inverenergy Transmission is continuing work on the right-of-way acquisition through property easements in Missouri and Kansas, with a new anticipated delivery date of 2028.

Biogas Energy Plant. The City owns and operates a biogas energy plant consisting of three 1 MW Jenbacher landfill gas generators, model J320GS. These units operate behind the meter and run continuously as landfill gas is available. The City has awarded a contract for the installation of a fourth and final generator (1MW) for the existing building at the Columbia Landfill Gas Energy Plant. Construction of this generator will begin in early 2024 following the delivery of materials.

Regional Transmission Organization

Federal Energy Regulatory Commission Order No. 2000 requested that all transmission-owning utilities place their facilities under the control of a Regional Transmission Organization ("RTO"). The City has decided to use MISO as its RTO. The City is participating in MISO as a Local Balancing Authority and as a TO. The requirements for the Local Balancing Authority (which includes Columbia, Fulton and the University of Missouri) are the operational responsibility of the City. The City signed an agreement to have TEA perform its market participant requirements. TEA is a pooled municipal resource that takes public power to the wholesale market and brings the market to public power through a variety of energy services.

Columbia Transmission System

The City's transmission network is comprised of approximately 40 miles of 69 kilovolt ("kV") circuits and 30 miles of 161 kV circuits. These transmission facilities carry the output from the City's two generating plants and imported power to eight distribution substations within the Columbia area. The Electric Utility has one 161 kV interconnection with AmerenUE, two 161 kV interconnections with AECl and three 69 kV interconnections with AECl. The Electric Utility also has one 161 kV interconnection between AmerenUE and AECl. The Electric Utility also has one 69 kV interconnection each with the City of Fulton and the University of Missouri. The Electric Utility has a 69 kV looped system surrounding the City with two looped and one radial 161 kV substations. Four 100 mega volt ampere (MVA) and one 168 MVA 161/69 kV autotransformers connect the two systems. The City's service area is a compact urban region totaling approximately 60 square miles. Transmission interconnections are ties to this system and emanate past the Electric Utility's service area. The

City is a TO member of MISO. As such, the City is eligible for a prorated share of monthly transmission revenues administered by MISO.

Transmission Service Agreement with AECl. The City has entered into an agreement with the AECl, which is effective through June 2027. The City pays an energy charge of \$55 per MWH during the term of the agreement in exchange for transmission service. The current transmission charge is \$12,916.20 per month.

Electric Distribution System

The Electric Utility's distribution system consists of 345.38 circuit miles of overhead lines and 613.69 miles of underground distribution lines. There are 52,511 electric meters in service, and 12,242 distribution transformers with 847,069 kilovolt-ampere (kVA) capacity. The distribution circuits are fed from the Power Plant and seven substations. The substations are controlled and monitored by a Supervisory Control and Data Acquisition ("SCADA") system. In 2016, the City upgraded the Automatic Generation Control and SCADA systems using Open Systems International Monarch Platform. The Monarch platform is a modern control system architecture for supporting monitoring, control, scheduling and optimization of complex network operations for electric, oil and gas, transportation, water industries, and large-scale industrial IoT applications and microgrids. At its core it supports a high-performance, real-time SCADA platform with optional industry specific advanced applications. The City is in the process of upgrading the system and will upgrade with the Monarch Platform. The upgrades are scheduled to be completed and recertified by the end of 2023. The Electric Utility can operate from either of two control centers located within its Local Balancing Authority area.

Interconnection Agreements

The City has interconnection or interchange agreements with AmerenUE, AECl, Central Electric Power Cooperative, Kansas City Power and Light, Missouri Public Service Company and the Missouri Public Utility Alliance. The City also has interconnection agreements with the University of Missouri and the City of Fulton, Missouri. The University of Missouri system and the Fulton system are part of the Columbia Local Balancing Authority. The City provides transmission service and area control for Fulton and the University of Missouri. These agreements allow transactions that provide economic, as well as reliability, benefits.

Fuel Supply

The City's two natural gas units at the Power Plant and the four natural gas units at the CEC are used primarily through MISO market dispatch and serve as a revenue source for the utility. The units can be "must-run" by the City for system requirements or a cap on market price. The City does not have long-term contracts for the purchase of natural gas; however, the primary use of natural gas is during the summer when supplies are readily available.

Power Supply Planning

Bulk power supply planning has provided adequate but not excessive capacity through 2023. The City's power supply includes the purchase of existing capacity, the adding of capacity in increments to attempt to match additions to load growth, rehabilitation of existing generation facilities, strategic purchase of energy from the MISO market, and a comprehensive demand-side management program. The City Council appointed a task force in September 2018 to perform an Integrated Resource Planning, Electric Master Planning ("IERMP") and Cost-of-Service Analysis with the support of City staff personnel. The IERMP task force presented its final report to the City Council in November 2021. Once the final report was provided to the City Council and the IERMP task force dissolved, the cost of service was turned over to the Water & Light Advisory Board ("WLAB") to complete. The WLAB presented its recommendations to the City Council on March 6, 2023 and those recommendations were approved by ordinance on June 20, 2023.

Electrical Demand and Capacity

The following table summarizes historical peak demand and capacity for 2012 to 2022 and projected data for 2023 to 2026 (in MW):

	<u>Peak Demand Requirement</u>	<u>Reserve Requirement</u>	<u>Net Capacity Requirement</u>	<u>Total Capacity</u>
2012	272	38	310	385
2013	263	37	300	385
2014	264	37	301	385
2015	262	37	299	346
2016	265	37	302	334
2017	269	38	307	327
2018	263	37	300	332
2019	269	23	293	327
2020	259	26	285	334
2021	261	27	288	344
2022	262	25	287	363
2023 ⁽¹⁾⁽²⁾	262	25	287	330
2024 ⁽¹⁾⁽²⁾	267	25	292	330
2025 ⁽¹⁾⁽²⁾	269	25	294	330
2026 ⁽¹⁾⁽²⁾	271	25	296	330

⁽¹⁾ Projected.

⁽²⁾ Beginning in 2023, MISO changed from an annual capacity to a seasonal capacity requirement with the worst season identified as beginning in 2023.

Source: *City of Columbia*

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Electric Customers

The Electric Utility delivers electricity to approximately 52,187 customers within its service area. The number of customers and kilowatt hour sales distributed by customer classification served by the Electric Utility in each of the Fiscal Years ended September 30, 2018 through September 30, 2022 is as follows:

<u>Fiscal Year ended September 30</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential					
Average # of Customers	43,519	43,900	44,269	44,511	45,002
Percent of Total Customers	85.8%	86.5%	86.5%	86.4%	86.5%
Sales – MWH	451,149	427,640	432,809	442,495	450,622
Percent of Total Sales	37.76%	37.39%	38.38%	38.54%	37.98%
Average kWh/Mth/Customer	864	812	815	828	834
Sales Revenue – (000)	\$52,391	\$50,723	\$51,753	\$52,706	\$53,773
Percent of Total Revenue	43.16%	42.68%	43.89%	44.26%	43.71%
Small General Service (SGS)					
Average # of Customers	5,651	5,782	5,874	6,017	5,966
Percent of Total Customers	11.14%	11.4%	11.5%	11.7%	11.5%
Sales – MWH	117,561	108,969	103,199	108,426	108,531
Percent of Total Sales	9.84%	9.53%	9.15%	9.44%	9.15%
Average kWh/Mth/Customer	1,733	1,571	1,464	1,501	1,516
Sales Revenue – (000)	\$13,749	\$13,185	\$12,600	\$13,181	\$13,202
Percent of Total Revenue	11.33%	11.09%	10.69%	11.07%	10.73%
Large General Services (LGS)					
Average # of Customers	1,032	1,048	1,016	961	1,032
Percent of Total Customers	2.03%	2.06%	1.98%	1.86%	1.99%
Sales – MWH	372,899	366,436	341,420	337,809	349,544
Percent of Total Sales	31.21%	32.04%	30.28%	29.42%	29.46%
Average kWh/Mth/Customer	30,111	29,138	28,004	29,293	28,225
Sales Revenue – (000)	\$34,329	\$34,343	\$32,052	\$31,134	\$32,423
Percent of Total Revenue	28.28%	28.90%	27.18%	26.15%	26.35%
Industrial					
Average # of Customers	29	27	28	28	28
Percent of Total Customers	0.06%	.05%	.05%	.05%	.05%
Sales – MWH	253,160	240,627	250,279	259,483	277,887
Percent of Total Sales	21.19%	21.04%	22.19%	22.60%	23.42%
Average kWh/Mth/Customer	732,193	742,676	744,878	772,271	827,044
Sales Revenue – (000)	\$20,910	\$20,592	\$21,507	\$22,056	\$23,650
Percent of Total Revenue	17.23%	17.33%	18.24%	18.52%	19.22%
Lighting					
Unmetered use – MWH	9,341	8,589	8,525	8,442	6,672
Totals					
Total Number of Customers	50,231	50,757	51,187	51,517	52,028
Total energy sales – MWH	1,194,769	1,143,672	1,127,707	1,148,213	1,186,585
Energy Losses – MWH	40,167	52,271	21,031	35,126	17,748
Total Energy Distributed – MWH	1,234,936	1,195,943	1,148,738	1,183,339	1,204,333
Total Revenues of Electricity – (000)	\$121,379	\$118,843	\$117,912	\$119,077	\$123,049

Source: City of Columbia

Largest Electric Customers

The 10 largest customers served by the Electric Utility based on kilowatt-hour sales for the Fiscal Year ended September 30, 2022 are set forth in the table below:

Customer	Billed kWh	Billed Revenue
Columbia Foods	35,424,381	\$ 2,497,698
Boone Hospital Center	29,439,154	2,633,179
3M Company	24,616,037	1,989,481
Quaker Oats	22,154,893	1,880,388
VA Hospital	19,914,514	1,839,987
GDF Missouri	18,725,100	1,789,048
Aurora Organic Dairy	14,259,854	1,260,101
Gates Rubber	11,841,834	1,179,885
University of Missouri Regional Hospital	10,121,741	899,937
PW Eagle	<u>9,620,248</u>	<u>706,941</u>
	<u>196,117,756</u>	<u>\$16,676,646</u>

Source: Annual Comprehensive Financial Report, Fiscal Year 2022

Electric Rates

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

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

The City has a power cost adjustment clause to permit immediate recovery of the average power cost per kilowatt hour above or below \$0.0576 per kilowatt hour. The power cost adjustment is based on all revenues and expenses related to power supply including fuel, transmission and purchased power.

