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 2, 2018

Re: Resolution Setting Date for Sale of General Obligation Corporate Purpose Bonds, Series 2018, 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 bond issue to be dated May 23, 2018 to finance various City capital projects which are either underway or will be completed in the upcoming year. This issue is estimated at $4,090,000 which includes $4,000,000 for project costs and $90,000 for estimated bond issuance costs.

The bond issue includes funding for the aerial Fire Truck, the local share of Airport improvement projects, the local share of the Kent Stein Park to Deep Lakes Park Trail, the local share of the West Side Trail, deferred maintenance improvements to various City buildings, and parks improvements which include replacement of the Weed Park and Soccer Sidewalk Lights, replacement of the Rose Garden Restroom at Weed Park, purchase of the Control Link Light System at Kent Stein Park, Soccer Field #3 improvements, and Soccer Parking Development. Project costs also 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.

Recommendation:

The attached resolution will take additional action for the issuance of the bonds including setting the date for the bids on the General Obligation Corporate Purpose Bonds for April 19, 2018 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 5, 2018 meeting. If you have any questions or need additional information, please contact me.

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

421464-54

Muscatine, Iowa

April 5, 2018

The City Council of the City of Muscatine, Iowa, met on April 5, 2018, at Seven o'clock p.m. at the City Hall Council Chambers, Muscatine, Iowa.

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

Present: ____

Absent: ______________________________.

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 City Council adjourned.

____
Mayor

Attest:

____
City Clerk

RESOLUTION NO. _____

Resolution setting the date for the sale of General Obligation Corporate Purpose Bonds, Series 2018 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, pursuant to the provisions of Section 384.24A of the Code of Iowa, heretofore proposed 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, and has published notice of the proposed action and has held a hearing thereon on March 15, 2018; and

WHEREAS, the City also proposed 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, 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 15, 2018, no petition had been filed with the City asking that the question of entering into the Public Buildings Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a loan agreement (the "Rec Trails Loan Agreement") 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, 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 15, 2018, no petition had been filed with the City asking that the question of entering into the Rec Trails 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 Public Buildings Loan Agreement and Rec Trails 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 the General Obligation Corporate Purpose Bonds, Series 2018 (the "Bonds") to be issued 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 PFM Financial Advisors, LLC, as municipal financial advisor (the "Financial Advisor") to the City; and

WHEREAS, it is now necessary to set the date for the sale of the Bonds and to make provision for the advertisement thereof;

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

Section 1. The City Administrator is hereby authorized to take such action as shall be deemed necessary and appropriate, with 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 2. 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 Council 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 City Administrator is 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 3. Sealed bids for the purchase of the Bonds shall be received and canvassed on behalf of the City until 10:00 a.m. on April 19, 2018, at the office of the City Clerk, at the City Hall, in the City, and the City Council shall meet on the same date at 7:00 p.m., at the City Hall, 215 Sycamore Street, Muscatine, Iowa, for the purpose of considering such bids received and considering and passing a resolution providing for the award of the Bonds, and the Financial Advisor is hereby authorized and directed to disseminate the notice of said sale, in compliance with the Internal Revenue Service regulations governing "Issue Price" determinations, such notice to minimally contain information regarding Establishment of Issue Price set forth in the "Terms of Offering" attached to the P.O.S. and to be in such form as the Financial Advisor may deem to be appropriate.

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 5, 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 all of the proceedings of the City Council relating to the fixing of a date for the sale of General Obligation Corporate Purpose Bonds, Series 2018 and approving a preliminary official statement for the sale of the Bonds, as referred to herein.

WITNESS MY HAND this _______ day of _____________, 2018.

____
City Clerk

DORSEY™
always ahead

March 29, 2018

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

Re: General Obligation Corporate Purpose Bonds, Series 2018
Our File No. 421464-54

Dear Nancy:

We have prepared and attach the necessary proceedings reflecting action to be taken at the April 5, 2018 meeting to set April 19, 2018 as the date for the sale of General Obligation Corporate Purpose Bonds, Series 2018 and to authorize the use of a preliminary official statement (the "P.O.S.") in connection therewith.

