



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: February 27, 2018

Re: Resolution Setting the Date for Public Hearings and Additional Actions on Proposals to Enter into General Obligation Loan Agreements and to Borrow Money Thereunder

Introduction and Background:

The City's next bond issue is scheduled for May 2018. This bond issue will provide funding for a number of City projects that have been recently completed, are currently underway, or will be underway in calendar years 2018 and 2019. These projects and the proposed bond issue were reviewed with City Council as part of the recent budget sessions. The projects included in this issue are listed on the following page.

The bond issue is estimated at \$4,090,000 with \$4,000,000 for project costs and \$90,000 for estimated bond issuance costs. Project costs include \$800,000 for the digester conversion portion of the High Strength Waste Receiving Station at the Water Pollution Control Plant. The annual debt service payments on this portion of the bond issue will be funded from the Water Pollution Control fund.

Proposed May 2018 Bond Issue

Equipment:

Aerial Fire Truck Replacement	\$ 1,125,000
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Airport Projects:

Airport Layout Plan Update (Local Share)	16,000
Airport - T-Hangar Design and Apron Expansion (Local Share)	38,000
Airport - Apron Expansion Phase II (Local Share)	36,000
Airport - T-Hangar Construction (Local Share of City Portion)	27,000

Trail Project:

Kent Stein Park to Deep Lakes Park Trail (Estimated Local Share)	318,000
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Pearl of the Mississippi Projects:

Musser Public Library and HNI Community Center Remodeling (City Matching Funds for Donations and CAT Grant)	200,000
West Side Trail (City Matching Funds for Donations and CAT Grant)	200,000

Deferred Building Maintenance Projects:

Roofs, Siding, Parking Lot Lights, Elevator Upgrades, etc.	360,000
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Parks Improvements:

Deferred Maintenance - Weed Park Street Light Replacement	200,000
Deferred Maintenance - Soccer Sidewalk Lights	60,000
Weed Park Restroom Replacement - Rose Garden	100,000
Control Link System - Kent Stein Park	40,000
Soccer Field #3 Improvements	120,000
Soccer Parking Development (Portion of Estimated Project Cost)	360,000

Total General Obligation Portion of Issue (Debt Levy Funded Portion)

\$ 3,200,000

Water Pollution Control Funded Portion of Issue:

Digester Conversion Portion of the High Strength Waste Receiving Station	800,000
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Total Proposed Bond Issue (Before Issuance Costs)

\$ 4,000,000

Estimated Bond Issuance Costs

90,000

Total Proposed Bond Issue

\$ 4,090,000

The above projects include those classified as Essential Corporate Purposes (Aerial Fire Truck, Airport, Parks, and Water Pollution Control projects); and General Corporate Purposes (City Building Improvements and New Trail projects). There are separate provisions for public hearing notices and public hearings for each of these types of debt. It is necessary to hold public hearings on the proposed issue prior to City Council taking additional action on the bond issue and authorizing the pre-levy of taxes for this issue.

Recommendation:

Dorsey & Whitney, the City's bond counsel prepared the attached resolution setting the date for the public hearings on the proposed issue for March 15, 2018. Please include this resolution on the agenda for the March 1, 2018 meeting.

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

MINUTES TO SET DATE FOR
HEARINGS ON PROPOSALS TO ENTER
INTO LOAN AGREEMENTS

421464-54

Muscatine, Iowa

March 1, 2018

The City Council of the City of Muscatine, Iowa, met on March 1, 2018, at _____
o'clock __.m., at the _____, Muscatine, Iowa. The Mayor presided and the roll
was called showing the following members of the City Council present and absent:

Present: _____

Absent: _____.

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

Ayes: _____

Nays: _____.