Included in the charges to all customers is a payment in lieu of gross receipts tax equal to 7.5268% of gross receipts. This amount, which is collected by the Electric Utility and remitted to the City's General Fund after deposits required by the Bond Ordinance, represents payments in lieu of taxes substantially equivalent to the gross receipts and real estate taxes paid by privately-owned utilities. Customers not otherwise exempt are also subject to a sales tax, which includes the City's 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.

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The following table provides a schedule of electric rates that were adopted on June 20, 2023, and became effective on July 1, 2023:

Schedule of Electric Service Rates⁽¹⁾

Residential service rate (per kilowatt hour):	
Customer charge (standard meter)	\$22.00 per month
Customer charge (non-standard meter)	\$35.02 per month
First 300 kWh (June through September)	\$0.0889 per kWh
Next 450 kWh (June through September)	\$0.1089 per kWh
Next 1250 kWh (June through September)	\$0.1289 per kWh
All remaining kWh (June through September)	\$0.1489 per kWh
First 300 kWh (October through May)	\$0.0889 per kWh
Next 450 kWh (October through May)	\$0.1089 per kWh
All remaining kWh (October through May)	\$0.1200 per kWh
Residential electric space heating (October through May):	
First 300 kWh	\$0.0889 per kWh
Next 450 kWh	\$0.1089 per kWh
All remaining kWh	\$0.1000 per kWh
Residential high-efficiency heat pump (October through May):	
Customer charge (standard meter)	\$22.00 per month
Customer charge (non-standard meter)	\$35.02 per month
First 300 kWh	\$0.0889 per kWh
Next 450 kWh	\$0.1089 per kWh
All remaining kWh	\$0.0950 per kWh
Small commercial service rate (per kilowatt hour):	
Customer charge (single-phase)	\$22.00 per month
Customer charge (three-phase)	\$33.00 per month
First 500 kWh (June through September)	\$0.0923 per kWh
Next 1,000 kWh (June through September)	\$0.1123 per kWh
All remaining kWh (June through September)	\$0.1373 per kWh
First 500 kWh (October through May)	\$0.923 per kWh
All remaining kWh (October through May)	\$0.1123 per kWh
Small commercial electric space heating (October through May):	
First 500 kWh	\$0.0923 per kWh
Next 1,000 kWh	\$0.1123 per kWh
All remaining kWh	\$0.1043 per kWh
Small commercial high-efficiency heat pump (October through May):	
First 500 kWh	\$0.0923 per kWh
Next 1,000 kWh	\$0.1123 per kWh
All remaining kWh	\$0.0983 per kWh
Outdoor area lighting rate:	
7,000 to 11,000 lumens	\$9.94/mo/light
25,000 to 30,000 lumens	\$21.48/mo/light
42,000 to 52,000 lumens	\$25.78/mo/light

Large general service rate:		
Monthly base charge:	<u>Summer</u>	<u>Non-Summer</u>
Per Month	\$65.00	\$65.00
Monthly demand charge:		
First 25 kWh or less billing demand	\$423.00	\$343.50
Additional kWh	\$16.92 per kWh	\$13.74 per kWh
Energy charge:		
All kWh	\$0.0570 per kWh	\$0.0496 per kWh
Industrial service rate:		
Monthly base charge:		
Per Month	\$200.00	\$200.00
Demand charge:		
First 750 kWh or less billing demand	\$18,472.50	\$14,347.50
All additional kW	\$24.63 per kW	\$19.13 per kW
Energy charge (all kWh)	\$0.0509 per kWh	\$0.0435 per kWh
Special outdoor lighting:		
Customer charge	\$56.10 per month	
Cost per kWh	\$0.1337 per kWh	

69 kV service rate: A 69 kV service rate is available, however, due to the complexity of this type of service and the volatility of the electric market, each application is considered on a case-by-case basis. A contract for such service is negotiated by the Director of Utilities with final approval by the City Council.

⁽¹⁾ Effective October 1, 2023, the electric service rates for residential service, small general service, and the energy charge portion for large general service and industrial services, will be increased or decreased by a power cost adjustment based on the average power cost per kWh (above or below \$0.0576).

Source: *City of Columbia*

THE WATER UTILITY

Production and Distribution Facilities

The City’s water supply was originally provided by a series of 12 deep wells located throughout the City. In the late 1960s, as area usage approached the safe perennial yield of these deep wells, a new, long-range source was developed. The deep wells, currently maintained to provide a reserve, have been replaced as the main source of water by a system of 18 shallow wells. These wells draw on an underground aquifer located in the alluvial plain in the Missouri River valley eight miles southwest of the City. The shallow well field consists of 18 wells having a firm capacity of 34.0 million gallons per day (“MGD”). In 2022, the City’s Water Utility had an average demand of 14.36 MGD and a maximum demand of 22.31 MGD.

Water from the alluvial plain requires softening and treatment for iron removal. Accordingly, the City opened a treatment plant in 1972 with a capacity of 16.0 MGD. The entire system has been expanded to 32.0 MGD with two 36-inch transmission mains capable of distributing 48.0 MGD.

Storage and distribution facilities and equipment consist of numerous reservoirs, high service pumps, booster pumps, 6,243 fire hydrants, 700.36 miles of water main lines and 51,506 water meters in service.

The City has entered into territory agreements with Consolidated Water District #1, Water District #4 and Public Water Supply District #9. The City’s agreements with these water suppliers establish a boundary. The City serves all new customers on one side of the boundary line and the water districts serve all new customers on the other side of the line per the agreements.

Largest Water Users

The City of Columbia meters and bills in hundred cubic feet (“CCF”). There are approximately 748 gallons per 1 CCF. The ten largest customers served by the Water Utility for the Fiscal Year ended September 30, 2022 are set forth below:

Largest Water Utility Customers September 30, 2022

<u>Customer</u>	<u>Billed CCF</u>	<u>Billed Revenue</u>
Columbia Foods	200,974	\$ 646,220
Aurora Organic Dairy	102,141	327,2825
3M Company	65,754	208,760
Boone Hospital Center	56,440	238,177
VA Hospital	37,772	131,704
Linen King Group	30,845	95,859
University of Missouri	22,684	89,610
PW Eagle Inc.	21,143	68,386
State Farm Insurance	20,718	116,091
Watlow Electric	<u>17,773</u>	<u>55,410</u>
	<u>576,194</u>	<u>\$1,977,498</u>

Source: Annual Comprehensive Financial Report, Fiscal Year 2022

Water Rates

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

Currently, the City maintains three schedules of rates for different classes of customers (residential, commercial, and large commercial). The schedule applicable to any customer is based upon the type and amount of services provided and location of the customer.

Included in the charges to all customers is a payment in lieu of gross receipts tax equal to 7.5268% of gross receipts. This amount, which is collected by the Water Utility and remitted to the City’s General Fund after deposits required by the Bond Ordinance, represents payments in lieu of taxes substantially equivalent to the gross receipts and real estate taxes paid by privately owned utilities. Customers not otherwise exempt are also subject to a sales tax, which includes the City’s 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 following table shows water service rates currently in effect:

Schedule of Water Service Rates

	Water Rates⁽¹⁾		
	Inside City Limits	Outside City Limits	Former Water Dist. O/S City⁽²⁾
Residential:			
Summer Usage (June through September):			
Tier 1: 0% - 70% of winter average consumption ⁽³⁾	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF
Tier 2: 71% - 170% of winter average consumption	\$4.25 per CCF	\$5.653 per CCF	\$4.92 per CCF
Tier 3: Exceeding 170% of winter average consumption	\$6.26 per CCF	\$8.326 per CCF	\$7.24 per CCF
Non-Summer Usage (October through May)	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF
Water service metered separately for lawn irrigation:			
Summer Usage	\$6.26 per CCF	\$8.326 per CCF	\$7.24 per CCF
Non-Summer Usage	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF
Commercial:			
Summer Usage (June through September):			
Tier 1: 0% - 70% of winter average consumption	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF
Tier 2: 71% - 170% of winter average consumption	\$4.25 per CCF	\$5.653 per CCF	\$4.92 per CCF
Tier 3: Exceeding 170% of winter average consumption	\$6.26 per CCF	\$8.326 per CCF	\$7.24 per CCF
Non-Summer Usage (October through May)	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF
Water service metered separately for lawn irrigation:			
Summer Usage	\$6.26 per CCF	\$8.326 per CCF	\$7.24 per CCF
Non-Summer Usage	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF
Large Commercial:			
Summer Usage (June through September):			
Tier 1: 0% - 70% of winter average consumption	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF
Tier 2: 71% - 170% of winter average consumption	\$4.25 per CCF	\$5.653 per CCF	\$4.92 per CCF
Tier 3: Exceeding 170% of winter average consumption	\$6.26 per CCF	\$8.326 per CCF	\$7.24 per CCF
Non-Summer Usage (October through May)	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF
Water service metered separately for lawn irrigation:			
Summer Usage	\$6.26 per CCF	\$8.326 per CCF	\$7.24 per CCF
Non-Summer Usage	\$3.10 per CCF	\$4.123 per CCF	\$3.59 per CCF

(1) In effect as of October 1, 2022.

