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## FINANCE & RECORDS

### MEMO

To: Gregg Mandsager, City Administrator  
From: Nancy A. Lueck, Finance Director  
Date: February 18, 2014  
Re: Spring 2014 G.O. Bond Issue Resolution

#### Introduction and Background

As reviewed and discussed during the 2014/2015 budget process, the City is planning to issue a total of \$2,575,000 in General Obligation Bonds to be dated June 2, 2014 for the projects listed below. All of the projects listed, with the exception of the Library Building improvements, are projects considered Essential Corporate Purposes for debt issuance purposes. The Library Building improvements is considered a General Corporate Purpose for debt issuance purposes. Separate public hearings are scheduled for the February 20, 2014 Council meeting for the Essential Corporate Purpose and General Corporate Purpose components of the bond issue. Projects funded from the bond issue are:

<b>Street Improvements:</b>	
Cedar Street - Series B	\$ 1,323,000
Colorado Street - Series B	870,000
<b>Airport Improvements:</b>	
Airport Hangar Drainage Improvement (Estimated Local Share)	27,000
Airport Obstruction Removal (Additional Local Share)	1,200
<b>Emergency Siren:</b>	
Siren for Recently Annexed Area	22,800
<b>Library Building Improvements:</b>	
Elevator Renovation	35,000
<b>Ambulance Equipment:</b>	
Cardiac Monitors (6)	168,000
CPR Devices (4)	53,000
Total Estimated Bond Funding Requirements	\$ 2,500,000
Estimated Bond Issuance Costs	75,000
<b>Total Proposed Bond Issue</b>	<b><u>\$ 2,575,000</u></b>

**Council Action Needed**

In order to levy debt service taxes to fund the 2014/2015 principal and interest requirements on this bond issue, the City, after the required public notice and public hearings, must adopt a resolution combining and authorizing loan agreements and the future issuance of general obligation bonds and providing for the levy of taxes to pay the 2014/2015 principal and interest requirements. This resolution is required to be filed with the County Auditor's office as part of the budget certification and filing process. The attached resolution was prepared by John Danos of Dorsey & Whitney, the City's bond counsel and is the required documentation to be filed with the Auditor. The estimated principal and interest due on this issue in 2014/2015 is \$110,023. This amount has been included in the debt service fund budget for fiscal year 2014/2015. The City will take further action on this debt issuance at the time the bids are received on May 1, 2014.

Please include the attached resolution on the agenda for the February 20, 2014 Council meeting. Please contact me if you have any questions or need any additional information.

MINUTES FOR HEARING ON A  
GENERAL OBLIGATION LOAN  
AGREEMENT AND TO AUTHORIZE  
PRELEVY

421464-40

Muscatine, Iowa

February 20, 2014

The City Council of the City of Muscatine, Iowa, met on February 20, 2014, at 7:00 p.m., at the City Hall Council Chambers, Muscatine, Iowa.

The meeting was called to order by the Mayor, and the roll being called, the following named Council Members were present and absent:

Present: \_\_\_\_\_

Absent: \_\_\_\_\_.

This being the time and place specified for taking action on the proposal to enter into a General Obligation Loan Agreement and borrow money in a principal amount not to exceed \$2,600,000 for the funding of various essential corporate purposes, the City Clerk announced that no written objections had been placed on file. Whereupon, the Mayor called for any written or oral objections, and there being none, the Mayor closed the public hearing.

This also being the time and place specified for taking action on the proposal to enter into a General Obligation Loan Agreement and borrow money in a principal amount not to exceed \$40,000 for the purpose of constructing improvements to the municipal library, the City Clerk announced that no petition had been filed asking that the question of entering into the loan agreement be submitted to the registered voters of the City, and that the City Council may proceed with the authorization of said loan agreement.

After due consideration and discussion, Council Member \_\_\_\_\_ introduced the resolution next hereinafter set out and moved its adoption, seconded by Council Member \_\_\_\_\_. The Mayor put the question upon the adoption of said resolution, and the roll being called, the following Council Members voted:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_.

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

**RESOLUTION NO. \_\_\_\_\_**

Combining and Authorizing Loan Agreements and the future issuance of General Obligation Corporate Purpose Bonds and providing for the levy of taxes to pay the same

WHEREAS, the City of Muscatine (the "City"), in Muscatine County, State of Iowa, heretofore proposed to enter into a General Obligation Loan Agreement (the "Essential Purpose Loan Agreement") and borrow money thereunder in a principal amount not to exceed \$2,600,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of constructing street improvements, acquiring ambulance equipment, constructing improvements to the municipal airport and installing of an emergency siren; and has published notice of the proposed action and has held a hearing thereon on February 20, 2014; and

WHEREAS, the City also proposed to enter into a General Obligation Corporate Purpose Loan Agreement (the "General Purpose Loan Agreement") and borrow money thereunder in a principal amount not to exceed \$40,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of constructing improvements to the municipal library, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of February 20, 2014, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, pursuant to the authority provided under Section 384.28 of the Code of Iowa, the City has authority to combine the Essential Purpose Loan Agreement and the General Purpose Loan Agreement into a single loan agreement (the "Loan Agreement"); and

