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Muscatine, IA 52761-3899
(563) 264-1550
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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: March 29, 2012

Re: Resolution Setting Hearing on General Obligation Refunding Loan Agreement and Borrowing Money thereunder in a Principal Amount not to Exceed \$230,000

Introduction and Background:

The City Council has previously taken action to approve the \$4.5 million bond issue to be dated June 1, 2012 to finance various City capital projects which have been completed since the last bond issue as well as projects currently underway. As part of the preparation for the bond sale, PFM, the City's financial consultant, completed an analysis of the City's outstanding bond issues to determine if there would be financial benefits for refunding any of the current debt. Only the 2003 bond issue is currently callable with one payment remaining after the current year's payment. The final payment on the 2003 bonds is due June 1, 2013 with a principal payment of \$215,000 and interest due during the 2012/2013 fiscal year of \$6,450 (at 3%).

It is proposed that the City take action to call the final year of the 2003 issue and incorporate this action with the upcoming \$4.5 million issue. This would result in increasing the June 1, 2012 issue by \$215,000 to \$4,715,000. The \$215,000 increase in the issue would be added to the bond principal scheduled to be paid on June 1, 2013. Since the estimated interest rate for the first year of the new issue is .78% (compared to 3% for the original 2003 issue), this results in a savings of approximately \$4,800 in interest costs to the City.

Recommendation:

A public hearing is required in order to increase the June 1, 2012 bond issue for the amount of the refunding. The attached resolution setting the hearing was prepared by John Danos of Dorsey & Whitney, the City's bond attorney. Please include this resolution on the April 5, 2012 agenda with the hearing to be scheduled for April 19. After the hearing on April 19, City Council will be asked to approve the General Obligation Refunding Loan Agreement and take official action to call the last year of the 2003 bond issue.

Please contact me if you have any questions or need additional information.

Backup Information:

1. Resolution to fix a date for a public hearing on a loan agreement in a principal amount not to exceed \$230,000 (actual amount to be \$215,000).

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

MINUTES TO SET DATE FOR HEARING
ON ENTERING INTO A GENERAL
OBLIGATION LOAN AGREEMENT

421464-35

Muscatine, Iowa

April 5, 2012

The City Council of the City of Muscatine, Iowa, met on April 5, 2012, at _____
o'clock __.m., at the _____, in the City. The Mayor presided and the roll was
called showing the following members of the City Council present and absent:

Present: _____

Absent: _____.

Council Member _____ introduced the resolution hereinafter
next set out, setting a date for hearing on a loan agreement, and moved its adoption, seconded by
Council Member _____; and after due consideration thereof by the City
Council, the Mayor put the question upon the adoption of the said resolution and the roll being
called, the following named Council Members voted:

Ayes: _____

Nays: _____.

Whereupon, the Mayor declared the resolution duly adopted as hereinafter set out.

• • • • •

At the conclusion of the meeting, and upon motion and vote, the City Council adjourned.

Mayor

Attest:

City Clerk

RESOLUTION NO. _____

Resolution to fix a date for a public hearing on a loan agreement in a principal amount not to exceed \$230,000

WHEREAS, the City of Muscatine (the “City”), in the County of Muscatine, State of Iowa, previously issued its \$1,780,000 General Obligation Corporate Purpose Bonds, Series 2003A, dated June 1, 2003 (the “2003A Bonds”), a portion of which currently remain outstanding maturing on such dates and in such amounts and bearing interest at such rates as follows:

Maturity Date (June 1)	Principal	Rate	Maturity Date (June 1)	Principal	Rate
2012	\$210,000	3.00%	2013	\$215,000	3.00%

; and

WHEREAS, pursuant to the resolution (the “2003A Issuance Resolution”) authorizing the issuance of the 2003A Bonds, the City reserved the right to call the 2003A Bonds maturing in the years 2011 through 2013 (the “Callable 2003A Bonds”) for early redemption on any date on or after June 1, 2010 subject to the provisions of the 2003A Issuance Resolution; and

WHEREAS, the City now proposes to enter into a General Obligation Refunding Loan Agreement (the “Loan Agreement”) in a principal amount not to exceed \$230,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of current refunding the Callable 2003A Bonds, and it is now necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Loan Agreement and to give notice thereof as required by such law;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Muscatine, Iowa, as follows:

Section 1. The City Council shall meet on the 19th day of April, 2012, at the _____, Muscatine, Iowa, at _____ o'clock ____ .m., at which time and place a hearing will be held and proceedings will be instituted and action taken to enter into the Loan Agreement.