(2) Customers outside the City limits within the former boundaries of dissolved Public Water Supply Districts No. 1 and 2.

(3) Winter average consumption is the average water use during the immediately-preceding billing periods of January, February and March.

Source: *The City*

Minimum Charge Per Month⁽¹⁾

	Inside City Limits	Outside City Limits	Former Water Dist. O/S City ⁽²⁾
Meter Size			
5/8 & 3/4 inch	\$ 12.00	\$ 15.96	\$ 13.88
1 inch	19.38	25.78	22.42
1 1/2 inch	38.96	51.82	45.08
2 inch	59.05	78.54	68.32
3 inch	182.68	242.96	211.36
4 inch	383.13	509.56	443.28
6 inch	817.50	1,087.28	945.85

⁽¹⁾ Rates have been approved by the City Council and will be charged following the issuance of the Bonds.

⁽²⁾ Customers outside the City limits within the former boundaries of dissolved Public Water Supply Districts No. 1 and 2.

Source: *The City*

Fire Flow Charge per Month⁽¹⁾

	Inside City Limits	Outside City Limits	Former Water Dist. O/S City ⁽²⁾
Meter Size			
5/8 & 3/4 inch	\$ 1.59	\$ 2.11	\$ 1.84
1 inch	1.69	2.25	1.96
1 1/2 inch	2.44	3.25	2.82
2 inch	2.63	3.50	3.04
3 inch	6.31	8.40	7.30
4 inch	9.75	12.97	11.28
6 inch	19.51	25.95	22.57

⁽¹⁾ In effect as of October 1, 2022.

⁽²⁾ Customers outside the City limits within the former boundaries of dissolved Public Water Supply Districts No. 1 and 2.

Source: *The City*

ENVIRONMENTAL AND REGULATORY MATTERS

Permitting

Wastewater Discharge Permits. The federal Clean Water Act (“CWA”) contains requirements relating to the discharge of process wastewater and stormwater to navigable waters of the United States. The City is required to obtain certain National Pollutant Discharge Elimination System (“NPDES”) permits from DNR to demonstrate compliance with the requirements of the CWA. Section 316(b) of the CWA requires that NPDES permits for existing facilities with cooling water intake structures ensure that the location, design, construction and capacity of the structures reflect the Best Technology Available to minimize harmful impacts on fish and other aquatic life as the result of impingement or entrainment. The EPA promulgated its final Section 316(b) regulations on August 15, 2014. The City does not have any power station cooling water intake structures affected by the Section 316(b) regulations.

The City has obtained and is in compliance with eight NPDES permits, including requirements for stormwater management. On September 30, 2015, the EPA finalized a rule revising the regulation of steam-electric generating effluent limitations guidelines (the “ELG Rule”). On April 13, 2017, the EPA announced the agency’s

decision to review and reconsider the ELG Rule. An administrative stay has been issued to delay compliance deadlines with the ELG Rule. On August 31, 2020, the EPA finalized a rule revising the 2015 requirements for two specific waste streams produced by steam electric power plants – flue gas desulfurization wastewater and bottom transport water. These new rules will not have any impact on the City’s existing power generation plants.

Air Emissions Operating Permits. The federal Clean Air Act (“CAA”) and Missouri Air Pollution Control Program impose a suite of requirements on electric generating facilities. The City’s generating facilities are required to hold operating permits that (i) set forth emissions limits, (ii) require pollution control equipment to be operated and maintained pursuant to applicable environmental regulations and rules, (iii) require compliance with applicable new or amended air quality rules, and (iv) set forth monitoring, recordkeeping and reporting requirements. The EPA air quality regulations are generally implemented by DNR.

Acid Rain Permits. Title IV of the CAA establishes the Acid Rain Program to address the effects of acid rain and impose restrictions on sulfur dioxide (“SO₂”) emissions and nitrogen oxide (“NO_x”) emissions from electric generating facilities, particularly those fueled by coal. SO₂ emissions were limited by means of a market-based cap and trade program. The City is allocated sufficient Acid Rain allowances for its generating units to continue normal operations.

Solid Waste Disposal Permits. DNR has adopted a permitting system for the management and disposal of solid waste generated by power stations. The City is in compliance with current permit requirements and regulations.

Environmental Regulation

Clean Air Act. In recent years, the EPA has promulgated a series of clean air regulations with a goal of reducing or eliminating emissions from coal-fired power plants. These are described below:

Cross-State Air Pollution Rule. The Clean Air Interstate Rule (“CAIR”), finalized in 2005, implemented reductions in Sulfur Dioxide (“SO₂”) and Nitrogen Oxide (“NO_x”) emissions in 28 states, including Missouri. In July 2011, the EPA finalized the Cross-State Air Pollution Rule (“CSAPR”) to replace the CAIR controls for SO₂ and NO_x emissions in 23 states, including Missouri. CSAPR also covers fine particulate matter. CSAPR is based on a market-based cap-and-trade program similar to CAIR. CSAPR only covers individual electric generating units with an output greater than 25 megawatts.

After extensive litigation, the EPA issued an administrative rule that tolled CSAPR compliance Phase 1 and 2 schedules for three (3) years. Phase 1 of CSAPR began January 1, 2015 and implementation of Phase 2 began in 2017. The unit allocations (i.e., SO₂ and NO_x) issued to the City were sufficient for the City to operate in normal operations, and generation in calendar 2019 will be about 25% of historical levels. The City expects that sufficient allowances for future operations will be readily available as the market for CSAPR allowances develops and matures.

Mercury and Air Toxics Standards Rule. On February 16, 2012, the EPA issued the Mercury and Air Toxics Standards (“MATS”) regarding emissions of toxic air pollutants from power plants. These pollutants include mercury, arsenic, chromium, nickel, dioxins, furans, acid gases, hydrogen chloride and hydrogen fluoride. For existing coal-fired electric generating units, the MATS establish numerical emission limits for mercury, particulate matter, a surrogate for toxic non mercury metals, and hydrogen chloride, a surrogate for acid gases. The EPA issued revised MATS effective April 24, 2014 to change the standards for new coal-fired electric generating units, and to amend the provisions on start-up and shut-down. The emission limits for existing units were to be met by April 16, 2015. None of the City’s units are affected by MATS, as the City ceased using solid fuel at its Municipal Power Plant in September 2015.

IB MACT Rule. Section 112 of the CAA establishes requirements for major sources of hazardous air pollutants (“HAPs”). As required by subsection 112(b), the EPA had previously promulgated the IB MACT Rule (under 40 CFR Part 63 DDDDD) on September 13, 2004. The US Court of Appeals for the District of Columbia vacated this Rule on June 8, 2007. In response to the court’s vacature, the EPA Administrator signed a new IB MACT Rule published in the Federal Register on June 4, 2010 and finalized on March 21, 2011. However, on December 2, 2011, the EPA proposed reconsiderations to the publication leading to a final rule issued January 13, 2013. Compliance with the final IB MACT Rule was required by January 31, 2016.

In general, the IB MACT Rule requirements include: Emission limitations, operational limitations, work practice standards, compliance demonstration requirements, notifications, recordkeeping and reporting. Emission limits are set for mercury, particulate matter or total selected metals, hydrochloric acid and CO. Originally, Boilers 6, 7 and 8 at the Power Plant were subject to the IB MACT Rule.

On March 16, 2015, the City filed an application with DNR for a construction permit to construct NO_x reduction upgrades on natural gas fired Boiler 8, and to convert Boilers 6 and 7 to 100% wood fuel. Following the construction, the City was no longer a major source of HAPs and is instead subject to the Area Source Boiler MACT regulations published in the Federal Register on February 1, 2013. A facility can be designated as an “Area Source” if it emits less than 10 tons per year (“TPY”) of any individual HAP and less than 25 TPY for all HAPs from all emissions sources at the facility. As an Area Source of HAPs, the City does not have any emission limits on Boilers 6 and 7 so long as they burn 100% biomass because there are no biomass boiler emission limits in the Rule. Boiler 8 is also not subject to the Area Source Boiler MACT as natural gas boilers are exempt from the Area Source Boiler MACT.