The proceedings attached include the following items:

1. Minutes of the meeting, followed by the resolution providing for the authorization of the P.O.S., setting the date for the sale of the Bonds, and authorizing distribution of a Notice of Sale.

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

Prior to the adoption of the resolution, you and the City Council should review the proposed P.O.S., which PFM Financial Advisors, LLC 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 will review and comment on the portions of the document that are pertinent to our role as bond counsel, we have not been engaged as disclosure counsel, and we will not engage in a full due diligence process to investigate the accuracy of financial data or any bond holder risks that are unknown to us, nor will we be providing any legal opinions with respect to the documents offering the Bonds for sale. **We are available to do this additional work as the City's disclosure counsel if requested.**

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 Rebecca Donaldson or me.

Best regards,

John P. Danos

Attachments

cc: Gregg Mandsager
Susanne Gerlach

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 5, 2018

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

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 will be excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "Code"); it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations for taxable years beginning before January 1, 2018, such interest is taken into account in determining adjusted current earnings. In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein for more information.

CITY OF MUSCATINE, IOWA

$4,090,000* General Obligation Corporate Purpose Bonds, Series 2018

BIDS RECEIVED: Thursday, April 19, 2018, 10:00 A.M., Central Time
AWARD: Thursday, April 19, 2018, 7:00 P.M., Central Time

Dated: Date of Delivery (May 23, 2018) **Principal Due:** June 1 as shown inside front cover

The $4,090,000* General Obligation Corporate Purpose Bonds, Series 2018 (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 for the purpose of paying the costs, to that extent, of acquiring a fire truck; planning, designing and constructing physical plant, apron and hangar improvements at the municipal airport; improving and equipping existing municipal parks; constructing and installing sanitary sewage treatment system improvements; remodeling the municipal library and the HNI Community Center; constructing building and ground improvements for public buildings; and constructing recreation trail improvements. 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 will be 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 to 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-only form, 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, 2019 and interest on the Bonds, payable initially on December 1, 2018 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 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:	$4,049,100
GOOD FAITH DEPOSIT:	Required of Purchaser Only
TAX MATTERS:	Federal: Tax-Exempt State: Taxable See "*TAX EXEMPTION AND RELATED TAX MATTERS*" 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 May 23, 2018. 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

$4,090,000* General Obligation Corporate Purpose Bonds, Series 2018

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

Year	Amount*
2019	$75,000
2020	175,000
2021	435,000
2022	450,000
2023	460,000
2024	475,000
2025	485,000
2026	495,000
2027	515,000
2028	525,000

*** 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 $4,335,000. 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, 2018 and thereafter on each June 1st and December 1st.

REDEMPTION: The Bonds due after June 1, 2026 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.

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, omissions or inaccuracies must be submitted to PFM Financial Advisors LLC (the "Municipal 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, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the underwriter (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, salesman or other person has been authorized by the City, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this Preliminary Official Statement or the final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, the Municipal Advisor or the Underwriter. This Preliminary Official Statement or the final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there by 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 set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement or the final Official Statement, nor any sale made thereafter shall, under any circumstances, create any implication there has been no change in the affairs of the City or in any other information contained herein, since the date hereof.

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

CITY OF MUSCATINE, IOWA

Mayor & City Council

Diana L. Broderson	Mayor
Philip Fitzgerald	Council Member, First Ward
Osmond Malcolm	Council Member, Second Ward
Tom Spread	Council Member, Third Ward
Nadine Brockert	Council Member, Fouth Ward
Allen Harvey	Council Member, Fifth Ward
Santos Saucedo	Council Member, At-Large
Kelcey Brackett	Council Member, At-Large

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

Municipal Advisor

PFM Financial Advisors LLC
Des Moines, Iowa

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TERMS OF OFFERING

CITY OF MUSCATINE, IOWA

Bids for the purchase of City of Muscatine, Iowa's (the "City") $4,090,000* General Obligation Corporate Purpose Bonds, Series 2018 (the "Bonds") will be received on Thursday, April 19, 2018 until 10:00 A.M., Central Time, after which time they will be tabulated. The City Council will consider award of the Bonds at 7:00 P.M., Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City's Municipal Advisor, PFM Financial Advisors LLC (the "Municipal Advisor"), 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.

