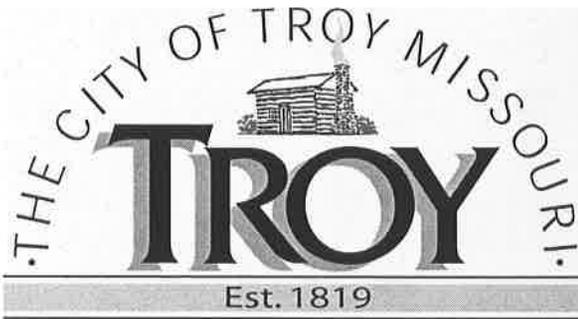


**** PRESS RELEASE ****



MUNICIPAL ELECTION APRIL 5, 2016

OVERVIEW

The City of Troy must make improvements to its sewerage system in order to comply with new standards and requirements being imposed by State and Federal regulatory agencies for communities throughout Missouri. If the City does not comply with the new regulations, the matter would be moved to the jurisdiction of Federal Regulatory Agencies and, as a result, the City could be subject to fines each day a system is not in compliance.

WHAT ARE THE SPECIFIC PROBLEMS?

The City Sewer System does not meet the current State and Federal laws and, as a result, the City has recently received a schedule which requires the system be in compliance. The improvements are aimed at meeting the current State and Federal laws and gaining compliance for the City's wastewater treatment system.

The City currently operates two wastewater treatment facilities; the Southeast Wastewater Treatment Facility (SE WWTF) and the Highway 47 Wastewater Treatment Facility (HW47WWTF). The HW 47 WWTF was built in the 1970s, is at the end of its useful life. It does not have sufficient capacity to accommodate the peak flows and this leads to overflows to the surrounding receiving waters. Both of the City's treatment plants have had historical administrative

orders and several past notices of violation. These orders and notices of violation expose the City to possible fines and additional requirements.

The goal of the project is to provide improved wastewater treatment performance, improved reliability and operability of the facilities for the City's wastewater department staff and to eliminate the untreated bypasses and permit violations. In addition the upgraded plant design should have the capacity and capability to allow future growth in the City, while maintaining regulatory compliance.

WHAT IMPROVEMENTS ARE PROPOSED?

To meet the new requirements and avoid regulatory violations and "quick fixes," the City is proposing to construct a new interceptor sewer line to direct all wastewater flow to the southeast facility thereby consolidating all wastewater treatment within the City. By undertaking this activity, the City will be able to decommission the long used Highway 47 wastewater treatment facility. In addition, an important component of the project will be to rehabilitate the existing treated effluent outfall in the Cuivre River at the southeast treatment facility site. The existing outfall has collapsed due to bank erosion and must be reconstructed.

HOW WILL THE CITY FINANCE THE IMPROVEMENTS?

The voters of the City recently passed a capital improvement sales tax, from which a portion of the revenues are to be used to finance improvements to the sewer system. In addition the City is seeking Bonds to finance the remainder of the project. It is the City's goal to address system deficiencies while minimizing the financial burden on its citizens. The City has made application to the Missouri Department of Natural Resources' State Revolving Loan Fund (SRF) Program. The SRF Program is a low interest loan program – currently, the Program's financing terms are a 20-year term with a fixed interest rate (including administration fees) of 2.13%. This rate is significantly below the public market rates which are currently available to the City. It is estimated, by utilizing the SRF Program, the City will save approximately \$187,800 per year in debt service. The

amount of bonds issued will be based on what is needed to successfully complete the proposed improvements. Residents are not (and will not be) subject to any debt expense for bonds that are authorized but not issued.

HOW WILL THIS AFFECT MONTHLY USER BILLS?

As the City aims to provide customers with a reliable and affordable means of collecting and treating sewerage, user rates will be adjusted only if, and to the extent necessary to provide for proper maintenance and operations of the sewerage system, and to meet all state and federal regulations. (It should be noted, based upon calculations, should the City be required to secure financing in the private market, user rates will need to be increased even higher in order to pay for the estimated additional \$187,800 of annual debt service).

At this time, it is the belief of the City that by being able to secure a low interest loan and by utilizing a portion of the previously authorized capital improvement sales tax, the City will fund debt service on the bonds and the City will be able to reduce the impact on user rates. However, sewer rates still need to be adjusted.

It should be noted, if the City is unable to secure a low interest loan, the City will be required to complete the project with a much greater impact on user rates. It is the goal of the City to assure that sewer system user rates remain as affordable as possible for the residents of the City of Troy.

WHAT HAPPENS IF THE BALLOT ISSUE IS SUCCESSFUL?

If the ballot issue is successful, the City can immediately commence with the system improvements. The City has retained the services of Woodard & Curran, a licensed and professional Missouri engineering firm, to assist in developing a comprehensive plan to bring the City's sewerage system into regulatory compliance.

WHAT IF THE BALLOT ISSUE FAILS?

If the City were to ignore the regulatory requirements, the City will eventually be subject to fines. *NOTE: Applicable fines can be assessed for each day the City is not in compliance.* If the ballot issue fails, the City will still be required to complete the project, but will not be able to take advantage of a low interest loan. The City would be forced to secure funding through the private marketplace at much higher interest rates. This will mean that the City would be required to raise user rates much higher to meet the costs associated with the operation and maintenance of the system plus debt service.

On April 5, 2016, the following question will appear on the Ballot:

PAID FOR BY CITY OF TROY, MAYOR
MARK CROSS, 800 CAP AU GRIS,
TROY, MO 63379

Shall Troy, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of Eighteen Million Eight Hundred Eighty Seven Thousand Dollars (\$18,887,000.00) for the purpose of acquiring, constructing, repairing, improving, furnishing and equipping the City's combined waterworks and sewerage system, including acquiring any land or easements necessary therefor, the cost of operation and maintenance of said system and of principal and interest on said revenue bonds to be payable solely from the revenues derived from the operations of its combined waterworks and sewerage system, including all future extensions and improvements thereto.

YES
NO

****IMPORTANT POINTS TO REMEMBER****

- 1) The City's current sewerage collection and treatment process does not meet state and federal requirements and the City is under a consent order from the Environmental Protection agency to improve the sewerage collection and treatment system.
- 2) The passage of the proposed bond issue will allow the City to obtain low interest rate financing through the State Revolving Fund to make the required improvements. This in return will reduce the impact on user rates. (Based upon current estimates, should the City be required to secure financing in the private market user rates will need to be increased even higher to pay for the approximated additional \$187,800 of annual debt service.)