National Ambient Air Quality Standards. The CAA requires the EPA to establish National Ambient Air Quality Standards (“NAAQS”) for certain air pollutants. When a NAAQS has been established, each state must implement programs to achieve and maintain the NAAQS in that state. Each state must identify areas in its state that do not meet a NAAQS (known as “non-attainment areas”) and develop regulatory measures to reduce or control the emissions of that air pollutant in order to meet the NAAQS and become an “attainment area.”

The EPA is in the process of reviewing or has just completed review of NAAQS for certain air pollutants that are emitted by electric generating facilities including nitrogen dioxide, SO₂, ozone and PM. These NAAQS are in various stages of review and implementation. The EPA dramatically reduced the NAAQS for SO₂ on June 22, 2010. As of December 2017, the EPA has designated areas in non-attainment status for SO₂ in Jackson County and Jefferson County and no areas in Boone County have been designated as non-attainment areas. Boone County is currently designated as unclassifiable, meaning insufficient information is available to determine attainment or non-attainment. Ambient air quality monitoring data collected near one of the City’s facilities shows substantial compliance with the 2010 standard.

On January 19, 2010, the EPA published a proposed rule for stricter NAAQS for ground-level ozone. On November 25, 2014, the EPA re-proposed strengthening the NAAQS for ground-level ozone. The proposed rule was published in the Federal Register on December 17, 2014. The final rule was issued on October 26, 2015. The rule tightened the 8-hour standard from its 75 ppb level to 70 ppb. As of September 2016, Boone County has been designated as unclassifiable/attainment as it contains no monitors to measure violations of the NAAQS for ground-level ozone.

Internal Combustion Maximum Achievable Control Technology Rule. In 2010, the EPA issued a final rule regulating hazardous air pollutant emissions from Compression Ignition Reciprocating Internal Combustion Engines (“CI-RICE”) larger than 100 braking horsepower, including formaldehyde. The rule provided differing mandatory requirements for engines based on total horsepower, with the most stringent controls, including the installation of catalytic converters, reserved for units over 500 horsepower. The rule allows cities to designate these units for “emergency only” operation and to generate without any emission controls when power is interrupted from their regular supplier. The City does not employ any reciprocating

internal combustion engines for generation support. All of the City's RICE engines are deployed for emergency operations to support plant functions (e.g., on-site fire suppression system pumps, water treatment plant back-up pumps, broadband system backup generators) and are therefore designated for emergency use. Accordingly, the City does not anticipate any material impact from the RICE regulations.

Climate Change and Green House Gas Emissions. Carbon Dioxide ("CO₂") and other greenhouse gases ("GHG") are believed to be linked to climate change. The House of Representatives in the 111th Congress passed H.R. 2454, the "American Clean Energy and Security Act of 2009" to regulate among other conditions, the emission of GHG. While several similar bills were introduced in the Senate, no bill passed out of committee or came to the Senate Floor for debate. No similar legislation has been filed and heard by committees of jurisdiction in either the House or Senate through the 118th Congress.

The City cannot predict what, if any, bill may become law. From time to time various bills are introduced in Congress and in state legislatures and regulations are proposed by various agencies (both federal and state) that could, if enacted into law, impact the regulation of the electric industry. The City cannot predict at this time whether any additional legislation or rules will be enacted at the state or federal level that will affect Electric Utility operations, and if such laws are enacted, what the impact of such actions to the Electric Utility might be in the future.

The City is subject to monitoring and reporting requirements for GHG under EPA's mandatory greenhouse gas reporting program for each of its affected facilities. The City began reporting under this program for the 2010 emission year.

Air Emissions New Source Review. Both the CAA and Missouri Air Pollution Control Program contain new source review ("NSR") requirements that require pre-construction permits authorizing the discharge of air emissions from new or modified facilities. Beginning in the late 1990's, the EPA issued notices of violation against multiple utilities across the country for alleged violations of the NSR provisions. In many cases, the U.S. Department of Justice has filed lawsuits alleging NSR violations. Many of the lawsuits have been settled. Generally, the government alleged that projects performed at various coal-fired units were major modifications requiring permits and stringent air pollution controls under the Prevention of Significant Deterioration ("PSD") and/or Title V programs. The lawsuits seek CAA statutory penalties and the installation of Best Available Control Technology ("BACT"). In May 2010, the EPA issued a final rule on GHG from stationary sources under the CAA. The so-called Tailoring Rule, which became effective January 2, 2012, applies to new facilities which emit at least 100,000 tons of GHG per year or substantially modified facilities which emit at least 75,000 tons of GHG per year. Affected facilities are required as part of the permitting process to undergo a BACT review to determine what additional emission controls or mitigation strategies, if any, could be implemented to further reduce emissions. The U.S. Supreme Court issued a ruling on June 23, 2014, invalidating that portion of the rule which requires new sources which would not be required to undergo Title V permitting or PSD review except for their emissions of CO₂, to do so.

The Electric Utility's generating facilities have not been subject to investigation as part of this enforcement initiative. Management believes that recent upgrades to existing facilities result in air pollution controls that constitute BACT.

New Source Performance Standards. In 2012 and in 2014, the EPA proposed New Source Performance Standards ("NSPS") for emissions of CO₂ from electric generating facilities. The NSPS are strictly limited to new sources. The rule does not include requirements for modified sources. As to existing electric generating facilities, the rule states that the EPA will issue guidance for states to use as a basis to develop standards for a "best system of emissions reductions" which can include measures from CO₂ emissions standards to state or regional cap and trade programs to demand or supply side controls on electric generation. The final rule was published on October 23, 2014.

On June 2, 2014, the EPA issued a proposed Clean Power Plan (“CPP”) that calls for a 32% reduction by 2030 in carbon emissions from existing power generation sources, when compared to 2012 levels. The State is required to achieve a carbon intensity level of no more than 1,621 lbs of CO₂ per net megawatt hour (lbs/MWH) by 2020 and a carbon intensity level of no more than 1,544 lbs/net MWH by 2030. The final CPP was to become effective on October 23, 2015. Following legal challenges, on February 9, 2016, the U.S. Supreme Court granted emergency stay applications preventing the EPA from implementing the CPP until the D.C. Circuit Court issued a judgment on the CPP’s legality. On March 28, 2017, President Trump signed the Executive Order on Energy, which called for a review of the CPP. Following the review, in December 2017, the EPA released an advance notice of proposed rulemaking, initiating the formal process to repeal the CPP. In August 2018, the EPA issued the proposed Affordable Clean Energy (“ACE”) rule, which would replace the CPP. The proposed ACE rule still seeks a 34% reduction by 2030 in carbon emissions, when compared to 2012 levels. In January 2019, the US Court of Appeals for the District of Columbia issued an opinion that vacates and remands to EPA the ACE rule. In June 2022, the US Supreme Court ruled against the CPP in *West Virginia vs EPA*.

The ACE rule provides that the best system of emissions reductions (BSER) for existing electric generating units (EGUs) is based on heat rate improvement measures that can be applied at an existing coal-fired EGU. The City’s Boilers 6 and 7 formerly used coal as fuel but are now only permitted to use wood waste and natural gas as fuel. The City does not anticipate any significant issues with compliance with the proposed ACE rule.

Solid Waste Disposal. On May 18, 2010, the EPA released its proposed rules for regulating the disposal and management of coal combustible residuals. On December 19, 2014, the EPA Administrator signed the final rule for Disposal of Coal Combustion Residuals from Electric Utilities, which were published in the Federal Register on September 19, 2015 with an effective date of October 14, 2015. The final rule preserves the Bevill determination that coal combustion residuals are non-hazardous and maintains regulation CCR under Subtitle D of the Resource Conservation and Recovery Act (RCRA). Further, the rule supports recycling of CCR by encouraging safe, beneficial use practices currently used by the City. The final rule requires the City to demonstrate compliance for its CCR surface impoundments and landfills through verification and demonstration process, including establishing groundwater monitoring, development of fugitive dust plans and enhanced inspection programs. On February 6, 2020, the City certified a complete clean closure of a coal combustion residuals (CCR) pond, known as More’s Lake, at the Municipal Power Plant.

FERC Regulation

The Energy Policy Act of 1992 (the “1992 Energy Act”) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access. With the passage of the 1992 Energy Act, the United States Federal Energy Regulatory Commission (“FERC”) was given authority to direct utilities to make their transmission systems available for use by others at rates and terms comparable to the owners’ uses of their own systems. In particular, the 1992 Energy Act provides the FERC with the authority, upon application by an electric utility, federal power marketing agency or other power generator, to require a transmitting utility to provide transmission services to the applicant essentially on the cost of service basis. Municipally-owned electric utilities are “transmitting utilities” for purposes of these provisions of the 1992 Energy Act. This “open access” environment provides an expanded and more competitive market for both generators and wholesale purchasers of electricity, and such increased competition is expected to continue in the future.

Under certain FERC regulations, FERC has required open-access, mandatory transmission tariffs to be placed into effect for all jurisdictional utilities. Utilities are authorized to file for changes in their tariffs under the Federal Power Act. The goal of these regulations, according to FERC, is to deny to an owner of transmission facilities any unfair advantage over its competitors that exists by virtue of such owner’s control of its transmission system.

Order No. 1000, issued by FERC in 2011, requires public utility transmission providers to improve transmission planning processes and allocate cost for new transmission facilities to beneficiaries of those

facilities, and requires public utility transmission providers to align transmission planning and cost allocation in order to remove barriers to development of transmission facilities. Municipally-owned electric utilities are not subject to FERC jurisdiction under these orders but may be denied transmission service by a FERC-jurisdictional utility if they do not offer comparable transmission services.