This 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 2018, in the principal amount of $4,090,000*, will be dated the date of delivery (anticipated to be May 23, 2018), will be in the denomination of $5,000 or multiples thereof, and will mature on June 1 as follows:

Year	Amount*
2019	$75,000
2020	175,000
2021	435,000
2022	450,000
2023	460,000
2024	475,000
2025	485,000
2026	495,000
2027	515,000
2028	525,000

* Preliminary; subject to change.

ADJUSTMENT TO BOND MATURITY AMOUNTS

The City reserves the right to increase or decrease the aggregate principal amount of the Bonds and to increase or decrease each scheduled maturity thereof 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 $4,335,000. 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 Series 2018 Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2018 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

Interest on the Bonds will be payable on December 1, 2018 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.

OPTIONAL REDEMPTION

Bonds due after June 1, 2026 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.

TERM BOND OPTION

Bidders shall have the option of designating the Bonds as serial bonds or term bonds, or both. The applicable 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.

GOOD FAITH DEPOSIT

A good faith deposit in the amount of $40,900 (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 Municipal Advisor or (ii) a wire transfer as instructed by the City's Municipal 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 $4,049,100, 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 Municipal Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Municipal 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.

Electronic Internet Bidding: Electronic internet bids will be received at the office of the City's Municipal Advisor, PFM Financial Advisors LLC. Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling (212) 849-5021.

Each prospective bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its electronic 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 electronic 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 563-264-0750). Electronic facsimile bids will be sealed and treated as sealed bids.

Electronic facsimile bids received after the deadline will be rejected. Bidders electing to submit bids via electronic 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 electronic 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 number 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.

ESTABLISHMENT OF ISSUE PRICE

In order to establish the issue price of the Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a bid, each bidder agrees to the following.

If a bid is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the bid and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity," and the public does not include underwriters of the Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Bonds.

If, however, a bid is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the City to that effect at the time it submits its bid and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and the competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification substantially in the form attached hereto as EXHIBIT 1, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Municipal Advisor.

Bidders should prepare their bids on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any bid submitted pursuant to the Terms of Offering and Official Bid Form shall be considered a firm offer for the purchase of the Bonds, and bids submitted will not be subject to cancellation or withdrawal.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The 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 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 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (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 25 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 the 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 the Rule, the City will undertake, pursuant to the resolution for the Bonds and the Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain material events (the "Undertakings"). A description of the 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 obligations to purchase the Bonds.

During the past five years, to the best of its knowledge, the City has complied in all material respects with its previous continuing disclosure undertakings entered into under the Rule.

Breach of the Undertakings 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 Undertakings, 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 Undertakings may adversely affect the transferability and liquidity of the Bonds and their market price.

CUSIP NUMBERS

It is anticipated 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 Municipal 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
City of Muscatine, Iowa
/s/ Nancy Lueck, Finance Director

SCHEDULE OF BOND YEARS

$4,090,000*
CITY OF MUSCATINE, IOWA
General Obligation Corporate Purpose Bonds, Series 2018

Bonds Dated: May 23, 2018
Interest Due: December 1, 2018 and each June 1 and December 1 to maturity
Principal Due: June 1, 2019-2028

Year	Principal *	Bond Years	Cumulative Bond Years
2019	$75,000	76.67	76.67
2020	175,000	353.89	430.56
2021	435,000	1,314.67	1,745.22
2022	450,000	1,810.00	3,555.22
2023	460,000	2,310.22	5,865.44
2024	475,000	2,860.56	8,726.00
2025	485,000	3,405.78	12,131.78
2026	495,000	3,971.00	16,102.78
2027	515,000	4,646.44	20,749.22
2028	525,000	5,261.67	26,010.89

Average Maturity (dated date): 6.360 Years

* Preliminary; subject to change.

EXHIBIT 1

FORM OF ISSUE PRICE CERTIFICATE

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COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS HOLD THE OFFERING PRICE

ISSUE PRICE CERTIFICATE

$_____________ General Obligation Corporate Purpose Bonds, Series 2018
City of Muscatine, Iowa

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]") (the "Underwriter") hereby certifies as set forth below with respect to the sale of the obligations named above (the "Bonds").

