

An Attractive Solution



There are many advantages to cities that choose the MPUA Finance Program when financing. These benefits are recognized by public managers across Missouri and include:

- Competitive Tax-Exempt Rates
- Fixed or floating rate financing
- Flexible payment terms; customized payments
- Precise, quantifiable cost of borrowing
- Fully amortized debt schedules
- Funds available in weeks – not months
- Straightforward, user-friendly application/ approval process
- Acquire essential property and equipment quickly and conveniently
- No added pressure on debt limits
- Public debt referendum not required
- Maintain cash reserves
- Retain the benefits of ownership
- Spread property costs over its useful life

Finance Program History

The MPUA Finance program is in its 10th year and continues to evolve in order to provide the best financing options available to our municipal membership. Created by municipal officials to meet the needs of their cities and utilities, the program is designed to favor municipalities.

MPUA has funded capital and equipment projects ranging from \$250,000 to \$15.1 million, providing approximately \$180 million dollars to MPUA members. That's about \$50,000 a day for the past 10 years!

About MPUA

The Missouri Public Utility Alliance is a not-for-profit service organization that represents municipally-owned electric, natural gas, water, wastewater and broadband utilities working together for the benefit of their customers - customers who, in effect, "own" the utilities in their community. The Alliance includes three closely aligned, yet distinct organizations. The Missouri Association of Municipal Utilities (MAMU), the Missouri Joint Municipal Electric Utility Commission (MJMEUC) and the Municipal Gas Commission of Missouri (MGCM).

MAMU, a 501(c)6 organization, provides MPUA the conduit for this financing option.



1808 I-70 Dr. SW
Columbia, MO 65203
573-445-3279
www.mpua.org

Public Finance



MPUA FINANCE PROGRAM



... Serving Municipal
Financing and
Utility Needs



Why choose MPUA's Finance Program?

The Missouri Public Utility Alliance has been providing financing options for its members and municipalities for over 10 years. MPUA has funded capital and equipment projects totaling approximately \$180 million dollars.

As an organization created by municipalities, we understand the specialized financing needs cities face when making capital infrastructure improvements or equipment purchases. We have a proven track record of cost-effective financing and can provide the flexibility cities need for each individual situation.

What is lease-purchase financing?

MPUA's financing is delivered mostly through a lease-purchase arrangement – a proven market alternative to bond and cash purchases without long term debt or public referendums. It is a contract for the acquisition of assets through annually appropriated lease payments which cover principal and interest of a purchase. During the lease period, the asset's title is vested in the name of the municipality with a security interest held by the Lessor. The municipality becomes the owner in full upon contract end. Missouri political subdivisions are authorized to utilize lease purchasing and many public entities across Missouri and the U.S. use this flexible financing method.

What can be financed?

In 2010, we expanded our program to provide more flexibility. Now, any municipal tax-exempt capital project or equipment can be financed, such as:

- Energy improvements
- Electric System improvements
- Public buildings
- Civic and senior centers
- Law enforcement/emergency facilities
- Equipment
- Gas facilities
- Vehicle purchases
- Renovation projects
- Wastewater improvements
- Water Towers
- Public infrastructure
- Underground facilities
- Any construction project or public infrastructure improvement

Sample financed projects:

Utility/maintenance fleet purchases, Lamar

Date: 11/15/07
Amount: \$400,000

Wastewater treatment plant, Sullivan

Date: 3/27/08
Amount: \$7,395,000

New electrical substation, Fredericktown

Date: 2/25/10
Amount: \$1,009,000

What are the cost and terms?

The rates and cost of MPUA's Finance Program are competitive with bond financing, when all costs and fees are considered. Program pricing expresses the lease rate as principal and interest and includes all legal and administrative costs. There are no additional fees (remarketing, trust, rating, or other miscellaneous charges) which are typically required in traditional bond transactions. The borrower's specific interest rate depends on the term of the contract and is calculated using a formula pricing established for MPUA's Finance Program which provides uniform rates, regardless of size.

Transaction types:

Equipment
New Construction
Renovation
Refinancing

Terms:

5 - 20 years, fixed or floating rates

Contact:

Ewell Lawson
Manager, Member and Finance Services
elawson@mpua.org

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