FERC stated that its overall objective was to ensure that all participants in wholesale electricity markets have non-discriminatory open-access to transmission service, including network transmission service and ancillary services. FERC also indicated that it intends to apply the principles set forth in the regulations to the maximum possible extent to municipal and other non-jurisdictional utilities, both in deciding requests for transmission services orders, as described above, and by requiring such utilities to agree to provide open access transmission service as a condition to securing transmission service from jurisdictional investor-owned utilities under open access tariffs.

Energy Policy Act of 2005. The Energy Policy Act of 2005 (the “2005 Energy Act”) addressed a wide array of energy matters that affect the entire electric utility industry, including the Electric Utility. Among other things, the 2005 Energy Act: (a) authorizes FERC to require non-FERC jurisdictional utilities to provide open access to their transmission systems and to comply with certain rate change provisions of the Federal Power Act (the “FPA”); (b) authorizes FERC to order refunds for certain short-term, wholesale sales by state and municipal power entities if such sales violate FERC-approved tariffs or FERC rules; (c) allows load-serving entities that hold certain firm transmission rights to continue to use those rights to serve their customers; (d) provides for the establishment of a national electric reliability organization to develop and enforce, subject to FERC’s oversight, mandatory reliability standards for operation of the transmission grid; (e) prohibits market manipulation and submission of false information; (f) gives FERC certain authority to issue construction permits for transmission projects that are to be located in “national interest electric transmission corridors” (to be designated by the Department of Energy); (g) eliminates certain ownership restrictions on qualifying cogeneration and small power production facilities under the Public Utility Regulatory Policies Act and authorizes FERC to eliminate prospective utilities’ obligation to purchase from these qualifying facilities under certain circumstances; (h) requires state utility regulatory commissions and “non-regulated electric utilities” to consider adopting certain standards on net metering, fuel diversity, fossil fuel plant diversity, certain metering and time-based rate schedules and demand response, and interconnection with distributed generation facilities; (i) replaces regulation of utility holding companies under the Public Utility Holding Company Act of 1935 with more limited oversight of such companies; (j) increases FERC’s authority to review mergers of public utility companies; and (k) directs FERC to establish, for transmission companies whose rates are regulated by FERC, rate incentives to invest in transmission.

The City has incurred significant costs related to monitoring and documenting compliance with mandatory reliability standards; however, those cost have been absorbed into on-going operating costs.

Natural Gas Distribution Regulation

As with the electrical utility industry, the natural gas distribution industry has undergone and is undergoing fundamental changes in the federal regulation of such industry, particularly in the area of distribution access. These changes are expected to increase competition in the natural gas distribution utility industry. The City cannot determine what effect such increased competition will have on the business and affairs of the System and its revenues.

Water Quality and Other Water Environmental Regulations

Water utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures that regulate the environmental impact of water utilities are subject to change. These changes arise from continuing legislative, regulatory and administrative actions regarding environmental standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory or administrative changes or enforcement actions involving environmental controls that could adversely affect the operation of the facilities of the Water Utility and impose increased costs on the Water Utility. For example, the Water Utility has made substantial expenditures in recent years in order to maintain compliance with evolving clean water regulations.

Drinking water regulations are promulgated by the EPA pursuant to the federal Safe Drinking Water Act ("SDWA"). The City is also subject to the federal regulations promulgated under SDWA. These statutory and regulatory requirements are administered by the EPA through the DNR. The EPA sets legal limits on the levels of certain contaminants in drinking water. The legal limits reflect both the level that protects human health and the level that water systems can achieve using the best available technology.

For more than three decades, the City's water met or exceeded the maximum contaminant level set by the EPA. In May of 2008, customers were notified that the water had exceeded the maximum contaminant level set by the EPA for total trihalomethanes (THM). Recent water tests have shown decreased levels of THM; the City's water again now meets all quality standards. To further reduce THM levels, the Water Utility started using chloramines as a secondary disinfectant in August 2009. Subsequent testing has shown that the level of THMs has been reduced by 50% and is well below the maximum allowable level. Chloramine disinfection is a common technique used in many water systems over the last 90 years. The most recent annual water quality report continues to identify the level of THMs in the 42-43 ppb range, substantially below the 80 ppb maximum contaminant level. In February 2023, DNR issued a notice of violation to the City for failure to submit water samples for routine lead and copper analysis for the 2022 calendar year. Samples were collected for the first reporting period of 2023, and the official results for all samples were below action levels. Compliance was achieved on June 20, 2023.

In addition to federal requirements, the City must comply with the requirements of the State. The primary state laws related to water supply operations are found in the Missouri Safe Drinking Water Act.

As a public water system, the City's water treatment facility operates under a permit from DNR and must comply with rigorous drinking water standards. The City is in compliance with permit requirements.

OTHER MATTERS AFFECTING THE CITY AND THE SYSTEM

Changes in the Electrical Utility Industry

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

Such factors include, among others (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) changes that might result from a regional or national energy pool, (d) increasing competition from independent power producers, marketers and brokers, (e) "self-generation" by certain industrial and commercial customers, (f) issues relating to the ability to issue

tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations (g) changes from projected future load requirements, (h) increases in costs and effect of inflation on the operation and maintenance of an electric utility and its facilities, (i) shifts in the availability and relative costs of different fuels, (j) changes that may result from a national energy policy, climate change legislation and regulations that target contributions made by coal-fired and other fossil fueled generating units, (k) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, fuel and transmission capacity, (l) effects of financial instability of various participants in the power market, (m) issues related to reliability and cyber security at System facilities, (n) transmission availability and cost allocation, and (o) changes in revenue due to unseasonable changes in the weather. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The City cannot predict what effects these factors will have on the business, operations and financial condition of the City and the Electric Utility, but the effects could be significant. Certain sections of this Official Statement provide brief discussions of these factors. However, these discussions do not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date of this Official Statement. Extensive information on the electric and natural gas utility industries is available from legislative and regulatory bodies and other sources in the public domain.

FERC and the MISO

The MISO is the nation's first RTO approved by the FERC. The MISO is based in Carmel, Indiana, and is responsible for monitoring the electric transmission system that delivers power from generating plants to wholesale power transmitters (the entities that deliver power to distribution companies that, in turn, deliver power to residential and commercial customers). The MISO's role is to ensure equal access to the transmission system and to maintain or improve electric system reliability in the Midwest.

The MISO was founded on February 12, 1996, and was specifically configured to comply with FERC's concept of an independent organization that will ensure the smooth regional flow of electricity in a competitive wholesale marketplace. The MISO's primary objective is to "direct traffic" on the wholesale bulk electric power lines. In this role, the MISO ensures that every electric industry participant has access to the lines and that no entity has the ability to deny access to a competitor. The MISO also manages the use of the lines to make sure that they do not become overloaded.

Utilities with more than 100,000 miles of transmission lines covering 1.1 million square miles from Manitoba, Canada, to Indiana have committed to participate in the MISO. MISO recently integrated a southern region which includes much of Arkansas, Mississippi and Louisiana.

The MISO administers the "tariff"—the terms, conditions and rate information applicable to various types of electric service. A tariff is consistent with the mandate of FERC Order No. 2000, which requires RTOs to provide real-time energy imbalance services and a market-based mechanism for congestion management. The MISO began selling transmission service under its "tariff" on February 1, 2002.

The MISO filed Certificates of Operational and Organizational Readiness with FERC and launched its Energy Markets on April 1, 2005. To incorporate ancillary services, the MISO launched the Energy and Operating Reserve Market on January 6, 2009.

The nature and operations of RTOs and RTO markets continue to evolve, and the City cannot predict whether their existence will meet FERC's goal of reducing transmission congestion and costs and creating a competitive power market.

Energy Policy Act of 1992 and Retail Wheeling

Regulatory authority with respect to retail wheeling, which allows a retail customer to be located in one utility's service area and to obtain power from another utility or non-utility source, is specifically excluded from the enhanced authority granted to the FERC under the Energy Policy Act. Many believe that this leaves the authority for regulation of retail wheeling with state legislative and regulatory bodies that, in several states, are now receiving and acting on requests for this service. One potential effect of this trend is that utilities with low-cost power may be better able to compete for new and existing loads. Neither the Missouri Legislature nor the Missouri Public Service Commission has yet taken any action relating to retail wheeling.

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 are special, limited obligations of the City and are payable solely out of the Net Revenues of the System. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional, charter or statutory provision, limitation or restriction. The Bonds are not payable by and have no recourse to the power of taxation. The Bondowners have no lien on or security interest in any of the physical assets of the City, including the System.

Although the City has agreed in the Bond Ordinance and is required by law to charge rates sufficient to pay, among other things, the principal of and interest on the Bonds (see the caption "**SECURITY FOR THE BONDS – The Bond Ordinance – Rate Covenant**" herein), there is no assurance that, because of adverse economic conditions, unexpected repairs, replacements or improvements to the System or other unanticipated circumstances, the City will be successful in collecting sufficient revenues to pay debt service on the Bonds on a timely basis.