1. ***Initial Offering Price of the Bonds***. [SHORT NAME OF UNDERWRITER] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. ***First Price at which Sold to the Public.*** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein][in Schedule C], if different].

3. ***Hold the Offering Price Rule***. [SHORT NAME OF UNDERWRITER] has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"), and (ii) any agreement among underwriters, selling group agreement, or retail distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [SHORT NAME OF UNDERWRITER]'s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. ***Defined Terms***. For purposes of this Issue Price Certificate:

(a) *Holding Period* means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (April 26, 2018), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means the City of Muscatine, Iowa.

(c) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a "related party" to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was April 19, 2018.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dorsey & Whitney LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By:______________________________________

Name:_____________________________________

Dated: May 23, 2018

SCHEDULE A

INITIAL OFFERING PRICES OF THE BONDS

(*Attached*)

SCHEDULE B

PRICING WIRE

(*Attached*)

SCHEDULE C

SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE AT THE INITIAL OFFERING PRICE

(*Attached*)

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PRELIMINARY OFFICIAL STATEMENT

CITY OF MUSCATINE, IOWA

$4,090,000* General Obligation Corporate Purpose Bonds, Series 2018

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Muscatine, Iowa (the "City") and its issuance of $4,090,000* General Obligation Corporate Purpose Bonds, Series 2018 (the "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 PFM Financial Advisors LLC (the "Municipal Advisor"), 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 for the purpose of paying the costs, to that extent, of acquiring a fire truck; planning, designing and constructing physical plant, apron and hangar improvements at the municipal airport; improving and equipping existing municipal parks; constructing and installing sanitary sewage treatment system improvements; remodeling the municipal library and the HNI Community Center; constructing building and ground improvements for public buildings; and constructing recreation trail improvements. 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 will be 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 to levy direct ad valorem taxes to the repayment of the Bonds.

The estimated sources and uses of the Bonds are as follows:

Sources of Funds		
Par Amount of the Bonds	$4,090,000.00	*
Uses of Funds		
Deposit to Project Fund	$4,000,000.00	
Underwriter's Discount	40,900.00	*
Cost of Issuance & Contingency	49,100.00	*
Total Uses	$4,090,000.00	*

* Preliminary; subject to change.

INTEREST

Interest on the Bonds will be payable on December 1, 2018 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.

OPTIONAL REDEMPTION

Bonds due after June 1, 2026 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.

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 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 resolutions 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 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-only 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.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt or taxable status of the interest thereon (see "TAX EXEMPTION AND RELATED TAX MATTERS" herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as APPENDIX A. Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Purchaser at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

Bond Counsel has not been engaged, nor has it undertaken, to prepare or to independently verify the accuracy of the Official Statement, including but not limited to financial or statistical information of the City and risks associated with the purchase of the Bonds, except Bond Counsel has reviewed the information and statements contained in the Official Statement under, "TAX EXEMPTION AND RELATED TAX MATTERS" and "LEGAL MATTERS", insofar as such statements contained under such captions purport to summarize certain provisions of the Internal Revenue Code of 1986, the Bonds and any opinions rendered by Bond Counsel. Bond Counsel has prepared the documents contained in APPENDIX A and APPENDIX C.

TAX EXEMPTION AND RELATED TAX MATTERS

Federal Income Tax Exemption: The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds 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 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 for taxable years beginning before January 1, 2018.

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

Interest on the Bonds is NOT exempt from present Iowa income taxes.

Proposed Changes in Federal and State Tax Law: 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 exempt 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.

Qualified Tax-Exempt Obligations: 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. In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Original Issue Premium: The Bonds maturing in the years _____________ are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire the Bonds at a premium must, from time to time, reduce their federal tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such 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 Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Bonds acquired at a premium.

Original Issue Discount: The Bonds maturing in the years _______ (collectively, the "Discount Bonds") are being sold at a discount from the principal amount payable on such Bonds at maturity. 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 Bonds (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 a 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 advisor with respect to the tax consequences of the ownership of Discount Bonds.