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

• • • •

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

Mayor

Attest:

City Clerk

RESOLUTION NO. _____

Resolution setting the date for public hearings and additional action on proposals to enter into General Obligation Loan Agreements and to borrow money thereunder

WHEREAS, the City of Muscatine (the "City"), in Muscatine County, State of Iowa, proposes to enter into a loan agreement (the "Essential Purpose Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$3,235,000, pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the costs, to that extent, of (1) acquiring a fire truck; (2) planning, designing and constructing physical plant, apron and hangar improvements at the municipal airport; (3) improving and equipping existing municipal parks; and (4) constructing and installing sanitary sewage treatment system improvements (collectively, the "Essential Purpose Projects"), and it is necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Essential Purpose Loan Agreement and to give notice thereof as required by such law; and

WHEREAS, the City also proposes to enter into a loan agreement (the "Public Buildings Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$570,000, pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the costs, to that extent, of remodeling the municipal library and the HNI Community Center and constructing building and ground improvements for public buildings (the "Public Buildings Projects"), and it is now necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Public Buildings Loan Agreement and to give notice thereof as required by such law, including notice of the right to petition for an election on such proposal; and

WHEREAS, the City also proposes to enter into a loan agreement (the "Rec Trails Loan Agreement") (collectively, the Essential Purpose Loan Agreement, the Public Buildings Loan Agreement, and the Rec Trails Loan Agreement, are sometimes referred to hereinafter as the "Loan Agreements") and to borrow money thereunder in a principal amount not to exceed \$530,000, pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the costs, to that extent, of constructing recreation trail improvements (the "Rec Trails Projects") (collectively, the Essential Purpose Projects, the Public Buildings Projects, and the Rec Trails Projects, are sometimes referred to hereinafter as the "Projects"), and it is now necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Rec Trails Loan Agreement and to give notice thereof as required by such law, including notice of the right to petition for an election on such proposal;

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

Section 1. This City Council shall meet on March 15, 2018, at the _____, Muscatine, Iowa, at _____ o'clock ____m., at which time and place hearings will be held and proceedings will be instituted and action taken to enter into the Loan Agreements described in the preamble hereof.

Section 2. The City Clerk is hereby directed to give notice of the proposed action on the Essential Purpose Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than four (4) and not more than twenty (20) days before the date of said meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

NOTICE OF PROPOSED ACTION TO INSTITUTE PROCEEDINGS TO
ENTER INTO A LOAN AGREEMENT AND TO BORROW MONEY
THEREUNDER IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,235,000

(GENERAL OBLIGATION)

The City Council of the City of Muscatine, Iowa (the "City"), will meet on March 15, 2018, at the City Hall Council Chambers, Muscatine, Iowa, at 7 o'clock p.m., for the purpose of instituting proceedings and taking action on a proposal to enter into a loan agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$3,235,000 for the purpose of paying the costs, to that extent, of (1) acquiring a fire truck; (2) planning, designing and constructing physical plant, apron and hangar improvements at the municipal airport; (3) improving and equipping existing municipal parks; (4) and constructing and installing sanitary sewage treatment system improvements.

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

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

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

Gregg Mandsager
City Clerk

Section 3. The City Clerk is hereby directed to give notice of the proposed action on the Public Buildings Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than ten (10) and not more than twenty (20) days before the date of said meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

NOTICE OF PROPOSED ACTION TO INSTITUTE PROCEEDINGS TO
ENTER INTO A LOAN AGREEMENT AND TO BORROW MONEY
THEREUNDER IN A PRINCIPAL AMOUNT NOT TO EXCEED \$570,000

(GENERAL OBLIGATION)

The City Council of the City of Muscatine, Iowa (the "City"), will meet on March 15, 2018, at the City Hall Council Chambers, Muscatine, Iowa, at 7 o'clock p.m., for the purpose of instituting proceedings and taking action on a proposal to enter into a loan agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$570,000 for the purpose of paying the costs, to that extent, of remodeling the municipal library and the HNI Community Center and constructing building and ground improvements for public buildings.

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

The maximum rate of interest which may be payable under the Loan Agreement is 7% per annum.

At any time before the date fixed for taking action to enter into the Loan Agreement, a petition may be filed with the City Clerk of the City asking that the question of entering into the Loan Agreement be submitted to the registered voters of the City, pursuant to the provisions of Section 284.26 of the Code of Iowa.