WHEREAS, the City intends to enter into the Loan Agreement and to issue General Obligation Corporate Purpose Bonds (the "Bonds") in the future and anticipates that principal and interest will come due on the Bonds before July 1, 2015; and

WHEREAS, it is now necessary to make provision for the levy of a debt service property tax in the 2014-2015 fiscal year for the payment of such principal and interest;

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

Section 1. The City hereby combines the Essential Purpose Loan Agreement and the General Purpose Loan Agreement into the Loan Agreement. Furthermore, the City hereby determines to enter into the Loan Agreement with a lender (the "Lender") to be selected in the future, providing for a loan to the City in a principal amount not to exceed \$2,640,000 for the purpose or purposes set forth in the preamble hereof.

Section 2. The Bonds shall be issued in the principal amount not to exceed \$2,640,000 in evidence of the City's obligation under the Loan Agreement at the time such funds are needed.

Section 3. For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, there is hereby ordered levied on all the taxable property in the City in each of the years while the Bonds are outstanding, a tax sufficient for that purpose, and in furtherance of this provision, but not in limitation thereof, there is hereby levied on all the taxable property in the City the following direct annual tax:

For collection in the fiscal year beginning July 1, 2014,  
sufficient to produce the net annual sum of \$111,967;

provided, however, that at the time the Bonds are issued, the actual tax levy amounts required to pay the principal of and interest on the Bonds in each year shall be determined based upon the interest rate or rates at which the Bonds are issued, and this resolution shall be supplemented by resolution of the Council to provide for such actual and necessary tax levy amounts.

Section 4. A certified copy of this resolution shall be filed with the County Auditor of Muscatine County, and said Auditor is hereby instructed to enter for collection and assess the tax hereby authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the City and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the City and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds hereby authorized and for no other purpose whatsoever.

Section 5. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved February 20, 2014.

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\_\_\_\_\_  
Mayor

Attest:

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\_\_\_\_\_  
City Clerk

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On motion and vote, the meeting adjourned.

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Mayor

Attest:

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City Clerk

STATE OF IOWA  
COUNTY OF MUSCATINE SS:  
CITY OF MUSCATINE

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify that as such I have in my possession or have access to the complete corporate records of the City and of its Council and officers and that I have carefully compared the transcript hereto attached with those corporate records and that the transcript hereto attached is a true, correct and complete copy of all the corporate records relating to the authorization of a certain Loan Agreement and General Obligation Corporate Purpose Bonds to be issued in evidence of the City's obligation under the Loan Agreement and that the transcript hereto attached contains a true, correct and complete statement of all the measures adopted and proceedings, acts and things had, done and performed up to the present time with respect thereto.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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City Clerk

STATE OF IOWA

SS:

COUNTY OF MUSCATINE

I, the undersigned, County Auditor of Muscatine County, in the State of Iowa, do hereby certify that on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, the City Clerk of the City of Muscatine filed in my office a certified copy of a resolution of such City shown to have been adopted by the Council on February 20, 2014, entitled: "Resolution Combining and Authorizing Loan Agreements and the future issuance of General Obligation Corporate Purpose Bonds and providing for the levy of taxes to pay the same," and that I have duly placed the copy of the resolution on file in my records.

I further certify that the taxes provided for in that resolution will in due time, manner and season be entered on the State and County tax lists of this County for collection in the fiscal year beginning July 1, 2014, as provided in the resolution.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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County Auditor

February 14, 2014

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

Re: General Obligation Corporate Purpose Loan Agreement/Prelevy  
Our File No. 421464-40

Dear Nancy:

We have prepared and attach proceedings to be used at the February 20<sup>th</sup> City Council meeting covering the hearings on the Loan Agreements and the adoption of the resolution authorizing the debt service property tax levy for the fiscal year beginning July 1, 2014.

After it is adopted, a certified copy of the enclosed resolution must be filed with the Muscatine County Auditor no later than March 31, 2014. Please print an extra copy of the resolution for this purpose.

When the City is ready to enter into the Loan Agreement, we will prepare proceedings to enable the City Council to supplement this resolution to provide for the actual loan transaction.

The proceedings attached include the following items:

1. Minutes of the February 20<sup>th</sup> Council meeting covering the hearings, followed by the resolution authorizing the FY 2015 property tax levy in the amount of \$111,967.
2. Certificate attesting the transcript.
3. Certificate of the County Auditor relating to the filing of a certified copy of the Resolution in that office.

The minutes as drafted assume that no objections will be filed or made. As these proceedings are completed, please return one fully executed copy to our office.

If you have any questions, please contact me.

Best regards,

John P. Danos

Attachments

cc: Jenny Blankenship  
Gregg Mandsager