MUSCATINE

City Hall, 215 Sycamore St.
Muscatine, IA 52761-3899
(563) 264-1550
Fax (563) 264-0750

FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: April 15, 2014

Re: Resolution Settling Date for Sale of General Obligation Corporate Purpose Bonds Series 2014 and Authorizing the Use of a Preliminary Official Statement in Connection Therewith

Introduction and Background:

The City Council has previously taken action to approve the $2,575,000 bond issue to be dated June 2, 2014 to finance various City capital projects which are either underway or will be completed in the upcoming year. The bond issue includes funding for the local share of the Cedar and Colorado Street Reconstruction projects, the local share of Airport improvement projects, Library elevator improvements, and the purchase of equipment for the City's ambulances. The public hearing on the bond issue was held on February 20, 2014 and after the hearing the City Council approved the resolution which authorized the loan agreements and the future issuance of general obligation corporate purpose bonds and providing for the levy of taxes to pay the same.

Recommendation:

The attached resolution will take additional action for the issuance of the bonds including setting the date for the sale of the General Obligation Corporate Purpose Bonds for May 1, 2014 and approving the Preliminary Official Statement for this issue. The Preliminary Official Statement was prepared by Public Financial Management, Inc. (PFM), the City's financial advisor for the bond issue, with input and review by City staff.

Please include this resolution on the agenda for the April 17, 2014 meeting. If you have any questions or need additional information, please contact me.

MINUTES TO SET DATE FOR SALE OF BONDS AND TO AUTHORIZE OFFICIAL STATEMENT FOR BONDS

421464-40

Muscatine, Iowa

April 17, 2014

The City Council of the City of Muscatine, Iowa, met on April 17, 2014, at _______ o'clock __.m. at the _________________________, in the City. 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: _________________________________.

After due consideration and discussion, Council Member ____________ introduced the following resolution 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.

• • • •

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

____
Mayor

Attest:

____
City Clerk

RESOLUTION NO. _____

Resolution setting date for the sale of General Obligation Corporate Purpose Bonds, Series 2014 and authorizing the use of a preliminary official statement in connection therewith

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 to 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 to 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 Section 384.28 of the Code of Iowa, the City Council previously combined the Essential Purpose Loan Agreement and the General Purpose Loan Agreement into a single loan agreement (the "Loan Agreement"); and

WHEREAS, a Preliminary Official Statement (the "P.O.S.") has been prepared to facilitate the sale of $2,575,000 General Obligation Corporate Purpose Bonds, Series 2014 (the "Bonds") in evidence of the obligation of the City under the Loan Agreement, and it is now necessary to make provision for the approval of the P.O.S. and to authorize its use by Public Financial Management, Inc. (the "Financial Advisor"); and

WHEREAS, it is now necessary to set the date for the sale of the Bonds and to authorize the Financial Advisor to carry out such sale;

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

Section 1. The City Clerk is hereby authorized to take such action as shall be deemed necessary and appropriate, with assistance from Dorsey & Whitney, LLP and the Financial Advisor, to set May 1, 2014 as the date for the sale of the Bonds to be issued in evidence of the City's obligation under the Loan Agreement.

Section 2. The Finance Officer and City Clerk are hereby authorized to take such action as shall be deemed necessary and appropriate with the assistance of the Financial Advisor to prepare the P.O.S. describing the Bonds and providing for the terms and conditions of their sale, and all action heretofore taken in this regard is hereby ratified and approved.

Section 3. The use by the Financial Advisor of the P.O.S. relating to the Bonds in substantially the form as has been presented to and considered by the City is hereby approved, and the Financial Advisor is hereby authorized to prepare and use a final Official Statement for the Bonds substantially in the form of the P.O.S. but with such changes therein as are required to conform the same to the terms of the Bonds and the resolution, when adopted, providing for the sale and issuance of the Bonds, and the Finance Officers and/or City Clerk are hereby authorized and directed to execute a final Official Statement for the Bonds, if requested. The P.O.S. as of its date is deemed final by the City within the meaning of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

Section 4. Pursuant to Section 75.14 of the Code of Iowa, the City Council hereby authorizes the use of electronic bidding procedures for the sale of the Bonds through PARITY®, and hereby finds and determines that the PARITY® competitive bidding system will provide reasonable security and maintain the integrity of the competitive bidding process and will facilitate the delivery of bids by interested parties under the circumstances of this bond sale.

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 April 17, 2014.

____

Mayor

Attest:

____

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 attached hereto is a true and correct copy of the proceedings of the City Council of the City relating to fixing of a date for the sale of $2,575,000 General Obligation Corporate Purpose Bonds, Series 2014, and the approval of a preliminary official statement for the issuance of the Bonds, as referred to herein.

WITNESS MY HAND this _____ day of _______________________, 2014.

____
City Clerk

April 15, 2014

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

Re: General Obligation Corporate Purpose Bonds, Series 2014
Our File No. 421464-40

Dear Nancy:

We have prepared and attach the necessary proceedings for the City Council to act on April 17 to set May 1 as the date for the sale of the General Obligation Corporate Purpose Bonds, Series 2014, and to authorize the use of a preliminary official statement in connection therewith.

The proceedings attached include the following items:

1. Minutes of the City Council meeting followed by the resolution fixing the date for the sale of Bonds and authorizing the preliminary official statement.

2. Certificate attesting the transcript.

Prior to the adoption of the resolution, you and the City Council should review the proposed Preliminary Official Statement, which Public Financial Management, Inc. is preparing, carefully for accuracy and to ensure that there are no important facts being left out of the document that might bear on potential risks to bond holders. It should be noted that, while we have reviewed and commented on the portions of the document that are pertinent to our role as bond counsel, we have not engaged in a full due diligence process to investigate the accuracy of financial data or any bond holder risks that are unknown to us.

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: Jenny Blankenship
Gregg Mandsager

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 17, 2014

New Issue **Rating: Application Made to Moody's Investors Services**

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however that for the purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The City will designate the Bonds as "qualified tax-exempt obligations." See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein for more information.

CITY OF MUSCATINE, IOWA

$2,575,000* General Obligation Corporate Purpose Bonds, Series 2014

BIDS RECEIVED: Thursday, May 1, 2014, 10:00 o'clock A.M., Central Time
AWARD: Thursday, May 1, 2014, 7:00 o'clock P.M., Central Time

Dated: Date of Delivery (June 2, 2014) **Principal Due:** June 1, 2015-2024

The $2,575,000* General Obligation Corporate Purpose Bonds, Series 2014 (the "Bonds") are being issued pursuant to Division III of Chapter 384 of the Code of Iowa and a resolution to be adopted by the City Council of the City of Muscatine, Iowa (the "City"). The Bonds are being issued to pay costs, to that extent, of constructing street improvements, acquiring ambulance equipment, constructing improvements to the municipal airport, installation of an emergency siren and constructing improvements to the municipal library. The purchaser of the Bonds agrees to enter into a loan agreement (the "Loan Agreement") with the City pursuant to authority contained in Section 384.24A of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement. The Bonds are general obligations of the City for which the City will pledge its power of levy direct ad valorem taxes to the repayment of the Bonds.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of the Bonds, payable annually on each June 1, beginning June 1, 2015 and interest on the Bonds, payable initially on December 1, 2014 and thereafter on each June 1 and December 1, will be paid to DTC by the City's Registrar/Paying Agent, Bankers Trust Company, Des Moines, Iowa (the "Registrar"). DTC will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the Bonds as described herein. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the close of business on the 15th day of the month next preceding the interest payment date (the "Record Date").