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

Gregg Mandsager
City Clerk

Section 4. The City Clerk is hereby directed to give notice of the proposed action on the Rec Trails Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than ten (10) and not more than twenty (20) days before the date of said meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

NOTICE OF PROPOSED ACTION TO INSTITUTE PROCEEDINGS TO
ENTER INTO A LOAN AGREEMENT AND TO BORROW MONEY
THEREUNDER IN A PRINCIPAL AMOUNT NOT TO EXCEED \$530,000

(GENERAL OBLIGATION)

The City Council of the City of Muscatine, Iowa (the “City”), will meet on March 15, 2018, at the City Hall Council Chambers, Muscatine, Iowa, at 7 o’clock p.m., for the purpose of instituting proceedings and taking action on a proposal to enter into a loan agreement (the “Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$530,000 for the purpose of paying the costs, to that extent, of constructing recreation trail improvements.

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

The maximum rate of interest which may be payable under the Loan Agreement is 7% per annum.

At any time before the date fixed for taking action to enter into the Loan Agreement, a petition may be filed with the City Clerk of the City asking that the question of entering into the Loan Agreement be submitted to the registered voters of the City, pursuant to the provisions of Section 284.26 of the Code of Iowa.

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

Gregg Mandsager
City Clerk

Section 5. Pursuant to Section 1.150-2 of the Income Tax Regulations (the "Regulations") of the Internal Revenue Service, the City declares (a) that it intends to undertake the Projects which are reasonably estimated to cost approximately \$4,335,000, (b) that other than (i) expenditures to be paid or reimbursed from sources other than the issuance of bonds, notes or other obligations (the "Bonds"), or (ii) expenditures made not earlier than 60 days prior to the date of this Resolution or a previous intent resolution of the City, or (iii) expenditures amounting to the lesser of \$100,000 or 5% of the proceeds of the Bonds, or (iv) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, no expenditures for the Projects have heretofore been made by the City and no expenditures will be made by the City until after the date of this Resolution or a prior intent resolution of the City, and (c) that the City reasonably expects to reimburse the expenditures made for costs of the City out of the proceeds of the Bonds. This declaration is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 6. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 7. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved March 1, 2018.

Mayor

Attest:

City Clerk

ATTESTATION CERTIFICATE

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 relating to fixing a date for additional action on the City's proposals to enter into certain loan agreements, as referred to therein.

WITNESS MY HAND this _____ day of _____, 2018.

City Clerk

ORGANIZATION CERTIFICATE

STATE OF IOWA
COUNTY OF MUSCATINE SS:
CITY OF MUSCATINE

I, the undersigned City Clerk, do hereby certify that the City of Muscatine is organized and operating under the provisions of Title IX of the Code of Iowa and not under any special charter and that the City is operating under the Mayor-Council form of government and that there is not pending or threatened any question or litigation whatsoever touching the incorporation of the City, the inclusion of any territory within its limits or the incumbency in office of any of the officials hereinafter named.

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

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

WITNESS MY HAND this ____ day of _____, 2018.

City Clerk

PUBLICATION CERTIFICATE

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

STATE OF IOWA
COUNTY OF MUSCATINE SS:
CITY OF MUSCATINE

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify that pursuant to the resolution of the City Council fixing a date of meeting at which it is proposed to take action to enter into certain loan agreements, the notices, of which the printed slips attached to the publisher's affidavits hereto attached are true and complete copies, were published on the dates and in the newspaper specified in such affidavits, which newspaper has a general circulation in the City.

WITNESS MY HAND this _____ day of _____, 2018.

City Clerk

(Attach here the publisher's original affidavits with clippings of the notices, as published.)

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February 27, 2018

Via Email

Nancy Lueck
Finance Officer/City Hall
Muscatine, Iowa

Re: General Obligation Loan Agreements
Our File No. 421464-54

Dear Nancy:

We have prepared and attach proceedings to be used at the March 1st City Council meeting to enable the City Council to set March 15th as the date for the hearings on the General Obligation Loan Agreements (the "Loan Agreements") to be entered into with respect to the issuance of the General Obligation bonds.

The documents attached include the following items:

1. Resolution fixing the date, time and place of the meeting at which it is proposed to hold the hearings and take action to enter into the Loan Agreements.