Section 2. The City Clerk is hereby directed to give notice of the proposed action on the Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once and not less than 4 nor more than 20 days before the date of said meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

NOTICE OF PROPOSED PUBLIC HEARING ON LOAN AGREEMENT IN A
PRINCIPAL AMOUNT NOT TO EXCEED \$230,000

(GENERAL OBLIGATION)

The City Council of the City of Muscatine, Iowa, will meet on the 19th day of April, 2012, at the _____, Muscatine, Iowa, at _____ o'clock ____ .m., for the purpose of holding a public hearing on the proposal to enter into a loan agreement (the "Loan Agreement") in a principal amount not to exceed \$230,000 for the purpose of paying the cost, to that extent, of current refunding the City's General Obligation Corporate Purpose Bonds, Series 2003A, dated June 1, 2003.

The Loan Agreement is proposed to be entered into pursuant to authority contained in Section 384.24A of the Code of Iowa and will constitute a general obligation of the City.

At that time and place, oral or written objections may be filed or made to the proposal to enter into the Loan Agreement. After receiving objections, the City may determine to enter into the Loan Agreement, in which case, the decision will be final unless appealed to the District Court within fifteen (15) days thereafter.

By order of the City Council of the City of Muscatine, Iowa.

Gregg Mandsager
City Clerk

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved April 5, 2012.

Mayor

Attest:

City Clerk

STATE OF IOWA
COUNTY OF MUSCATINE
CITY OF MUSCATINE

SS:

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify that attached hereto is a true and correct copy of the proceedings of the City Council relating to fixing a date for a hearing on the City Council's proposal to take action in connection with a loan agreement, as referred to therein.

WITNESS MY HAND this _____ day of _____, 2012.

City Clerk

STATE OF IOWA
COUNTY OF MUSCATINE SS:
CITY OF MUSCATINE

I, the undersigned City Clerk, do hereby certify that the aforementioned City is organized and operating under the provisions of a special charter and that there is not pending or threatened any question or litigation whatsoever touching the incorporation of the City, the inclusion of any territory within its limits or the incumbency in office of any of the officials hereinafter named.

And I do further certify that the following named parties are officials of the City as indicated:

_____	Mayor
_____	City Clerk/Administrator
_____	Finance Director
_____	Council Member/Mayor Pro-Tem
_____	Council Member
_____	Council Member
_____	Council Member
_____	Council Member
_____	Council Member
_____	Council Member

And I do further certify that the City has provided for the office of Treasurer, and the Council has selected the Treasurer aforementioned.

WITNESS MY HAND and the seal of the City hereto affixed this _____ day of _____, 2012.

City Clerk

(Seal)

(PLEASE NOTE: Do not date and return this certificate until you have received the publisher's affidavit and have verified that the notice was published on the date indicated in the affidavit but please return all other completed pages to us as soon as they are available.)

STATE OF IOWA
COUNTY OF MUSCATINE SS:
CITY OF MUSCATINE

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify that pursuant to the resolution of the City Council fixing a date of meeting at which it is proposed to take action to enter into a loan agreement, the notice, of which the printed slip attached to the publisher's affidavit hereto attached is a true and complete copy, was published on the date and in the newspaper specified in such affidavit, which newspaper has a general circulation in the City.

WITNESS MY HAND this _____ day of _____, 2012.

City Clerk

(Attach here the publisher's original affidavit with clipping of the notice, as published.)

March 28, 2012

Nancy Lueck
Finance Officer/City Hall
Muscatine, Iowa
Via Email

Re: \$230,000 General Obligation Refunding Loan Agreement
Our File No. 421464-35

Dear Nancy:

We have prepared and attach proceedings to be used at the April 5 City Council meeting to set April 19th as the date for a hearing on the proposal to enter into the General Obligation Refunding Loan Agreement.

The documents attached include the following items:

1. Resolution fixing the date, time and place of the meeting at which it is proposed to hold a hearing on the Loan Agreement.

The form of notice of hearing is set out in Section 2 of the resolution. Please print an extra copy for delivery to the publisher. Please insert the time and place of the hearing in both the resolution and the notice.

2. Certificate attesting the transcript.

3. Organization certificate.

4. Certificate with respect to publication of the notice, to which must be attached the publisher's affidavit of publication with a clipping of the notice as published.

The notice must be published at least once not less than 4 nor more than 20 days before the meeting date set for the hearing, in a legal newspaper which has a general circulation in Muscatine. Please scan and email or fax a copy of the published notice to our office at (515) 283-1060 as soon as it appears in the newspaper.

As soon as possible after the City Council meeting, please return one fully executed copy of all of the completed pages in these proceedings.

If you have any questions, please contact me.

Best regards,

John P. Danos

Attachments

cc by email: Jenny Blankenship
Diana VanVleet