THE BONDS WILL MATURE AS LISTED ON THE INSIDE FRONT COVER

MINIMUM BID:	$2,547,963
GOOD FAITH DEPOSIT:	Required of Purchaser Only
TAX MATTERS:	Federal: Tax-Exempt State: Taxable See *"TAX EXEMPTION AND RELATED CONSIDERATIONS"* for more information.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as, and if issued subject to the legal opinion of Dorsey & Whitney, LLP, Bond Counsel, Des Moines Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery on or about June 2, 2014. This Preliminary Official Statement will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date, and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the City with respect to the Bonds, as defined in Rule 15c2-12.

*Preliminary; subject to change.

CITY OF MUSCATINE, IOWA

$2,575,000* General Obligation Corporate Purpose Bonds, Series 2014

MATURITY: The Bonds will mature June 1 in the years and amounts as follows:

Year	Amount*	Year	Amount*
2015	$40,000	2020	$370,000
2016	25,000	2021	375,000
2017	75,000	2022	390,000
2018	125,000	2023	400,000
2019	360,000	2024	415,000

*** PRINCIPAL ADJUSTMENT:** Preliminary; subject to change. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $2,640,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

INTEREST: December 1, 2014 and thereafter on each June 1^{st} and December 1^{st}.

REDEMPTION: The Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over $1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to prospective bidders. Its primary purpose is to disclose information regarding the Bonds to prospective bidders in the interest of receiving competitive bids in accordance with the TERMS OF OFFERING contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement".

Review Period: This Preliminary Official Statement has been distributed to City staff as well as to prospective bidders for an objective review of its disclosure. Comments of omissions or inaccuracies must be submitted to Public Financial Management, Inc. (the "Financial Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received. If there are any changes, corrections or additions to the Preliminary Official Statement, prospective bidders will be informed by an addendum at least one business day prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the legislative body will authorize the preparation of a Final Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the syndicate manager (the "Syndicate Manager") and syndicate members. Copies of the Final Official Statement will be delivered to the Syndicate Manager within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any 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, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary 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. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto were prepared relying on information from the City and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Financial Advisor, payable entirely by the City, is contingent upon the sale of the issue.

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CITY OF MUSCATINE, IOWA

Mayor & City Council

DeWayne M. Hopkins	Mayor
Philip Fitzgerald	Council Member
Michael Rehwaldt	Council Member
Tom Spread	Council Member
Bob Bynum	Council Member
Jeanette Phillips	Council Member
Scott Natvig	Council Member
Osama Shihadeh	Council Member

Administration

Gregg Mandsager, City Administrator
Nancy A. Lueck, Finance Director

City Attorney

Matthew Brick
Des Moines, Iowa

Bond Counsel

Dorsey & Whitney, LLP
Des Moines, Iowa

Financial Advisor

Public Financial Management, Inc.
Des Moines, Iowa

TERMS OF OFFERING

CITY OF MUSCATINE, IOWA

Bids for the purchase of City of Muscatine, Iowa (the "City") $2,575,000* General Obligation Corporate Purpose Bonds, Series 2014 (the "Bonds") will be received on Thursday, May 1, 2014 until 10:00 o'clock A.M. Central Time after which time they will be tabulated. The City Council will consider award of the Bonds at 7:00 o'clock P.M. Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City's Financial Advisor at 515-243-2600. The following section sets forth the description of certain terms of the Bonds as well as the TERMS OF OFFERING with which all bidders and bid proposals are required to comply, as follows:

DETAILS OF THE BONDS

GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2014 principal amount of $2,575,000*, will be dated the date of delivery (June 2, 2014), will be in the denomination of $5,000 or multiples thereof, and will mature on June 1 as follows:

Year	Amount*	Year	Amount*
2015	$40,000	2020	$370,000
2016	25,000	2021	375,000
2017	75,000	2022	390,000
2018	125,000	2023	400,000
2019	360,000	2024	415,000

* Preliminary; subject to change. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $2,640,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

TERM-BOND OPTION

Bidders shall have the option of designating the Bonds as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above represent a serial maturity or a mandatory redemption requirement for a term bond maturity. (See the OFFICIAL BID FORM for more information.) In any event, the above principal amount scheduled shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both.

OPTIONAL REDEMPTION

Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST

Interest on the Bonds will be payable on December 1, 2014 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the close of business on the 15th day of the month next preceding the interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

GOOD FAITH DEPOSIT

A good faith deposit in the amount of $25,750 (the "Deposit") is required from the lowest bidder only. The lowest bidder is required to submit such Deposit payable to the order of the City in the form of either (i) a cashier's check provided to the City or its Financial Advisor prior to the opening of bids or (ii) a wire transfer as instructed by the City's Financial Advisor not later than 12:00 P.M. Central Time on the day of sale of the Bonds. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a Deposit and thereafter may award the sale of the Bonds to the same. No interest on a Deposit will accrue to the successful bidder (the "Purchaser"). The Deposit will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, the Deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the Bonds for a price not less than $2,547,963, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth under the BIDDING PARAMETERS section. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORM provided by the City. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (the "TIC") basis assuming compliance with the GOOD FAITH DEPOSIT section. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Financial Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Financial Advisor's computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

The City will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause and (iii) reject any bid which the City determines to have failed to comply with the terms herein.

BIDDING PARAMETERS

Each bidder's proposal must conform to the following limitations:

1. Each annual maturity must bear a single rate of interest from the dated date of the Bonds to the date of maturity.

2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.

3. The initial price to the public for each maturity must be 98% or greater.

RECEIPT OF BIDS

Form of Bids: Bids must be submitted on or in substantial compliance with the TERMS OF OFFERING and OFFICIAL BID FORM provided by the City or through PARITY® competitive bidding system (the "Internet Bid System"). The City shall not be responsible for malfunction or mistake made by any person, or as a result of the use of an electronic bid or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the OFFICIAL BID FORM. The time as maintained by the Internet Bid System shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Finance Director, City of Muscatine, 215 Sycamore Street, Muscatine, Iowa 52761 or at the office of the City's Financial Advisor, Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309.

Electronic Internet Bidding: Electronic internet bids will be received at the office of the Finance Director, City of Muscatine, 215 Sycamore Street, Muscatine, Iowa 52761 or at the office of the City's Financial Advisor, Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309. Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling (212) 404-8102.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the TERMS OF OFFERING and OFFICIAL BID FORM. The City is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the Internet bidding and the Internet Bid System is not an agent of the City. Provisions of the TERMS OF OFFERING and OFFICIAL BID FORM shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the Finance Director, City of Muscatine (facsimile number: 563-264-0750) or at the office of the City's Financial Advisor, Public Financial Management, Inc., (facsimile number: 515-243-6994). Electronic facsimile bids will be sealed and treated as sealed bids.

Facsimile Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full responsibility for the transmission of such bid. Neither the City nor its agents shall be responsible for malfunction or mistake made by any person, or as a result of the use of the facsimile facilities or any other means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named facsimile numbers prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator receiving the bids.

BOOK-ENTRY-ONLY ISSUANCE

The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC.

MUNICIPAL BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds. The City reserves the right in its sole discretion to accept or deny changes to the financing documents requested by the insurer selected by the Purchaser.

DELIVERY

The Bonds will be delivered to the Purchaser via Fast Automated Securities Transfer ("FAST") delivery with the Registrar holding the Bonds on behalf of DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from the date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw their bid and thereafter their interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the City will give the Purchaser five working days notice of the delivery date and the City will expect payment in full on that date, otherwise reserving the right at its option to determine that the Purchaser failed to comply with the offer of purchase.