The forms of notice of hearing are set out in Sections 2, 3, and 4 of the resolution. Please print extra copies for delivery to the publisher. Please insert the time and place of the hearings in both the resolution and the notices.

2. Attestation Certificate with respect to the validity of the transcript.

3. Organization Certificate.

4. Publication Certificate with respect to publication of the notices, to which must be attached the publisher's affidavits of publication with the clippings of the notices as published.

The notice of hearing on the Essential Purpose Loan Agreement must be published at least once, not less than **four (4) and not more than twenty (20) days** before the March 15th meeting date set for the hearing, in a legal newspaper which has a general circulation in Muscatine. The last date on which this notice can be effectively published is March 11, 2018.

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The notices of hearing on the Public Buildings Loan Agreement and the Rec Trails Loan Agreement must be published at least once, not less than **ten (10) and not more than twenty (20) days** before the March 15th meeting date set for the hearings, in a legal newspaper which has a general circulation in Muscatine. The last date on which these notices can be effectively published is March 5, 2018.

Please scan and email a copy of the published notices to lemke.susan@dorsey.com or fax a copy to our office at (515) 283-1060 as soon as each appears in the newspaper.

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

If you have any questions, please contact Emily Hammond or me.

Best regards,

John P. Danos

Attachments

cc: Gregg Mandsager
Susanne Gerlach

February 27, 2018

VIA E-MAIL

Gregg Mandsager
City Administrator/City Hall
Muscatine, Iowa

Re: Muscatine, Iowa
2018 General Obligation Corporate Purpose Bonds

Dear Gregg:

I am writing to explain our role as bond counsel for the City's proposed General Obligation borrowing to fund certain capital projects. It is our understanding that the City will issue General Obligation bonds (the "Bonds") in the approximate principal amount of \$4,300,000 into the municipal bond market through a competitive sale to be facilitated by PFM Financial Advisors, LLC, the City's municipal financial advisor (the "Financial Advisor").

As bond counsel, it is our responsibility to provide legal representation to the City with respect to the authorization of the issuance of the Bonds. In serving the City as bond counsel, we will prepare appropriate resolutions, notices, agreements, filings and closing certificates, consult with the Financial Advisor and undertake such additional duties as we deem necessary to help the City through this transaction. At closing of the Bond issue, assuming the proper conditions are in place, we will deliver our bond counsel opinion that (1) the Bonds are valid and binding general obligations of the City, and (2) the interest paid on the Bonds will be excluded from gross income for federal income tax purposes.

In performing our services as bond counsel, our sole client in this matter will be the City of Muscatine. We will not represent any other party in this financing and it is mutually understood that the services to be provided by us as described herein are solely for the benefit of the City.

It is important to note that we have not been engaged to serve as "disclosure counsel" to the City, which would cover in-depth legal work with respect to securities law regulations related to the Bonds and the official statement which will be drafted to facilitate their sale. This means that while we will review and comment on the portions of the official statement that are pertinent to our role as bond counsel (particularly tax related matters, state law authority related matters and collateralization related matters), we will not engage in a due diligence process to (i) investigate the accuracy of financial data contained therein, or (ii) to discover any bond holder risks that are unknown to us. Furthermore, we will not be giving a legal opinion with respect to any aspects of the official statement. **Please be aware that we are available to provide these**

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additional services should the City desire to expand the scope of our representation. Please let me know if you would like to discuss this.

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing, (ii) the duties we will undertake, (iii) the time we anticipate devoting to the projects, and (iv) the responsibilities we assume, we estimate that our fees and expenses for serving as bond counsel will not exceed \$16,000.

After this arrangement is approved on behalf of the City, please have this letter executed in the space below and either fax an executed copy of this letter to our office at (515) 283-1060 or scan and email an executed copy to lemke.susan@dorsey.com. If you have questions, please call me.

We look forward to working with you. Thank you for the opportunity to serve the City.

Best regards,


John P. Danos

JPD/sl

I understand and agree to the arrangements stated above.

CITY OF MUSCATINE, IOWA

BY: _____
Mayor

Date: _____

ATTEST: _____
City Clerk

Date: _____