Factors Affecting the Business Operations of the System

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

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

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

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

4. *Environmental Requirements.* Utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations, or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operation of the facilities of the City. For example, if property of the City is determined to be contaminated by hazardous materials, the City could be liable for significant clean-up costs even if it were not responsible for the contamination.

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

6. *Changes in Management.* Changes in key management personnel could affect the operations of the System.

7. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.

8. *Miscellaneous Factors.* The utility industry in general has experienced, or may in the future experience, problems including (a) the effects of inflation upon the costs of operation of facilities, (b) uncertainties in predicting future demand requirements, (c) increased financing requirements coupled with the increased cost and uncertain availability of capital, and (d) compliance with rapidly changing environmental, safety, rate and licensing regulations and requirements.

Factors Relating to Security for the Bonds

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

Assumptions in Projections

This Official Statement contains certain projected results of operations of the City and projections regarding the ability of the City to generate revenues sufficient to pay debt service on the Bonds. Such projections are based on certain assumptions made by the City and its management that may not materialize due to unanticipated events or circumstances.

No Mortgage on the Projects

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on the projects financed with the proceeds of the Bonds nor any other property of the City.

Certain Matters Relating to Enforceability

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

The Hancock Amendment

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

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

Tax-Exempt Status of the Bonds

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

Risk of Audit of the Bonds

The Internal Revenue Service (the “Service”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Bonds. Owners of the Bonds are advised that, if an audit of the Bonds were commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer, and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Redemption

Any person who purchases the Bonds at a price in excess of their principal amount or who holds such Bonds 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 price described herein in the event such Bonds are redeemed prior to maturity. See **“THE BONDS – Redemption Provisions”** in this Official Statement.

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.

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.

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.

Potential Impact of Pandemics

Recent events with the COVID-19 pandemic have shown that an outbreak of infectious disease can trigger governmentally-imposed restrictions and changes in consumer behavior that could negatively impact local economic conditions. Such changes can cause unemployment rates to rise, supply chain disruptions, taxable sales to decrease, delinquencies in tax payments, and other negative pressures on economic activity that could result in decreased or delayed tax collections for the City, or otherwise adversely affect the City's operations and finances.

While conditions have significantly improved, the COVID-19 pandemic is ongoing. New, more harmful variants of the virus or significant spreading of existing variants of the virus (or other viruses or pandemics) could cause reduced health care availability and reduced economic activity. Such reduced economic activity could in turn negatively impact sales taxes, property values, or the delays in the collections of such taxes, and the operations and finances of the City could be negatively impacted.

Cybersecurity Risks

The City relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the City's security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the City and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the City's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

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 (the "Rule"). The City has agreed to have updated financial information and operating data for the City available by the final day of the sixth month following the end of the City's Fiscal Year. The financial statements of the City are audited by the City's independent certified public accountants. The City has also agreed to provide notice of the occurrence of certain material events with respect to the Bonds in accordance with the Rule. See "**FORM OF CONTINUING DISCLOSURE UNDERTAKING**" in *Appendix D*.

The City believes it has complied with its prior continuing disclosure undertakings under the Rule in all material respects.

BASIC DOCUMENTATION

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

LEGAL MATTERS

Legal Proceedings

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

Approval of Legality

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. Bond Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and certified public accountants, as referred to herein. Certain legal matters related to the Official Statement will be passed upon by 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 stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). 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 stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). 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.

Bond Counsel notes that for tax years beginning after December 31, 2022, the interest on the Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

RATING

S&P Global Ratings, a division of S&P Global Inc. ("S&P"), has assigned the Bonds the rating of "___" (____ Outlook). A rating reflects only the view of S&P 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 the 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.

MISCELLANEOUS

Financial Statements

Audited financial statements of the City as of and for the fiscal year ended September 30, 2022, are included in the City's Annual Comprehensive Financial Report in **Appendix B** to this Official Statement. These financial statements have been audited by Allen, Gibbs & Houlik, L.C., Overland Park, Kansas, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto.

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 October __, 2023, 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 councilmembers, 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

APPENDIX B

CITY OF COLUMBIA, MISSOURI

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

APPENDIX C

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.

“2023A Bond Account” means the Principal and Interest Account for the Series 2023A Bonds created in the Bond Ordinance.

“2023A Bond Reserve Account” means the Reserve Account for the Series 2023A Bonds created in the Bond Ordinance.

“2023A Construction Account” means the Project Account for the Series 2023A Bonds created in the Bond Ordinance.

“2023A Rebate Account” means the Rebate Account for the Series 2023A Bonds created in the Bond Ordinance.

“2023A Reserve Requirement” means initially \$_____ and thereafter the reserve requirement for the Series 2023A Bonds as redetermined in accordance with the Bond Ordinance.

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

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

“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 Series 2023A Bond is payable.

“Bond Register” means the books for the registration, transfer and exchange of Series 2023A Bonds kept at the office of the Paying Agent.

“Bondowner” or **“Owner”** or **“Registered Owner”** or the lower case forms of such words means the person in whose name a Series 2023A Bond is registered in the registration books maintained by the Bond Registrar.

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

“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.

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

“Consulting Engineer” means each independent engineer or engineering firm with experience in designing and constructing wastewater treatment, sanitary sewerage or water pollution control facilities, and retained by the City.

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

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

“Defaulted Interest” means interest on any Series 2023A 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 delivered by the City for the Series 2023A Bonds, which sets forth certain facts, covenants, representations, and expectations relating to the use of Series 2023A Bond proceeds and the use of property financed or refinanced with those proceeds, and the investment of the Series 2023A Bond proceeds and certain other related money in order to comply with the requirements of Code imposed on the Series 2023A 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 Series 2023A Bond.

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

“Maturity” when used with respect to any Series 2023A Bond means the date on which the principal of such Series 2023A Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or by call for redemption or otherwise.

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

“Net Revenues” means all Revenues less Operating Expenses.

“Operating Expenses” means the City’s expenses of operating the System, including all costs due under any type of contractual arrangement in respect of power and power entitlements, operation, maintenance, generation, production, transmission, distribution, repairs, replacements, engineering, transportation, administrative and general, audit, legal, financial, pension, retirement, health, hospitalization, insurance, taxes, and other expenses actually paid or accrued, including, without limitation, any expenses of the City applicable to the System, as recorded on its books pursuant to standard governmental accounting practice and any other expenses of the City applicable to the System, as recorded on its books pursuant to standard governmental accounting practice. Operating Expenses shall not include any costs or expenses for new construction, charges for depreciation, voluntary payments in lieu of taxes, payments in respect of any “take or pay” power contract under which no power is available to the City for such payment, or payment of principal or interest on the System Revenue Bonds.

“Outstanding” means, when used with reference to the Series 2023A Bonds, as of any particular date of determination, all Series 2023A Bonds theretofore issued and delivered under the Bond Ordinance, except the following Series 2023A Bonds:

- (a) Series 2023A Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Series 2023A Bonds deemed to be paid in accordance with the provisions of the Bond Ordinance; and
- (c) Series 2023A Bonds in exchange for or in lieu of which other Series 2023A Bonds have been registered and delivered under the Bond Ordinance.

“Parity Bonds” means the Previously Issued Parity Bonds and any Additional Bonds or other obligations hereafter issued or incurred pursuant to the Bond Ordinance and standing on a parity and equality with the Series 2023A Bonds with respect to the payment of principal and interest from the Net Revenues of the System.

“Parity Ordinances” means the Previously Issued Parity Ordinances and the ordinance or ordinances under which any additional Parity Bonds are hereafter issued pursuant to the Bond Ordinance.

“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 the City’s 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.

“Previously Issued Parity Bonds” means, collectively, the Series 2014 Bonds, the Series 2015 Bonds, the Series 2019A Bonds and the Series 2019B Bonds.

“Previously Issued Parity Ordinances” means, collectively, the Series 2014 Ordinance, the Series 2015 Ordinance, the Series 2019A Ordinance and the Series 2019B Ordinance.

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

“Purchaser” means _____, the original purchaser of the Series 2023A Bonds.

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

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

“Redemption Date” when used with respect to any Series 2023A 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 Series 2023A Bond to be redeemed means the price at which such Series 2023A 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.

“Renewal and Replacement Account” means the Renewal and Replacement Reserve Account ratified and confirmed in the Bond Ordinance.

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

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

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

“S&P” means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the City Council.

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

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

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

“Series 2015 Bonds” means the Water and Electric System Refunding and Improvement Revenue Bonds, Series 2015, of the City, in the aggregate principal amount of \$51,280,000, authorized and issued pursuant to the Series 2015 Ordinance.

“Series 2015 Ordinance” means Ordinance No. 022505 of the City passed on July 20, 2015, under which the Series 2015 Bonds were issued.

“Series 2019A Bonds” means the Water and Electric System Revenue Bonds, Series 2019A, of the City, in the aggregate principal amount of \$15,150,000, authorized and issued pursuant to the Series 2019A Ordinance.

“Series 2019A Ordinance” means Ordinance No. 023850 of the City passed on May 6, 2019, under which the Series 2019A Bonds were issued.

“Series 2019B Bonds” means the Water and Electric System Refunding Revenue Bonds, Series 2019B, of the City, in the aggregate principal amount of \$70,445,000, authorized and issued pursuant to the Series 2019B Ordinance.

“Series 2019B Ordinance” means Ordinance No. 024012 of the City passed on September 16, 2019, under which the Series 2019B Bonds were issued.