INFORMATION FROM PURCHASER

The Purchaser will be required to certify to the City immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including sales to bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed the fair market value of the Bonds on the sale date. The Purchaser will also be required to provide a certificate at closing confirming the information required by this paragraph.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a Final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an OFFICIAL BID FORM therefore, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 30 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to the Participating Underwriter. Any underwriter executing and delivering an OFFICIAL BID FORM with respect to the Bonds agrees thereby that if its bid is accepted by the City, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CONTINUING DISCLOSURE

In order to assist bidders in complying with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will undertake, pursuant to the resolution for the Bonds and the Continuing Disclosure Certificate for the Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of these undertakings is set forth in APPENDIX C of this Preliminary Official Statement. The City will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of the City to deliver the same shall relieve the Purchaser of its obligation to purchase the Bonds. The City is currently compliant in all material respects with its continuing disclosure undertakings and has filed all required reports for the past five years. However, the City inadvertently failed to properly calculate the due date for the June 30, 2011 annual reports. When calculating the due date, a 360 day year was used versus the actual number of days in the year. While not material, this miscalculation resulted in the report being filed 5 days late. The City has taken steps to assure future compliance with its Disclosure Covenants, and has filed the June 30, 2012 and June 30, 2013 annual reports timely.

CUSIP NUMBERS

It is anticipated that the Committee on Uniform Security Identification Procedures ("CUSIP") numbers will be printed on the Bonds and the Purchaser must agree in the bid proposal to pay the cost thereof. In no event will the City, Bond Counsel or Financial Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds.

BY ORDER OF THE CITY COUNCIL
Nancy Lueck, Finance Director
City of Muscatine
215 Sycamore St.
Muscatine, Iowa 52761

SCHEDULE OF BOND YEARS

$2,575,000*
CITY OF MUSCATINE, IOWA
General Obligation Corporate Purpose Bonds, Series 2014

Bonds Dated: June 2, 2014
Interest Due: December 1, 2014 and each June 1 and December 1 to maturity
Principal Due: June 1, 2015-2024

Year	Principal*	Bond Years	Cumulative Bond Years
2015	$40,000	39.89	39.89
2016	25,000	49.93	89.82
2017	75,000	224.79	314.61
2018	125,000	499.65	814.26
2019	360,000	1,799.00	2,613.26
2020	370,000	2,218.97	4,832.24
2021	375,000	2,623.96	7,456.19
2022	390,000	3,118.92	10,575.11
2023	400,000	3,598.89	14,174.00
2024	415,000	4,148.85	18,322.85

Average Maturity (dated date): 7.12 Years

* Preliminary; subject to change.

PRELIMINARY OFFICIAL STATEMENT

CITY OF MUSCATINE, IOWA

$2,575,000* General Obligation Corporate Purpose Bonds, Series 2014

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Muscatine, Iowa (the "City") and its issuance of $2,575,000* General Obligation Corporate Purpose Bonds, Series 2014 (the "Series 2014 Bonds"). This Preliminary Official Statement has been executed on behalf of the City and its Finance Director and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be made to Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 or by telephoning (515) 243-2600. Information can also be obtained from Ms. Nancy Lueck, Finance Director, City of Muscatine, 215 Sycamore Street, Muscatine, Iowa 52761, or by telephoning (563) 264-1550.

AUTHORITY AND PURPOSE

The Bonds are being issued by the City pursuant to Division III of Chapter 384 of the Code of Iowa and a resolution to be adopted by the City Council of the City. The Bonds are being issued to pay costs of constructing street improvements, acquiring ambulance equipment, constructing improvements to the municipal airport, installing of an emergency siren and constructing improvements to the municipal library. The purchaser of the Bonds agrees to enter into a loan agreement (the "Loan Agreement") with the City pursuant to authority contained in Section 384.24A of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement.

The estimated Sources and Uses of the Bonds are as follows:

Sources of Funds		
Par Amount of the Bonds	$2,575,000.00	*
Uses of Funds		
Deposit to Construction Account	$2,500,000.00	
Underwriter's Discount	27,037.50	
Cost of Issuance & Contingency	47,962.50	
Total Uses	$2,575,000.00	*

* Preliminary; subject to change.

OPTIONAL REDEMPTION

Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST

Interest on the Bonds will be payable on December 1, 2014 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the close of business on the 15th day of the month next preceding the interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the City and the unlimited taxing powers of the City are irrevocably pledged for their payment. Upon issuance of the Bonds, the City will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due on all the Bonds. If, however, the amount credited to the debt service fund for payment of the Bonds is insufficient to pay principal and interest, whether from transfers or from original levies, the City must use funds in its treasury and is required to levy ad valorem taxes upon all taxable property in the City without limit as to rate or amount sufficient to pay the debt service deficiency.

Nothing in the resolution authorizing the Bonds prohibits or limits the ability of the City to use legally available moneys other than the proceeds of the general ad valorem property taxes levied as described in the preceding paragraph to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the City may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds.

The City's obligation to pay the principal of and interest on the Bonds is on a parity with the City's obligation to pay the principal of and interest on any other of its general obligation debt secured by a covenant to levy taxes within the City, including any such debt issued or incurred after the issuance of the Bonds. The resolution authorizing the Bonds does not restrict the City's ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Bonds. For a further description of the City's outstanding general obligation debt upon issuance of the Bonds and the annual debt service on the Bonds, see DIRECT DEBT under CITY INDEBTEDNESS herein. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see DEBT LIMIT under CITY INDEBTEDNESS herein.

BOOK-ENTRY-ONLY ISSUANCE

The information contained in the following paragraphs of this subsection "Book-Entry-Only Issuance" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE." The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 (the "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 (the "Indirect Participants"). DTC has Standard & Poor's rating: 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 and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security (the "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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI 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 Securities are credited on the record date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions, and dividend payments on the Securities 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 Agent, on payable 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, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or 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.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FUTURE FINANCING

The City does not anticipate any additional borrowings within 90 days of the date of this Preliminary Official Statement.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

DEBT PAYMENT HISTORY

The City knows of no instance in which it has defaulted in the payment of principal or interest on its debt.

LEGALITY

The Bonds are subject to approval as to certain matters by Dorsey & Whitney LLP of Des Moines, Iowa as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Preliminary Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out as Appendix A to this Preliminary Official Statement, will be delivered at closing.

TAX EXEMPTION AND RELATED CONSIDERATIONS

Federal Income Tax Exemption: The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 (the "Code"), provided, however that such interest must be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

The opinion set forth in the preceding sentence will be 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, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the resolution authorizing the issuance of the Bonds, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to such matters.

<u>Proposed Changes in Federal and State Tax Law</u>: From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

<u>Qualified Tax-Exempt Obligations</u>: In the resolution authorizing the issuance of the Bonds, the City will designate the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations.

<u>Original Issue Discount</u>: Certain Bonds may be sold at a discount from the principal amount payable on such Bonds at maturity (collectively, the "Discount Bonds"). The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner's federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Discount Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

An owner of an Discount Bond who disposes of such Discount Bond prior to maturity should consult owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different than the Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership Discount Bonds.