The Code contains provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bond 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 a 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.

BONDHOLDER'S RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Tax Levy Procedures: The Bonds are general obligations of the City, payable from and secured by a continuing ad-valorem tax levied against all of the taxable property within the boundaries of the City. As part of the budgetary process of the City, each fiscal year the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the boundaries of the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service on the Bond for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds.

2013 Property Tax Legislation: During its 2013 session the Iowa Legislature enacted, and the Governor signed legislation that, among other things, reduces the limit on annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduces as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. The legislation also created a new separate classification for multiresidential properties which were previously taxed as commercial properties, and assigns an incremental rollback percentage over several years for multiresidential properties such that the multiresidential rollback determination will match that for residential properties in the 2022 assessment year. As a result of this legislation, local governments expect to experience reductions in property tax revenues over the next several fiscal years. The legislation includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all, during the term the Bonds remain outstanding. The City does not expect the state replacement funding to fully address the property tax reductions resulting from the legislation during the term the Bonds remain outstanding. The legislation does not limit the legal obligation of the City to pay debt service on the Bonds or the amount the City is required to levy for payments of debt service on the Bonds; however, there can be no assurances that it will not have a material adverse impact with respect to the City's financial position.

Changes in Property Taxation: From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds. Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.

Matters Relating to Enforceability of Agreements: Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the resolution for the Bonds.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the resolution for the Bonds or the Loan Agreement. The remedies available to the Bondholders upon an event of default under the resolution for the Bonds or the Loan Agreement, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Loan Agreement or the resolution for the Bonds may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies will result in sufficient funds to pay all amounts due under the resolution for the Bonds or the Loan Agreement, including principal of and interest on the Bonds.

Secondary Market: There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular Note or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

Insolvency: The rights and remedies provided in the resolution for the Bonds may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds, the Loan Agreement and the resolution for the Bonds, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the resolution for the Bonds. In the event the City fails to comply with its covenants under the resolution for the Bonds or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Forward-Looking Statements: This Preliminary Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Preliminary Official Statement, the words "anticipated," "plan," "expect," "projected," "estimate," "budget," "pro forma," "forecast," "intend," and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the City to pay debt service when due on the Bonds.

Tax Matters, Bank Qualification and Loss of Tax Exemption: As discussed under the heading "TAX EXEMPTION AND RELATED TAX MATTERS" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the City in violation of its covenants in the resolution for the Bonds. Should such an event of taxability occur, the Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

It is possible that actions of the City after the closing of the Bonds will alter the tax-exempt status of the Bonds, and, in the extreme, remove the tax-exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

DTC-Beneficial Owners: Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the City nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See "BOOK-ENTRY-ONLY SYSTEM."

Proposed Federal Tax Legislation: From time to time, Presidential proposals, federal legislative committee proposals or legislative proposals are made that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition regulatory actions are from time to time announced or proposed, and litigation 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. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.

Pension and OPEB Information: The City contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing 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. All full-time employees of the City are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the City being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its Fiscal Year ended June 30, 2017 (the "IPERS CAFR") indicates that as of June 30, 2017, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 81.4%, and the unfunded actuarial liability was $6.968 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2017, at approximately $6.661 billion, while its net pension liability at June 30, 2016 was approximately $6.293 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "APPENDIX B – JUNE 30, 2017 INDEPENDENT AUDITORS' REPORT" for additional information on IPERS.

In the Fiscal Year ended June 30, 2017, the City's IPERS contribution totaled approximately $727,098. The City is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the City's identified portion at June 30, 2017 at approximately $6,811,690. While the City's contributions to IPERS are controlled by state law, there can be no assurance the City will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the City. See "EMPLOYEES AND PENSIONS", and APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017" for additional information on pension and liabilities of the City.

Bond Counsel, the Underwriter, the Municipal Advisor and the City undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other internet sites accessed through the IPERS website.