“Series 2023A Bonds” means the Water and Electric System Revenue Bonds, Series 2023A, of the City, authorized and issued pursuant to 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 Series 2023A Bond or any installment of interest thereon means the date specified in such Series 2023A Bond and the Bond Ordinance as the fixed date on which the principal of such Series 2023A Bond or such installment of interest is due and payable.

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

“System” means (i) properties and assets relating to the City’s wholly-owned water and electric system to which legal title is vested in the City and all properties and assets acquired by the City as renewals and replacements, additions and expansion, and improvements thereto, as recorded in the books of the City pursuant to standard governmental accounting practices, and (ii) all renewals and replacements, additions and expansions

and improvements thereto paid for or financed in whole or in part from Revenues, proceeds of System Revenue Bonds, Subordinate Bonds or other funds under the Bond Ordinance. System as used in the Bond Ordinance shall not include any facilities for the generation of power and energy financed by the City through the issuance of obligations of the City which shall be secured in part by contracts with other utilities for the sale of the power and energy from such facilities.

“System Revenue Bonds” means the Previously Issued Parity Bonds, the Series 2023A Bonds, any Additional Bonds secured on a parity basis by the Net Revenues and any Subordinate Bonds.

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

Establishment of Funds and Accounts

There are created and ordered to be established and held in the account of the City the following separate accounts to be known respectively as the:

- (a) 2023A Construction Account.
- (b) 2023A Bond Account.
- (c) 2023A Bond Reserve Account.
- (d) 2023A Rebate Account.

The funds and accounts referred to in paragraphs (a) through (d) of this Section shall be maintained and administered by the City solely for the purposes and in the manner as provided in the Act and in the Bond Ordinance and in the Previously Issued Parity Ordinances so long as any of the Series 2023A Bonds or the Previously Issued Parity Bonds remain outstanding within the meaning of the Bond Ordinance and said Previously Issued Parity Ordinances, respectively.

The City ratifies and confirms the creation and continuing existence of the System Revenue Fund, the Renewal and Replacement Account and the other reserve accounts, principal accounts and interest accounts and construction accounts established under the Master Ordinance and the other Previously Issued Parity Ordinances.

Application of Moneys in the 2023A Construction Account

Money in the 2023A Construction Account shall be used solely for the purpose of (a) paying the cost of the Project as provided in the Bond Ordinance, in accordance with the plans and specifications therefor prepared by the City’s Consultant for the Project, as approved by the Council of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consultant and approved by the Council of the City, and (b) paying the costs and expenses incident to the issuance of the Series 2023A Bonds.

Upon completion of the Project, any surplus money remaining in the 2023A Construction Account and not required for the payment of unpaid costs thereof shall be deposited into the 2023A Bond Account.

System Revenue Fund

The City covenants and agrees that from and after the delivery of the Series 2023A Bonds, and continuing as long as any of the Series 2023A Bonds remain Outstanding under the Bond Ordinance, all of the Revenues shall as and when received be paid and deposited into the System Revenue Fund unless otherwise

specifically provided by the Bond Ordinance. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The System Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the Master Ordinance, the Previously Issued Parity Ordinances and the Bond Ordinance.

Application of Moneys in Fund and Accounts

The City covenants and agrees that from and after the delivery of the Series 2023A Bonds and continuing so long as any of the Series 2023A Bonds shall remain Outstanding, it will administer and allocate all of the moneys then held in the System Revenue Fund as follows:

- (a) *Operating Expenses.* Operating Expenses of the System shall be payable, as a first charge, from the System Revenue Fund as the same become due and payable.
- (b) *Debt Service Account.* On the 25th day of each month, there shall next be paid and credited to the 2023A Bond Account, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Series 2023A Bonds, the following sums:
 - (1) Beginning with the first of said monthly deposits and continuing on the 25th day of each month thereafter to and including March 25, 2024, an equal pro rata portion of the amount of interest becoming due on the Series 2023A Bonds on April 1, 2024; and thereafter, beginning on April 25, 2024, and continuing on the 25th day of each month thereafter so long as the Series 2023A Bonds shall remain outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Series 2023A Bonds on the next succeeding Interest Payment Date; and
 - (2) Beginning with the first of said monthly deposits and continuing on the 25th day of each month thereafter to and including September 25, 2024, an equal pro rata portion of the amount of principal becoming due on the Series 2023A Bonds on October 1, 2024; and thereafter, beginning on October 25, 2024, and continuing on the first day of each month thereafter so long as any of the Series 2023A Bonds shall remain outstanding and unpaid, an amount not less than 1/12 of the amount of principal that will become due on the Series 2023A Bonds on the next succeeding Maturity.

The amounts required to be paid and credited to the 2023A Bond Account pursuant to this Section shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinances.

If at any time the moneys in the System Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the 2023A Bond Account and to the debt service accounts established to pay the principal of and interest on any Parity Bonds, the available moneys in the System Revenue Fund shall, unless otherwise directed by the Master Ordinance or the Previously Issued Parity Ordinances, be divided among such debt service accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in said debt service accounts.

All amounts paid and credited to the 2023A Bond Account shall be expended and used by the City for the sole purpose of paying the interest on and principal of the Series 2023A Bonds as and when the same become due on each Bond Payment Date.

- (c) *2023A Bond Reserve Fund.* The 2023A Reserve Requirement shall be redetermined at the beginning of each Fiscal Year and shall be the lesser of the 2023A Reserve Requirement for the prior Fiscal Year or the maximum principal and interest coming due, whether at maturity or upon mandatory redemption on the Series 2023A Bonds during such Fiscal Year or any subsequent Fiscal Year. The City may provide, in lieu of any amounts required to be on deposit in the 2023A Bond Reserve Account, a bond insurance policy in favor of the Paying Agent issued by an insurance company rated (at the time of issuance of such policy) in the one of the two highest rating categories by one of the Rating Agencies and sufficient to provide to the Bondowners the amounts which would otherwise have been on deposit in the 2023A Bond Reserve Account at the times the Bondowners would have otherwise received such amounts.

Except as provided in the Bond Ordinance, all amounts paid and credited to the 2023A Bond Reserve Account shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Series 2023A Bonds on any Maturity date or Interest Payment Date if the moneys in the 2023A Bond Account are insufficient to pay the interest on or principal of said Series 2023A Bonds as they become due. So long as the 2023A Bond Reserve Account aggregates the 2023A Reserve Requirement, no further payments into said Account shall be required, but if (i) the City shall ever be required to expend and use a part of the moneys in said Account for the purpose herein authorized and such expenditure shall reduce the amount of said Account below the 2023A Reserve Requirement, on or before each April 1 and October 1, after paying all Operating Expenses and making the required transfers pursuant to subparagraphs (a) and (b) above, the City Council shall transfer from the System Revenue Fund to the 2023A Bond Reserve Account, one-half of the amount expended from said Account during the previous six month period until said Account shall aggregate a sum equal to the 2023A Reserve Requirement or (ii) the value (determined in accordance with the Bond Ordinance) of the amount held in the 2023A Bond Reserve Account is less than the 2023A Reserve Requirement due to market fluctuations, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the 2023A Bond Reserve Account, one-half of such deficiency so that said Account shall aggregate at the time of making the second of such transfers a sum equal to the 2023A Reserve Requirement.

The amounts required to be paid and credited to the 2023A Bond Reserve Account shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the bond reserve account established for the Parity Bonds under the provisions of any Parity Ordinance.

Moneys in the 2023A Bond Reserve Account may be used to call the Series 2023A Bonds for redemption and payment prior to their Stated Maturity, provided all of the Series 2023A Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Moneys in the 2023A Bond Reserve Account shall be used to pay and retire the last Outstanding Bonds unless such Series 2023A Bonds and all interest thereon are otherwise paid. Any amounts in the 2023A Bond Reserve Account in excess of the 2023A Reserve Requirement on any valuation date shall be transferred to the 2023A Bond Account.

If at any time the moneys in the System Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the 2023A Bond Reserve Account and to the debt service reserve accounts established to protect the payment of any Parity Bonds, the available moneys in the System Revenue Fund shall be divided among such debt service reserve accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in such debt service reserve accounts.

- (d) *Renewal and Replacement Account.* So long as the Renewal and Replacement Account aggregates the Renewal and Replacement Requirement, no payments shall be required, but if

the amount in said Account is less than the Renewal and Replacement Requirement, after making the required transfers pursuant to subparagraphs (a), (b) and (c) above, on or before each April 1 and October 1, the City Council shall transfer from the System Revenue Fund to the Renewal and Replacement Account one-half of such deficiency so that said Account shall aggregate at the time of making the second of such transfers a sum equal to the Renewal and Replacement Requirement.

All moneys in the Renewal and Replacement Account may be drawn on and used by the City Council for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, not paid as part of the ordinary and normal expense for the operation of the System, provided, however, in the event that the funds and investments in the 2023A Bond Reserve Account shall be reduced below the 2023A Reserve Requirement, funds on deposit in the Renewal and Replacement Account shall be transferred to the 2023A Bond Reserve Account to the extent necessary to eliminate the deficiency in that Account.

