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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 2, 2016

Re: Resolution Awarding General Obligation Corporate Purpose and Refunding Bonds - Series 2016

Introduction and Background:

At the April 21, 2016 meeting, City Council approved the resolution setting the date for the sale of \$4,600,000 in General Obligation Corporate Purpose and Refunding Bonds Series 2016 for May 5, 2016. The deadline for submitting bids on the bonds is 10:00 a.m. that day. The bond issue includes funding to refund the final two years of principal payments on the Series 2008-A bond issue and 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 Mulberry Avenue Street Improvement project, the local share of Airport improvement projects, the local share of the Art Center HVAC and Window/Building Envelope project, improvements to other City buildings, parks improvements including Musser Park playground resurfacing and Rip Rap along the Riverfront and Muscatine Slough, and building demolition projects.

Recommendation:

Jenny Blankenship with Public Financial Management (PFM), the City's Financial Advisor for this issue, will be present at the Council meeting Thursday night to review the bids received and make a recommendation for the award of this issue.

Please include on the agenda for May 5, 2016 meeting the Resolution providing for the award of the \$4,600,000 General Obligation Corporate Purpose and Refunding Bonds Series 2016.

MINUTES TO RECEIVE BIDS AND SELL BONDS

421464-47

Muscatine, Iowa

May 5, 2016

The City Council of the Muscatine, Iowa, met on May 5, 2016, at _____ o'clock _____.m., at the _____, Muscatine, Iowa.

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

Present: _____

Absent: _____.

This being the time and place fixed by the City Council for the consideration of bids for the purchase of the City's General Obligation Corporate Purpose and Refunding Bonds, Series 2016 the Mayor announced that bids had been received and canvassed on behalf of the City at the time and place fixed therefore.

Whereupon, such bids were placed on file, and the substance of such bids was noted in the minutes, as follows:

<u>Name and Address of Bidder</u>	<u>Final Bid</u> (interest cost)
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(ATTACH BID TABULATION)

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

Ayes: _____

Nays: _____.

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

RESOLUTION NO. _____

Resolution awarding sale of \$4,600,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2016

WHEREAS, the City of Muscatine (the "City"), in Muscatine County, State of Iowa, previously issued its \$5,120,000 General Obligation Corporate Purpose Bonds, Series 2008A, dated June 1, 2008 (the "2008 Bonds"), a portion of which currently remains outstanding maturing on such dates and in such amounts and bearing interest at such rates as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$620,000	3.50%
2017	\$645,000	3.50%
2018	\$665,000	3.50%

;and

WHEREAS, pursuant to the resolution (the "2008 Bond Resolution") authorizing the issuance of the 2008 Bonds, the City reserved the right to call the portion of the 2008 Bonds maturing in the years 2016 through 2018, inclusive (the "Callable 2008 Bonds"), for early redemption on any date on or after June 1, 2015, subject to the provisions of the 2008 Bond Resolution; and

WHEREAS, the City has heretofore proposed to enter into a General Obligation Loan Agreement (the "Essential Purpose Loan Agreement") pursuant to the provisions of Section 384.24A of the Code of Iowa and to borrow money thereunder in a principal amount not to exceed \$3,000,000 for the purpose of paying the costs, to that extent, of (1) current refunding the Callable 2008 Bonds; (2) constructing street improvements, including incidental water, sanitary sewer, sidewalk and storm water drainage infrastructure; (3) constructing improvements to the municipal airport; (4) constructing improvements to Musser Park, including playground resurfacing; (5) constructing waterway embankment improvements, including the installation of rip-rap; and (6) the demolition of dilapidated buildings (collectively, the "Essential Purpose Projects"); and has published notice of the proposed action and has held a hearing thereon on March 3, 2016; and

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City has also proposed to enter into a General Obligation Loan Agreement (the "Urban Renewal Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$1,400,000 for the purpose of paying the costs, to that extent, of undertaking the Municipal Art Center HVAC Improvements Project in the Consolidated Muscatine Urban Renewal Area (the "Urban Renewal Project"), 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 March 3, 2016, no petition had been filed with the City asking that the question of entering into the Urban Renewal Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City has also proposed to enter into a General Obligation Loan Agreement (the "General Purpose

Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$325,000 for the purpose of paying the costs, to that extent, of constructing improvements to the Municipal Library, City Hall, the Municipal Art Center and municipal public safety buildings (the “Municipal Buildings Project”) (collectively hereinafter the Essential Purpose Project, the Urban Renewal Project, and the Municipal Buildings Project shall be referred to as the “Projects”), 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 March 3, 2016, 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 has combined the Essential Purpose Loan Agreement, the Urban Renewal Loan Agreement and the General Purpose Loan Agreement into a single loan agreement (the “Loan Agreement”) and has proposed to issue General Obligation Corporate Purpose and Refunding Bonds, Series 2016 (the “Bonds”) in evidence of its obligations thereunder; and

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared to facilitate the sale of the Bonds in evidence of the obligation of the City under the Loan Agreement, and the City Council has made provision for the approval of the P.O.S. and has authorized its use by Public Financial Management, Inc. (the “Financial Advisor”); and

WHEREAS, pursuant to advertisement of sale, bids for the purchase of the Bonds to be issued in evidence of the City’s obligation under the Loan Agreement were received and canvassed on behalf of the City and the substance of such bids noted in the minutes; and

WHEREAS, upon final consideration of all bids, the bid of _____, _____, _____ (the “Purchaser”), is the best, such bid proposing the lowest interest cost to the City for the Bonds;

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

Section 1. The bid of the Purchaser referred to in the preamble is hereby accepted, and the Bonds are hereby awarded to the Purchaser at the price specified in such bid, together with accrued interest, if any.

Section 2. The form of agreement of sale/official bid form (the “Sale Agreement”) of the Bonds to the Purchaser is hereby approved, and the Mayor and City Clerk are hereby authorized to execute the Sale Agreement in substantially the form as set forth in the P.O.S., for and on behalf of the City.

Section 3. The City shall enter into the Loan Agreement with the Purchaser in substantially the form as will be placed on file with the City Council, providing for a loan to the City in the principal amount of \$4,600,000 for the purpose or purposes set forth in the preamble hereof.

Section 4. Further action with respect to the approval of the Loan Agreement and the issuance of the Bonds is hereby adjourned to the City Council meeting to be held on May 12, 2016.

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 May 5, 2016.

Mayor

Attest:

City Clerk

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Upon motion and vote, the meeting was adjourned.

Mayor

Attest:

City Clerk

May 2, 2016

Via Email

Nancy Lueck
Finance Officer/City Hall
Muscatine, Iowa

Re: General Obligation Corporate Purpose and Refunding Bonds, Series 2016
Our File No. 421464-47

Dear Nancy:

We have prepared and attach the necessary proceedings to be used at the May 5th City Council meeting to report the bids received and to adopt the resolution approving the sale of General Obligation Corporate Purpose and Refunding Bonds, Series 2016 to the best bidder.

The attached resolution must be completed with the name of the purchaser. Public Financial Management, Inc. will tabulate the bid results and provide that name to you.

The proceedings attached include the following items:

1. Resolution awarding the sale of the Bonds and providing for the adjournment of action on the Loan Agreement to May 12, 2016 for adoption of the issuance resolution.
2. Attestation Certificate with respect to the validity of the transcript.

As these proceedings are completed, please return one fully executed copy to our office.

If you have any questions, please contact Amy Bjork or me.

Best regards,

John P. Danos

Attachments

cc: Gregg Mandsager
Jenny Blankenship
Diana VanVleet