The Code contains provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Original issue discount that accrues in each year to an owner of an Discount Bond may result in collateral federal income tax consequences to certain taxpayers. No opinion is expressed as to state and local income tax treatment of original issue discount. All owners of Discount Bonds should consult their own tax advisors with respect to the federal, state, local and foreign tax consequences associated with the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

<u>Original Issue Premium</u>: Certain Bonds may be issued at a premium to the principal amount payable at maturity (collectively, the "Premium Bonds"). Except in the case of dealers, which are subject to special rules, Bondholders who acquire Premium Bonds must, from time to time, reduce their federal tax basis for the Premium Bonds for purposes of determining gain or loss on the sale or payment of such Premium Bonds. Premium generally is amortized for federal income tax purposes on the basis of a Bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Premium Bonds at a premium might recognize taxable gain upon sale of the Premium Bonds, even if such Premium Bonds are sold for an amount equal to or less than their any original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Premium Bonds at a premium should consult their tax advisors

RELATED TAX MATTERS

<u>Information Reporting and Back-up Withholding; Audits</u>: In general, information reporting requirements will apply with respect to payments to an owner of principal and interest (and with respect to annual accruals of OID) on the Bonds, and with respect to payments to an owner of any proceeds from a disposition of the Bonds. This information reporting obligation, however, does not apply with respect to certain owners including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that an owner subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the Internal Revenue Service (the "Service") that it has failed to properly report payments of interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the owner on or with respect to the Bonds.

Any amounts withheld under the backup withholding provisions may be credited against the United States federal income tax liability of the beneficial owner, and may entitle the beneficial owner to a refund, provided that the required information is furnished to the Service.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Opinion: Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

RATING

The City has requested a rating on the Bonds from Moody's Investors Service, Inc. ("Moody's"). Moody's currently rates the City's general obligation long-term debt 'Aa2'. The existing rating on long-term debt reflects only the view of the rating agency and any explanation of the significance of such rating may only be obtained from Moody's. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of the rating may have an effect on the market price of the Bonds.

FINANCIAL ADVISOR

The City has retained Public Financial Management, Inc. Des Moines, Iowa as Financial Advisor in connection with the preparation of the issuance of the Bonds. In preparing the Official Statement, the Financial Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Financial Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in the Official Statement. Public Financial Management is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other Participating Underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the resolution authorizing the issuance of the Bonds and the Continuing Disclosure Certificate, to provide annual reports of specified information and notice of the occurrence of certain material events as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth as APPENDIX C to this Preliminary Official Statement. The City is currently compliant in all material respects with its continuing disclosure undertakings and has filed all required reports for the past five years. However, in one instance, annual reports were not filed by the City in a timely fashion under the requirements of the Rule and the City's Continuing Disclosure Certificates. The required disclosure reports for fiscal year ended June 30, 2011 were due January 26, 2012, but posted 5 days late on January 31, 2012. The City has taken steps to assure future compliance with its Disclosure Covenants.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or the resolution for the Bonds. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City of Muscatine, Iowa, by Public Financial Management, Inc., Des Moines, Iowa, and said Preliminary Official Statement does not contain any material misstatements of fact, nor omission of any material fact regarding the issuance of $2,575,000* General Obligation Corporate Purpose Bonds, Series 2014.

CITY OF MUSCATINE, IOWA
/s/ Nancy Lueck, Finance Director

* Preliminary; subject to change.

CITY PROPERTY VALUES

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs the county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The 2012 final Actual Values were adjusted by the Muscatine County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 4% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

HISTORICAL ROLLBACK PERCENTAGES

Fiscal Year	Agricultural Land & Buildings	Residential	Commercial Industrial & Railroad	Utilities
2010-11	66.2715%	46.9094%	100.0000%	100.0000%
2011-12	69.0152%	48.5299%	100.0000%	100.0000%
2012-13	57.5411%	50.7518%	100.0000%	100.0000%
2013-14	59.9334%	52.8166%	100.0000%	100.0000%
2014-15 [1)]	43.3997%	54.4002%	95.0000%	100.0000%

1) The 2013 rollback percentages are now available and will become effective July 1, 2014.

1/1/2012 VALUATIONS (Taxes payable July 1, 2013 to June 30, 2014)

	100% Actual Value	Taxable Value (With Rollback)
Residential	$834,660,717	$439,988,430
Commercial	233,677,171	233,677,171
Industrial	116,856,275	116,856,275
Railroad	648,208	648,208
Utilities w/o Gas & Electric	5,981,766	5,981,766
Gross valuation	$1,191,824,137	$797,151,850
Less Military Exemption	(1,946,452)	(1,946,036) [2)]
Net valuation	$1,189,877,685	$795,205,814
TIF increment (used to compute debt service levies and constitutional debt limit)	$25,670,157 [1)]	$25,669,741 [1)]
Taxed separately		
Ag. Land & Buildings	$1,903,217	$908,805
Gas & Electric Utilities	$9,261,326	$3,415,743

1) Excludes $578,693 of TIF Increment Ag. Land & Ag. Building valuation
2) Reduced by $416 of TIF Increment Military Exemption

Trend of Valuations

Assessment Year	Payable Fiscal Year	100% Actual Valuation		Net Taxable Valuation		Taxable TIF Increment	
		Valuation	% Change	Valuation	% Change	Valuation	% Change
2009	2010-11	$1,193,428,431	0.58%	$740,436,638	1.46%	$21,620,691	(1.21%)
2010	2011-12	1,213,313,348	1.67%	759,702,874	2.60%	22,447,993	3.83%
2011	2012-13	1,220,460,654	0.59%	781,443,576	2.86%	23,452,229	4.47%
2012	2013-14	1,227,291,078	0.56%	798,621,557	2.20%	25,669,741	9.46%
2013 [1)]	2014-15	1,238,312,164	0.90%	798,149,186	(0.06%)	31,617,913	23.17%

1) The City's 1/1/2013 valuations are now available from the State of Iowa and will be effective July 1, 2014.

The 100% Actual Valuations, before rollback and after reduction of military exemption, include Ag. Land & Buildings, TIF Increment and Gas & Electric Utilities. The Taxable Valuations, with the rollback and after the reduction of military exemption, includes Gas & Electric Utilities and exclude Taxable TIF Increments and Ag. Land & Buildings. Iowa counties certify operating levies against Taxable Valuations excluding the Taxable TIF Increment and debt service levies are certified against Taxable Valuations including the Taxable TIF Increment.

2012 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY [1)]

	1/1/2012 Taxable Valuation	Percent Total
Residential	$439,988,430	54.96%
Commercial, Industrial and all Utilities	359,930,955	44.96%
Railroad	648,208	0.08%
Total Gross Taxable Valuation	$800,567,593	100.00%

1) Includes all Utilities but excludes Taxable TIF Increment and Ag. Land & Buildings.

LARGER TAXPAYERS

Taxpayer [1)]	Type of Property/Business	1/1/2012 Taxable Valuation [2)]
Grain Processing Corp	Manufacturing – Corn Products	$39,580,090
HNI Corporation	Manufacturing – Furniture	31,056,180
H.J. Heinz Company LP	Food Processors	10,888,030
Wal-Mart Real Estate Business	Commercial/Retail	10,202,870
Menard Inc.	Commercial/Retail	9,704,700
Interstate Power & Light Co.	Utility	8,662,191
Bridgestone Bandag Tire	Manufacturing/Re-Treading	8,551,510
Gridco LLC	Manufacturing	7,611,700
Sodarock Properties LLC [3)]	Comm./Industrial Rent/Leasing	7,583,780
Cobblestone Apartments	Comm./Industrial Rent/Leasing	6,789,960

1) This list represents some of the larger taxpayers in the City, not necessarily the 10 largest taxpayers.
2) The Taxable Valuation listed represents only those valuations associated with the title holder and may not necessarily represent the entire taxable valuation.
3) Sodarock Properties LLC, formerly known as River Bend Leasing LLC.

Source: Muscatine County Auditor's Office.