- (e) *Deficiency of Payments into Accounts.* If at any time the Revenues shall be insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received by the City, such payments and credits being made and applied in the order specified above.
- (f) *Application of Moneys in the 2023A Rebate Account.* There shall be deposited in the 2023A Rebate Account such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money in the 2023A Rebate Account shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), for payment to the United States of America, and neither the City nor the Registered Owner of any Series 2023A Bond shall have any rights in or claim to such money.

Payments Due on Saturdays, Sundays and Holidays

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

Nonpresentment of Bonds

If any Series 2023A Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Series 2023A Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Series 2023A Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Series 2023A 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 Series 2023A Bond. If any Series 2023A Bond is not presented for payment within one year following the date when such Series 2023A Bond becomes due at Maturity, the Paying Agent shall repay to the City the funds theretofore held by it for payment of such Series 2023A Bond, and such Series 2023A 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

Money in each of the funds and accounts created by and referred to in the Bond Ordinance shall be deposited in a bank or banks 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 holding such deposits as provided by the laws of the State of Missouri.

Moneys held in any fund or account held in the custody of the City referred to in the Bond Ordinance may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund or account was created. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of the Bond Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided, however, that the investments held in the 2023A Bond Reserve Account shall be valued at market value only. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of the Bond Ordinance, the City shall direct that such excess be paid and credited to the System Revenue Fund.

Efficient and Economical Operation

The City will continuously own and will operate the System as a revenue producing facility in an efficient and economical manner and will keep and maintain the same in good repair and working order at a reasonable cost. The City will establish and maintain such rules and regulations for the use of the System as may be necessary to assure maximum utilization and most efficient operation of the System.

Rate Covenant

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

- (1) equal at least 110% of the Debt Service Requirement on all Parity Bonds then Outstanding for the year of computation and 100% of the Debt Service Requirement on all Subordinate Bonds then Outstanding for the year of computation;
- (2) enable the City to make all required payments, if any, into the reserve account for any Parity Bonds, the Renewal and Replacement Account, the rebate account for any Parity Bonds and to any Credit Facility Provider, any Reserve Account Credit Facility Provider and any Qualified Hedge Provider (as such latter terms are defined in the Master Ordinance);
- (3) remedy all deficiencies in required payments into any of the funds and accounts established under the Master Ordinance, the Parity Ordinances or the Bond Ordinance from prior Fiscal Years; and
- (4) all other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

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

(b) The City shall review its financial condition in accordance with the provisions of the Charter of the City for the purpose of estimating whether the Revenues and income (including investment income) from the operation of the System will be sufficient to provide all of the payments and meet all other requirements as specified in this Section. If as a result of such review the City determines that such Revenues and income may

not be sufficient to provide such payments and meet such other requirements, it shall forthwith make a study for the purpose of making a schedule of rates, fees and charges for the System which will cause sufficient Revenues and income to be collected in the following Fiscal Year to provide funds for all the payments and other requirements as specified in this Section for such following Fiscal Year and will cause additional revenues and income to be collected in such following and later Fiscal Years sufficient to restore the amount of such deficiency at the earliest practicable time. If, in any Fiscal Year, the revenues and income collected shall not have been sufficient to provide all of the payments and meet all other requirements as specified in said subsection (a), the City shall as promptly as permitted by law establish and place in effect a schedule of rates, fees and charges which will cause sufficient revenues and income to be collected.

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

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

Nothing in the Bond Ordinance contained shall be construed to prevent the continuous collection of reasonable rates, charges, and fees for the use of said System and facilities after the Series 2023A Bonds issued pursuant to the Bond Ordinance shall have been paid and redeemed, together with all interest thereon, nor to prevent at that time the pledge and application of said Net Revenues to the payment of other bonds which may be issued by the City.

Restrictions on Mortgage or Sale of System

The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may:

(a) sell at fair market value any portion of the System which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the System, and in the event of sale, the City will apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing repayment of Series 2023A Bonds in advance of Stated Maturity, or (2) replacement of the property so disposed of by other property the revenues of which shall be incorporated into the System as provided in the Bond Ordinance;

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

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

Insurance

The City will carry and maintain fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, such insurance to be of the character and coverage and in such amounts as would normally be carried by other municipalities or public entities engaged

in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds in accordance with the provisions of the Master Ordinance. The cost of all insurance obtained pursuant to the requirements of this Section shall be paid as an Operating Expense out of the Revenues.

Annual Budget

Prior to the commencement of each Fiscal Year, the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year.

Annual Audit

Annually, promptly after the end of the Fiscal Year, the City will cause an audit to be made of the System for the preceding Fiscal Year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the revenues of the System. Said annual audit shall cover in reasonable detail the operation of the System during such Fiscal Year.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the System, any Registered Owner of any of the Series 2023A Bonds, or by anyone acting for or on behalf of such taxpayer, user or Registered Owner.

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

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 Series 2023A Bonds, and (2) it will not use or permit the use of any proceeds of the Series 2023A 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 Series 2023A Bonds. The City will also pass such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future law in order to ensure that the interest on the Series 2023A 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 Series 2023A Bonds as soon as practicable for the purposes for which the Series 2023A Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Series 2023A Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the Series 2023A 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 Series 2023A Bonds. The Federal Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the Series 2023A Bonds.

The City covenants that it will not use any portion of the proceeds of the Series 2023A Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any Series 2023A Bond to be a “private activity bond” within the meaning of Section 141 of the Code.

Senior Lien Bonds

The City covenants and agrees that so long as any of the Series 2023A Bonds remain Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the City for the payment of moneys determined in accordance with generally accepted accounting principles including capital leases as defined by generally accepted accounting principles, payable out of the net income and revenues of the System or any part thereof which are superior to the Series 2023A Bonds.

Parity Lien Bonds

The City covenants and agrees that so long as any of the Series 2023A Bonds remain Outstanding, it will not issue any Parity Bonds payable out of the Net Revenues of the System or any part thereof which stand on a parity or equality with the Series 2023A Bonds (“Parity Bonds”) unless the following conditions are met:

(1) The City is not in default in the payment of principal or interest on the Series 2023A Bonds or any Parity Bonds or in making any deposit into the funds and accounts under the Bond Ordinance or any Parity Ordinance; and

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

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

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

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

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

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

Junior Lien Bonds and Other Obligations

Nothing shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the facility and benefiting the System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the revenues of the System, provided at the time of the issuance of such additional revenue bonds or obligations the City is not in default in the performance of any covenant or agreement contained in the Bond Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Series 2023A Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Series 2023A Bonds, or if the City is in default in making any payments required to be made by it under the provisions of the Bond Ordinance, the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or obligations out of moneys in the System Revenue Fund.

Refunding Bonds

The City shall have the right, without complying with the provisions of the Bond Ordinance, to refund any of the Series 2023A Bonds or any Parity Bonds under the provisions of any law then available in a manner which provides present value debt service savings, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Series 2023A Bonds or the Parity Bonds which are not refunded, if any, upon the Net Revenues of the System.

Acceleration of Maturity Upon Default

The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Series 2023A Bonds as the same become due on any Bond Payment Date, or if the City or the City Council 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 or the City's Charter, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the Registered Owner of any Series 2023A Bond then Outstanding, then, at any time thereafter and while such default continues, the Registered Owners of 25% in aggregate principal amount of the Series 2023A Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Series 2023A Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Series 2023A Bonds shall become and be immediately due and payable, anything in the Bond Ordinance or in the Series 2023A Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Series 2023A Bonds, except interest accrued but not yet due on such Series 2023A Bonds, and all arrears of principal upon all of said Series 2023A 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 specified in the Bond Ordinance may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Other Remedies

The provisions of the Bond Ordinance, including the covenants and agreements contained in the Bond Ordinance, shall constitute a contract between the City and the Registered Owners of the Series 2023A Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Series 2023A Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Series 2023A 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 Series 2023A Bonds.

Limitation on Rights of Bondowners

No one or more Bondowners secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Ordinance, or to enforce any right under the Bond Ordinance, except in the manner provided in the Bond Ordinance, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Series 2023A Bonds.

No Obligation to Levy Taxes

Nothing contained in the Bond Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred in the Bond Ordinance or to pay the principal of or interest on the Series 2023A Bonds.

Defeasance

When any or all of the Series 2023A Bonds or the interest payments thereon have been paid and discharged, then the requirements contained in the Bond Ordinance and the pledge of revenues made under the Bond Ordinance and all other rights granted shall terminate with respect to the Series 2023A Bonds so paid and discharged. Series 2023A 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 Series 2023A Bonds, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Series 2023A Bonds, and/or interest to accrue on such Series 2023A 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.

Amendments

The Continuing Disclosure Undertaking is exempt from the provisions of this Section and are subject to amendment and modification only as provided therein. The rights and duties of the City and the Bondowners, and the terms and provisions of the Series 2023A 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 Series 2023A Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Series 2023A Bond;
- (b) alter the optional Redemption Date of any Series 2023A Bond;
- (c) effect a reduction in the amount which the City is required to pay by way of principal or interest on any Series 2023A Bond;
- (d) permit the creation of a lien on the Net Revenues of the System prior or equal to the lien of the Series 2023A Bonds or Parity Bonds;
- (e) permit preference or priority of any Series 2023A Bonds over any other Series 2023A Bonds; or
- (f) reduce the percentage in principal amount of Series 2023A Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

Any provision of the Series 2023A 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 respect with the written consent of the Registered Owners of all of the Series 2023A Bonds at the time Outstanding.

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX E

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.