The City contributes to Municipal Fire and Police Retirement System of Iowa ("MFPRSI"), which is a multiple-employer cost-sharing defined benefit pension plan for fire fighters and police officers, administered under Chapter 411 of the Code of Iowa. MFPRSI plan members are required to contribute a percentage of their annual salary, in addition to the City being required to make annual contributions to MFPRSI. Contribution amounts are set by State statute. The MFPRSI Comprehensive Annual Financial Report for its Fiscal Year ended June 30, 2017 (the "MFPRSI Report") indicates that as of June 30, 2017, the date of the most recent actuarial valuation for MFPRSI, the funded ratio of MFPRSI was 81.40%, and the unfunded actuarial liability was $562.2 million. The MFPRSI Report identifies the MFPRSI Net Pension Liability at June 30, 2017, at approximately $586.5 million, while its net pension liability at June 30, 2016 was approximately $625.3 million. The MFPRSI Report is available on the MFPRSI website. See "APPENDIX B – JUNE 30, 2017 INDEPENDENT AUDITORS' REPORT" for additional information on MFPRSI.

Bond Counsel, the Underwriter, the Municipal Advisor and the City undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the MFPRSI discussed above or included on the MFPRSI website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the MFPRSI website.

In Fiscal Year ended June 30, 2017, the City's MFPRSI contribution totaled approximately $1,354,626. The City is current in its obligations to MFPRSI.

Pursuant to Governmental Accounting Standards Board Statement No. 68, MFPRSI has allocated the net pension liability among its members, with the City's identified portion at June 30, 2017 at approximately $10,763,285. While the City's contributions to MFPRSI are controlled by state law, there can be no assurance the City will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the City. See “EMPLOYEES AND PENSIONS”, and APPENDIX B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017” for additional information on MFPRSI.

The City operates a single-employer retiree health care plan which provides medical and dental insurance coverage for employees and retirees and their spouses. Upon normal retirement, employees have the option of continuing health and dental insurance coverage at their cost until the age of 65.

The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a projected pay-as-you-go basis. For the Fiscal Year ended June 30, 2017, the City contributed ($8,728), which was net of retiree premiums received of $164,236. See “OTHER POST-EMPLOYMENT BENEFITS”, and APPENDIX B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017” for additional information.

Summary: The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Preliminary Official Statement and the appendices hereto.

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.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC Des Moines, Iowa as Municipal Advisor in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Municipal 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 Preliminary Official Statement. PFM Financial Advisors LLC 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 assist bidders in complying with paragraph (b)(5) of the Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the City will undertake, pursuant to the resolution for the Bonds and the Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain material events (the “Undertakings”). A description of the 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 obligations to purchase the Bonds.

During the past five years, to the best of its knowledge, the City has complied in all material respects with its previous continuing disclosure undertakings entered into under the Rule.

Breach of the Undertakings 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 Undertakings, 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 Undertakings 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 PFM Financial Advisors LLC, 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 $4,090,000* General Obligation Corporate Purpose Bonds, Series 2018.

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 Muscatine County Auditors adjusted the final Actual Values for 2016. The reduced values, determined after the application of rollback percentages, are the taxable values subject to tax levy. For assessment year 2016, the taxable value rollback rate was 56.9391% of actual value for residential property; 82.500% of actual value for multiresidential property; 47.4996% of actual value for agricultural property; and 90% of actual value for commercial, industrial, and railroad property. No adjustment was ordered for utility property because its assessed value did not increase enough to qualify for reduction. Utility property is limited to an 8% annual growth.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 3% 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

Assessment Year	Fiscal Year	Agricultural Land & Buildings	Residential	Multiresidential	Commercial Industrial & Railroad	Utilities
2013	2014-15	43.3997%	54.4002%	N/A	95.0000%	100.0000%
2014	2015-16	44.7021%	55.7335%	N/A	90.0000%	100.0000%
2015	2016-17	46.1068%	55.6259%	86.2500%	90.0000%	100.0000%
2016	2017-18	47.4996%	56.9391%	82.5000%	90.0000%	100.0000%
2017 1)	2018-19	54.4480%	55.6209%	78.7500%	90.0000%	100.0000%

1) January 1, 2017 rollback percentages are now available from the State of Iowa and become effective July 1, 2018.