RECENT PROPERTY TAX LEGISLATION

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, (ii) assigns a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, (iii) creates a new property tax classification for multi-residential properties (mobile home parks, manufactured home communities, land-lease communities, assisted living facilities and property primarily used or intended for human habitation containing three or more separate dwelling units) ("Multi-residential Property") that begins in the 2015 assessment year, and assigns a declining rollback percentage of 3.75% to such properties for each subsequent year until 2021 assessment year (the rollback percentage for Multi-residential Properties will be equal to the residential rollback percentage in 2022 assessment year and thereafter) and (iv) exempts a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to fiscal year 2017-18, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2017-18 the standing appropriation cannot exceed the actual fiscal year 2016-17 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act's provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for Multi-residential Property from the commercial rollback percentage (100% of Actual Value) to the residential rollback percentage (currently 52.8166% of Actual Value), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State of Iowa's discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal year 2017-18, the impact of the Act on the City's future property tax collections is uncertain and the City is unable to accurately assess the financial impact of the Act's provisions on the City's future operations.

In Moody's Investor Service US Public Finance Weekly Credit Outlook, dated May 30, 2013, Moody's Investor Service ("Moody's") projected that local governments in the State of Iowa are likely to experience modest reductions in property tax revenues starting in fiscal year 2014-15 as a result of the Act, with sizeable reductions possible starting in fiscal year 2017-18. According to Moody's, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of Multi-residential Property (such as college towns), or significant amounts of telecommunications property.

Notwithstanding any decrease in property tax revenues that may result from the Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds, "the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Preliminary Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the City.

CITY INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2012 valuation currently applicable to the fiscal year 2013-14 is as follows:

2012 Actual Valuation of Property		$1,229,237,530
Less:	Military Exemption	(1,946,452)
	Subtotal	$1,227,291,078
Legal Debt Limit of 5%		0.05
	Legal Debt Limit	$61,364,554
Less:	G.O. Debt Subject to Debt Limit	(16,605,000)*
Less:	Urban Renewal Revenue Debt Subject to Debt Limit	(925,000)
Less:	Developer Rebate Agreements	(13,300,491)
	Net Debt Limit	$30,534,063*

DIRECT DEBT

General Obligation Debt Paid by Taxes (Includes the Bonds)

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 6/2/14
6/08A	$5,120,000	Public Improvements	6/18	$2,530,000
6/10	7,425,000	Public Improvements	6/20	5,515,000
6/12	4,715,000	Improvements & Refunding	6/22	4,125,000
3/13	1,115,000	Refunding	6/16	745,000
6/14	2,575,000*	Public Improvements	6/24	2,575,000 *
Total General Obligation Debt Subject to Debt Limit:				$15,490,000 *

General Obligation Debt Paid by Tax Increment Revenue

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 6/2/14
6/10	$1,535,000	Public Improvements	6/20	$1,115,000

Total General Obligation Debt Subject to Limit **$16,605,000***

* Preliminary; subject to change.

Urban Renewal Revenue Bonds

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 6/2/14
6/04	$1,885,000	TIF Revenue	6/21	$925,000
	Total Urban Renewal Revenue Debt Subject to Limit			**$925,000**

Annual Fiscal Year Debt Service Payments

General Obligation Debt Paid by Taxes (Includes the Bonds)

	Current Outstanding Debt		The Bonds		Total Outstanding	
Fiscal Year	Principal	Principal & Interest	Principal*	Principal & Interest*	Principal*	Principal & Interest*
2014-15	$2,110,000	$2,420,418	$40,000	$110,023	$2,150,000	$2,530,441
2015-16	2,205,000	2,470,748	25,000	94,771	2,230,000	2,565,519
2016-17	2,050,000	2,263,598	75,000	144,448	2,125,000	2,408,046
2017-18	2,105,000	2,264,738	125,000	193,406	2,230,000	2,458,144
2018-19	1,650,000	1,753,523	360,000	426,293	2,010,000	2,179,816
2019-20	1,645,000	1,708,098	370,000	428,877	2,015,000	2,136,975
2020-21	570,000	590,710	375,000	424,701	945,000	1,015,411
2021-22	580,000	591,020	390,000	429,126	970,000	1,020,146
2022-23			400,000	427,153	400,000	427,153
2023-24			415,000	429,193	415,000	429,193
	$12,915,000		$2,575,000*		$15,490,000*	

* Preliminary; subject to change.

General Obligation Debt Paid by Tax Increment Revenue

	Outstanding Debt	
Fiscal Year	Principal	Principal & Interest
2014-15	$175,000	$207,825
2015-16	180,000	208,450
2016-17	180,000	203,050
2017-18	185,000	202,650
2018-19	195,000	207,100
2019-20	200,000	206,250
	$1,115,000	

Urban Renewal Revenue Debt Paid by Tax Increment Revenue

Fiscal Year	Outstanding Debt Principal	Principal & Interest
2014-15	$115,000	$165,930
2015-16	120,000	165,065
2016-17	125,000	163,705
2017-18	130,000	161,955
2018-19	140,000	164,805
2019-20	145,000	161,965
2020-21	150,000	158,700
	$925,000	

REVENUE DEBT

The City has revenue debt outstanding payable solely from the net revenues of the sewer utility as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 6/2/14
11/08	$16,500,000	Sewer Improvements (SRF)	6/32	$14,295,000

OVERLAPPING DEBT

Taxing District	1/1/2012 Taxable Valuation 1)	Valuation within the City	Percent In City	G. O. Debt 2)	City's Proportionate Share
Muscatine County	$1,830,366,814	$825,200,103 3)	45.08%	$11,845,000	$5,339,726
Muscatine CSD	1,217,631,483	801,154,354 4)	65.80%	0	0
Louisa-Muscatine CSD	255,606,994	24,045,749 5)	9.41%	0	0
Eastern Iowa Comm. College	13,420,924,611	825,200,103 3)	6.15%	53,655,000	3,299,783
City's share of total overlapping debt					$8,639,509

1) Includes Ag. Land, Ag. Buildings, all utilities and Taxable TIF Increment.
2) Includes general obligation bonds, PPEL notes, certificates of participation and new jobs training certificates.
3) Excludes $578,693 of Ag Land and Ag Buildings TIF Increment valuation.
4) Excludes $414,163 of Ag Land and Ag Buildings TIF Increment valuation.
5) Excludes $164,530 of Ag Land and Ag Buildings TIF Increment valuation.

FINANCIAL SUMMARY

Debt Ratios

	G.O. Debt	Debt/Actual Market Value ($1,227,291,078) 1)	Debt/Taxable Value ($825,200,103) 2)	Debt Per Capita (22,886) 3)
City Total G. O. Debt	$16,605,000*	1.35%	2.01%	$725.55
City Total TIF Revenue Debt	925,000	0.08%	0.11%	40.42
City's Share of Overlapping Debt	8,639,509	0.70%	1.05%	377.50
City's Net Overall Debt	$26,169,509*	2.13%	3.17%	$1,143.47

1) Based on the City's 1/1/2012 Actual Valuation including Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
2) Based on the City's 1/1/2012 Taxable Valuation including Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
3) Population based on the City's 2010 U.S. Census.

*Preliminary; subject to change.

Valuation Per Capita

	1/1/2012 Valuation	Valuation Per Capita (22,886) 3)
100% Actual Valuation	$1,227,291,078 1)	$53,626
Taxable Valuation	825,200,103 2)	36,057

1) Based on the City's 1/1/2012 Actual Valuation including Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
2) Based on the City's 1/1/2012 Taxable Valuation including Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
3) Population based on the City's 2010 U.S. Census.

LEVIES AND TAX COLLECTIONS

Collection Period	Levy	Collected During Collection Year	Percent Collected
2009-10	$11,350,546	$11,332,799	99.84%
2010-11	11,692,917	11,689,173	99.97%
2011-12	11,993,254	12,031,835	100.32%
2012-13	12,258,744	12,260,308	100.01%
2013-14	12,539,510	------ In Process of Collection ------	

Collections include delinquent taxes from all prior years. Taxes in Iowa are delinquent each October 1 and April 1 and a late payment penalty of 1% per month of delinquency is enforced as of those dates. If delinquent taxes are not paid, the property may be offered at the regular tax sale on the third Monday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property and funds so received are applied to taxes. A property owner may redeem from the regular tax sale but, failing redemption within three years, the tax sale purchaser is entitled to a deed, which in general conveys the title free and clear of all liens except future tax installments.

Source: The City and the City's June 30, 2013 Comprehensive Annual Financial Report.

TAX RATES

	FY 2009-10 $/$1,000	FY 2010-11 $/$1,000	FY 2011-12 $/$1,000	FY 2012-13 $/$1,000	FY 2013-14 $/$1,000
City of Muscatine	15.55353	15.77147	15.77146	15.67209	15.67209
Muscatine County	7.84326	8.18240	8.00950	7.73335	7.70380
County Assessor	0.31638	0.35363	0.33767	0.33455	0.32536
Ag Extension	0.14331	0.14589	0.14582	0.13969	0.14106
Muscatine CSD	14.90569	14.90920	15.36192	15.35345	15.27597
Louisa-Muscatine CSD	13.78199	14.08973	13.78625	11.97595	10.58609
Eastern Iowa Comm. College	0.87714	0.92444	1.01724	0.91511	0.92043
State of Iowa	0.00300	0.00340	0.00320	0.00330	0.00330
Consolidated Tax Rate:					
Muscatine CSD Resident	39.64231	40.29043	40.64681	40.15154	40.04201
Consolidated Tax Rate:					
Louisa-Muscatine CSD Resident	38.51861	39.47096	39.07114	36.77404	35.35213

CITY TAX RATE BREAKDOWN

Fiscal Year	General Fund	Outside	Emergency Fund	Debt Service	Employee Benefits	Capital Improvement	Total Levy	Ag. Levy
2010	8.10000	0.72728	0.27000	2.90101	3.55524	0.00000	15.55353	3.00375
2011	8.10000	0.65364	0.08000	3.14336	3.79447	0.00000	15.77147	3.00375
2012	8.10000	0.75904	0.00000	2.85051	4.06191	0.00000	15.77146	3.00375
2013	8.10000	0.79615	0.00000	2.90388	3.87206	0.00000	15.67209	3.00375
2014	8.10000	0.87301	0.00000	2.89226	3.80682	0.00000	15.67209	3.00375

LEVY LIMITS

A city's general fund tax levy is limited to $8.10 per $1,000 of taxable value, with provision for an additional $0.27 per $1,000 levy for an emergency fund which can be used for general fund purposes (Code of Iowa, Chapter 384, Division I). Cities may exceed the $8.10 limitation upon authorization by a special levy election. Further, there are limited special purpose levies, which may be certified outside of the above-described levy limits (Code of Iowa, Section 384.12). The amount of the City's general fund levy subject to the $8.10 limitation is $8.10 for fiscal year 2013-14. The City does levy for levee improvements; liability, property & self insurance costs, operation and maintenance of publicly owned transit, and other employee benefits in addition to the $8.10 general fund limit as authorized by law. Currently, the City does not levy for an emergency fund. Debt service levies are not limited.

FUNDS ON HAND (CASH AND INVESTMENTS AS OF FEBRUARY 28, 2014)

Account	**Balance**	
General	$1,723,691.15	
Debt Service	1,169,237.11	
Insurance Reserve	73,626.90	
Parks Trust	54,743.11	
Cemetery Perpetual Care	827,000.00	
Cemetery Perpetual Care Interest	26,866.06	
Cemetery Trusts	64,459.65	
Library Trusts	251,152.60	
Art Center Trusts	484,715.37	
Capital Project Funds		
Cedar Street Improvements	(234,687.28)	1)
Colorado Street Improvements	235,862.98	
Hershey Street Improvements	86,788.86	
Mississippi Drive Corridor Study	29,864.01	
Other Street Projects	67,352.05	
Sewer Improvement Projects	(9,307.54)	3)
Trail Projects	61,670.56	
Weed Park Maintenance Building Project	(114,373.09)	4)
Golf Course Irrigation Project	(270,163.85)	5)
Building Demolition Projects	(28,754.86)	5)
Downtown Revitalization Project	(6,463.28)	2)
Southend Fire Station Project	51,935.69	
City Building Boiler Replacements	(102,950.68)	4)
Property Acquisition for Colorado Street Project	(80,283.57)	4)
Mad Creek Levee Improvements	(201,613.38)	5)
Police Radio System	34,263.31	
Transfer Station Equipment	(177,370.00)	5)
Airport Improvement Projects	(86,715.12)	1) 2)
Other Capital Projects	22,780.08	
Enterprise Funds:		
Transit	(7,853.90)	2) 5)
Parking	77,856.58	
Golf	(18,320.43)	5)
Boat Harbor	(2,014.74)	5)
Marina	(4,660.65)	5)
Refuse Collection	200,543.90	
Landfill (Solid Waste Agency)	(562,864.00)	5)
Landfill Reserves	1,369,514.05	
Transfer Station	(356,465.46)	5)
Transfer Station Reserve	38,395.00	
Water Pollution Control Operations	1,411,597.09	
Collection and Drainage	1,176,838.22	
Sewer Reserves	4,349,200.38	
Airport Operations	(41,278.37)	3)
Ambulance	139,778.43	
Convention & Visitors Bureau (Component Unit)	84,881.03	

Account	**Balance**	
Internal Services Funds:		
Equipment Services	90,653.79	
Central Supplies	(2,004.43)	5)
Health Insurance	2,033,407.59	
Dental Insurance	22,154.89	
Various Clearing Accounts	59,322.14	
Special Revenue Funds:		
Close CDBG Grant Funds	39,714.83	
Housing Home Ownership Program	110,494.48	
Housing Children's Education Program	7,462.55	
Road Use Tax	580,119.77	
Employee Benefits	(327,643.18)	5)
Emergency Tax Levy Fund	80,454.81	
Computer/Equipment Replacement Funds	97,078.51	
Local Option Sales Tax	1,430,082.97	
Tax Increment Funds	1,321,522.92	
COPS Grant Future Funding Reserve	40,000.00	
Public Housing	303,965.58	
Section 8 Housing	61,625.63	
Total - All Funds	$17,756,886.82	

1) Deficits to be eliminated through bond proceeds.
2) Deficits to be eliminated through grants.
3) Deficits to be eliminated through transfers.
4) Deficits to be eliminated through incremental tax collections (TIF).
5) Deficits to be eliminated through future operations. This includes future tax receipts and user charges.

THE CITY

CITY GOVERNMENT

The City operates under the mayor-council form of government and has a City Administrator. Policy-making and legislative authority are vested in a mayor and seven council members. The city council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring both the City Administrator and the City Attorney. The City Administrator is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms and the mayor is elected to serve a two-year term. Five of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a full range of services including police and fire protection; roadway maintenance; water pollution control; solid waste management; recreational and cultural activities and facilities; and a general aviation airport.

EMPLOYEES AND PENSIONS

The City contributes to the Iowa Public Employees Retirement System ("IPERS") which is a cost sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117. In fiscal year 2012-13 plan members were required to contribute 5.78% of their annual covered salary and the City was required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were $649,684, $596,712, and $507,528 respectively, equal to the required contributions for each year.

The City contributes to the Municipal Fire and Police Retirement System of Iowa, which is a cost sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266. Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate for the year ended June 30, 2013 was 26.12% of earnable compensation. Contribution requirements are established by State statue. The contribution rate for the current year increase to 30.12%. The City's contributions to the Plan for the years ended June 30, 2013, 2012 and 2011 were $1,138,473, $1,029,441, and $778,181, respectively, which met the required minimum contribution for each year.

UNION CONTRACTS

The City has negotiated contracts with the following employee union groups:

		Annual Wage Increases					
Employee Group	Contract Expiration Date	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Fire	June 30, 2019	2.90%	2.25%	2.50%	2.75%	2.90%	3.00%
Police	June 30, 2019	2.95%	2.25%	2.50%	2.75%	2.90%	3.00%
Blue/White Collar	June 30, 2019 [1)]	2.90%	2.25%	2.50%	2.75%	2.90%	3.00%

1) Individual positions in the Blue/White Collar group may have increases higher or lower than the rates shown; the percentages shown represent the overall increases to the City.

For all three bargaining units, effective January 1, 2016 the single/family health insurance deductibles will increase from $500/$1,000 to $600/$1,200 and the out-of-pocket maximums will increase from $1,000/$2,000 to $1,200/$2,400. The employee's contributions for health insurance will increase from the current 5% to 6% effective January 1, 2017, 7% effective January 1, 2018, and 8% effective January 1, 2019. These changes will also be implemented for non-bargaining unit employees of the City.

OTHER POST EMPLOYMENT BENEFITS (GASB 43 & 45)

Plan description: The City sponsors a single-employer health care plan for its active and retired employees. Upon normal retirement, employees have the option of continuing health and dental insurance coverage at their cost until the age of 65.

Funding policy: The City establishes and amends contribution requirements. The current funding policy of the City is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB reporting. The required contribution is based on projected pay-as-you-go financing. For the year ended June 30, 2013, the City contributed $11,219, which was net of retiree premiums received of $159,741.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not-to-exceed 30 years. The following table shows the components of the City's annual OPEB cost for the 2012-13 fiscal year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the postemployment health plan:

Annual Required Contribution	$102,814
Interest on net OPEB obligation	15,764
Adjustment to annual required contribution	(20,508)
Annual OPEB cost (expense)	$98,070
Contributions and payments made	11,219
Increase in net OPEB obligation	$86,851
Net OPEB obligation- July 1, 2012	315,254
Net OPEB obligation- June 30, 2013	$402,105

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OBEB Obligation
June 30, 2011	$155,310	62.17%	$156,003
June 30, 2012	164,574	3.23%	315,254
June 30, 2013	98,070	11.44%	402,105

INSURANCE

The City's insurance coverage is as follows:

Type of Insurance	Coverage Limit
Property/Equipment	$74,053,870
Inland Marine:	
Fine Arts	$10,205,380
Contractors Equipment	$2,990,674
Miscellaneous Equipment	$2,531,065
Radio/TV Communications Equipment	$135,988
Flood Policy:	
City Hall	$500,000
Public Safety	$500,000
Pearl City Station	$250,000
Riverview Center	$454,100
Pistol Range	$78,000
Liability:	
General	$1,000,000
Employee Benefit	$1,000,000
Liquor	$1,000,000
Law Enforcement	$1,000,000
Public Entity Employment	$1,000,000
Public Entity Management	$1,000,000
Cyber	$1,000,000
Business Automobile	$1,000,000
Umbrella	$10,000,000
Crime	$500,000
Workers Compensation	$500,000
Travel Accident (Police & Fire Medical)	$250,000
Airport Protection	$5,000,000
Fuel Tank Pollution Liability	$1,000,000
Ocean Marine Insurance – Dredging:	
Hull Coverage Limit – Vessel & Equipment	$291,524
Protective & Indemnity Limit	$1,000,000
Ocean Marine Maritime Employers Liability	$500,000
Ocean Marine Insurance Excess – Dredging	$10,000,000

GENERAL INFORMATION

LOCATION AND TRANSPORTATION

The City of Muscatine was incorporated in 1851 by a special act of the Iowa State Legislature and is located on the Mississippi River, which is the eastern boundary of the State of Iowa. The City is located 160 miles east of Des Moines, 200 miles west of Chicago, and is the county seat of Muscatine County. The City occupies a land area of approximately 18.5 square miles and serves a population of 22,886 people based on the 2010 U.S. Census. Voluntary annexations in 2012 and 2013 increased the population to 23,819. The city is empowered to levy a tax on all property located within its boundaries.

LARGER EMPLOYERS

A representative list of larger employers for the City is as follows:

Employer	Type of Business	Approximate Number of Employees 1)
HNI Corporation/The HON Co.	Manufacturing	3,400
Muscatine Foods	Manufacturing/Production Food Products	900
Muscatine Community School District	Education	844
Trinity of Muscatine	Healthcare	534
Musco Sports Lighting	Sports/Event Lighting	400
Monsanto Company	Herbicides, Pesticides	395
Hy-Vee Food Store	Grocery Stores	358
Wal-Mart	Retail	337
H.J. Heinz LP	Food Processing	295
Muscatine Power and Water	Utility	285
The Raymond Corporation	Electric Lift Trucks	265
The Stanley Group	Engineering/Consulting/Construction	265
City of Muscatine	Government	222
Muscatine County	Government	203
Bridgestone Bandag LLC	Tire Manufacturing/Re-Treading	200
Letica Corporation	Plastic Packaging	130

1) This number includes full-time, part-time and seasonal employees.

Source: The City and the Muscatine Chamber of Commerce & Industry.

U.S. CENSUS DATA

Population Trend

Census Year	City of Muscatine	Muscatine County
1990	22,881	39,907
2000	22,697	41,722
2010	22,886	42,745

Source: U.S. Census Bureau website.

RETAIL SALES

The following table represents Retail Sales figures for the City of Muscatine.

Year Ending 6/30	Taxable Retail Sales	Number of Businesses [1)]
2009	$378,670,791	708
2010	371,429,841	706
2011	375,283,095	693
2012	386,770,122	695
2013	371,978,755	711

1) The number of businesses is estimated by dividing the total number of quarterly returns filed during the fiscal year by four.

Source: Iowa Department of Revenue; Iowa Retail Sales & Use Tax Report.

BUILDING PERMITS

City officials report the following construction activity as of February 28, 2014. Permits for the City are reported on a calendar year basis.

	2010	2011	2012	2013	2014
Single Family Homes:					
No. of New Homes:	8	11	15	10	1
Valuation:	$1,113,325	$2,244,560	$2,144,865	$2,525,540	$137,740
Home Remodeling, Improvements, & Garages					
No. of Permits Issued:	207	256	325	259	11
Valuation:	$1,916,322	$1,983,475	$2,754,000	$1,784,904	$174,470
Multiple-Family Dwellings & Duplexes:					
No. of New Buildings:	5	2	0	5	0
Valuation:	$982,320	$1,638,643	$0	$2,280,540	$0
Commercial/Industrial/Other:					
No. of New Buildings:	1	4	6	5	0
Valuation:	$1,675,200	$9,494,636	$4,387,265	$15,021,973	$0
Commercial/Industrial/Other Additions & Alterations:					
No. of Permits Issued:	88	127	47	76	4
Valuation:	$3,780,982	$9,907,203	$30,432,120	$12,490,299	$797,217
Total Permits:	309	400	393	355	16
Total Valuations:	$9,468,149	$25,268,517	$39,718,250	$34,103,256	$1,109,427

UNEMPLOYMENT RATES

		Muscatine County	State of Iowa	United States
Annual Averages:	2010	7.8%	6.3%	9.6%
	2011	6.4%	5.9%	8.9%
	2012	5.5%	5.2%	8.1%
	2013	4.7%	4.6%	7.4%
	2014 (Jan)	5.3%	4.3%	6.6%

Source: Iowa Workforce Development Center and United States Department of Labor, Bureau of Labor Statistics websites.

EDUCATION

Public education is provided to residents of the City by the Muscatine Community School District, Louisa-Muscatine Community School District and parochial schools. The Muscatine Community School District provides public education, with certified enrollment for the 2013-14 school year of 5,344. The district owns and operates eight elementary schools, two middle schools, and one high school. The Louisa-Muscatine Community School District provides public education with certified enrollment for the 2013-14 school year of 771. The district owns and operates one pre-school through sixth grade elementary school and one seventh through twelfth grade secondary school.

FINANCIAL SERVICES

Financial services for residents of the City are provided by Central State Bank, Community Bank and Trust and First National Bank of Muscatine and branch offices of U.S. Bank N.A.

Central State Bank, Community Bank and Trust and First National Bank of Muscatine report deposits, as of June 30th for each year, as follows:

Year	Central State Bank	Community Bank and Trust	First National Bank of Muscatine
2009	$219,227,000	$196,568,000	$242,074,000
2010	230,920,000	207,990,000	247,405,000
2011	240,372,000	210,436,000	254,439,000
2012	288,047,000	218,402,000	258,920,000
2013	266,338,000	225,130,000	260,715,000

Source: Federal Deposit Insurance Corporation website.

FINANCIAL STATEMENTS

The City's June 30, 2013 Comprehensive Annual Financial Report, as prepared by a certified public accountant, is reproduced as APPENDIX B. The City's certified public accountant has not consented to distribution of the audited financial statement and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the City's prior Independent Auditor's Reports may be obtained from the City's Financial Advisor, Public Financial Management, Inc.

McGladrey LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey LLP, also has not performed any procedures relating to this Preliminary Official Statement.

APPENDIX A

FORM OF LEGAL OPINION

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***(Form of Bond Counsel Opinion)**

We hereby certify that we have examined certified copies of the proceedings (the "Proceedings") of the City Council of the City of Muscatine (the "Issuer"), in Muscatine County, Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2014 (the "Bonds") in the amount of $2,575,000, dated June 2, 2014, in the denomination of $5,000 each, or any integral multiple thereof, in evidence of the Issuer's obligation under a certain loan agreement (the "Loan Agreement"), dated as of June 2, 2014. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing December 1, 2014, at the respective rates as follows:

Date	Principal	Interest Rate	Date	Principal	Interest Rate
2015	$ 40,000	____%	2020	$370,000	____%
2016	$ 25,000	____%	2021	$375,000	____%
2017	$ 75,000	____%	2022	$390,000	____%
2018	$125,000	____%	2023	$400,000	____%
2019	$360,000	____%	2024	$415,000	____%

Principal of the Bonds maturing in the years 2023 and 2024, inclusive, are subject to optional redemption prior to maturity on June 1, 2022, or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.

2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.

3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.

4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply

with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

5. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of bond counsel opinion is subject to change pending the results of the sale of the Bonds contemplated herein.**

APPENDIX B

JUNE 30, 2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

McGladrey LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey LLP, also has not performed any procedures relating to this Preliminary Official Statement.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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(Form of)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Muscatine, Iowa (the "Issuer"), in connection with the issuance of $2,575,000 General Obligation Corporate Purpose Bonds, Series 2014 (the "Bonds") dated June 2, 2014. The Bonds are being issued pursuant to a resolution of the Issuer approved on May 15, 2014 (the "Resolution"). The Issuer is currently compliant in all material respects with its continuing disclosure undertakings under the Rule, as hereinafter defined, and has filed all required reports for the past five years. However, the City inadvertently failed to properly calculate the due date for the June 30, 2011 annual reports. When calculating the due date, a 360 day year was used versus the actual number of days in the year. While not material, this miscalculation resulted in the report being filed 5 days late. The City has taken steps to assure future compliance with its Disclosure Covenants, and has filed the June 30, 2012 and June 30, 2013 annual reports timely. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"National Repository" shall mean, at any point in time, a nationally recognized municipal securities information repository which is then recognized as such by the SEC; as of the date of this Disclosure Certificate, the sole National Repository is the MSRB, which accepts filings via its Electronic Municipal Market Access (EMMA) system at http://emma.msrb.org.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) As soon as available but not later than 210 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2013-2014 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, provide to each National Repository an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate and which Annual Report is in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the filing date in Section 3(a), the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the date required in subsection (a), the Issuer shall, or shall cause the Dissemination Agent (if any) to, send a notice to each National Repository stating (1) that there has been a failure to provide an Annual Report on or before the date specified in this Disclosure Certificate and (2) the date by which the Issuer will be able to provide the required report.

(d) The Dissemination Agent (if any) shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and confirming that it was filed with each National Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Tables, schedules or other information contained in the Official Statement for the Bonds, under the following captions:

1/1/2012 VALUATIONS
LARGER TAXPAYERS
DEBT LIMIT
DIRECT DEBT
OVERLAPPING DEBT
FINANCIAL SUMMARY
LEVIES & TAX COLLECTIONS
TAX RATES

The information to be provided pursuant to Section 4(b) may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the Issuer's chief financial officer to the best of his or her knowledge, which certification may be based on the reliability of information obtained from governmental or other third party sources. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's web site or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(b) If a Listed Event described in paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13) or (14) above has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file a notice of such occurrence with each National Repository.

(c) If a Listed Event described in paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11) or (12) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file a notice of such occurrence with each National Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized Bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Northland Securities, Inc.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized Bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: June 2, 2014

CITY OF MUSCATINE, IOWA

By____________________________________
Mayor

Attest:

By____________________________________
City Clerk

OFFICIAL BID FORM

TO: The City Council of City of Muscatine, Iowa	Sale Date: May 1, 2014 10:00 AM, Central Time

RE: $2,575,000* General Obligation Corporate Purpose Bonds, Series 2014 (the "Bonds")

For all or none of the above Bonds, in accordance with the TERMS OF OFFERING, we will pay you $_________________________ (not less than $2,547,963) plus accrued interest to date of delivery for the Bonds bearing interest rates and maturing in the stated years as follows:

Coupon	Maturity	Coupon	Maturity	Coupon	Maturity
__________	2015	__________	2019	__________	2023
__________	2016	__________	2020	__________	2024
__________	2017	__________	2021		
__________	2018	__________	2022		

* Preliminary; subject to change. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $2,640,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of Bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

We hereby designate that the following Bonds to be aggregated into term bonds maturing on June 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

Years Aggregated	Maturity Year	Aggregate Amount
_______ through _______	_____________	_____________
_______ through _______	_____________	_____________
_______ through _______	_____________	_____________
_______ through _______	_____________	_____________

In making this offer we accept all of the terms and conditions of the TERMS OF OFFERING published in the Preliminary Official Statement dated April 17, 2014. In the event of failure to deliver these Bonds in accordance with the TERMS OF OFFERING as printed in the Preliminary Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $_________________________________

TRUE INTEREST COST: _________________________________% (Based on dated date of June 2, 2014)

Account Manager: ____ By: ____

Account Members:

____

The foregoing offer is hereby accepted by and on behalf of the City Council of City of Muscatine, Iowa this 1st day of May, 2014.

Attest: ____ By: ____

Title: ____ Title: ____