PROPERTY VALUATIONS - 1/1/2016 VALUATIONS (Taxes payable July 1, 2017 to June 30, 2018)

	100% Actual Value	Taxable Value (With Rollback)
Residential	$865,026,963	$491,066,816
Commercial	237,726,292	209,041,414
Industrial	125,265,384	111,796,825
Multiresidential	40,120,348	32,996,982
Railroad	792,911	713,620
Utilities w/o Gas & Electric	3,899,544	3,899,544
Gross valuation	$1,272,831,442	$849,515,201
Less Military Exemption	(1,681,616)	(1,680,836)
Net valuation	$1,271,149,826	$847,834,365
TIF increment (used to compute debt service levies and constitutional debt limit)	$62,545,216 1)	$62,544,436 1) 2)
Taxed separately:		
Ag. Land & Buildings	$3,290,653	$1,111,462
Gas & Electric Utilities	$11,157,823	$3,063,728

1) Excludes $860,137 of TIF Increment Ag. Land valuation.
2) Reduced by $780 of TIF Increment Military Exemption.

TREND OF VALUATIONS

Assessment Year	Payable Fiscal Year	100% Actual Valuation	Taxable Valuation (With Rollback)	Taxable TIF Increment
2013	2014-15	$1,238,312,164	$798,149,186	$31,617,913
2014	2015-16	1,263,279,891	784,443,860	57,540,386
2015	2016-17	1,321,461,933	826,763,643	54,930,344
2016	2017-18	1,349,003,655	850,898,093	62,544,436
2017 [1)]	2018-19	1,399,475,401	875,583,081	62,767,827

1) January 1, 2017 Valuations are now available from the State of Iowa and become effective July 1, 2018.

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

2016 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY [1)]

	1/1/2016 Taxable Valuation	Percent Total
Residential	$491,066,816	57.60%
Multiresidential	32,996,982	3.87%
Commercial, Industrial and all Utilities	327,801,511	38.45%
Railroad	713,620	0.08%
Total Gross Taxable Valuation	$852,578,929	100.00%

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

LARGER TAXPAYERS

Set forth in the following table are the persons or entities which represent larger taxpayers within the boundaries of the City, as provided by the Muscatine County Auditor's Office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. The City's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

Taxpayer [1)]	Type of Property/Business	1/1/2016 Taxable Valuation [2)]
Grain Processing Corp.	Manufacturing – Corn Products	$40,193,439
HNI Corporation	Manufacturing – Office Furniture	29,516,007
Wal-View Developments	Commercial/Industrial	29,140,965
Heinz H.J. Company LP	Food Processors	9,797,778
Menard Inc.	Commercial/Retail	9,725,760
Wal-Mart Real Estate Business	Commercial/Retail	9,386,208
Sodarock Properties LLC	Commercial	9,071,753
Bridgestone Bandag LLC	Manufacturing – Retreading	8,417,547
Gridco LLC	Manufacturing – Sports/Event Lighting	6,799,180
Muscatine Downtown Investors	Commercial	6,162,993

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.

Source: Muscatine County Auditor's Office

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) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigned a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) created 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) ("Multiresidential Property"), and assigned a declining rollback percentage of 3.75% to such properties for each year until the 2021 assessment year (the rollback percentage for Multiresidential Properties is equal to the residential rollback percentage in the 2022 assessment year and thereafter) and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The Act included 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. 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%, the gradual transition for Multiresidential Property to the residential rollback percentage, 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.

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 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 2016 actual valuation currently applicable to the Fiscal Year 2017-18, is as follows:

2016 Actual Valuation of Property		$1,349,003,655 [1)]
Legal Debt Limit of 5%		0.05
	Legal Debt Limit	$67,450,183
Less:	General Obligation Debt Subject to Limit	(16,895,000)*
Less:	Urban Renewal Revenue Debt Subject to Debt Limit	(565,000)
Less:	Developer Rebate Agreements Subject to Debt Limit	(8,132,245)
	Net Debt Limit	$41,857,938*

1) Actual Valuation of Property as reported on Fiscal Year 2017-18 county tax roll.

DIRECT DEBT

General Obligation Debt Paid by Taxes (Includes a Portion of the Bonds)

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 05/23/18
6/10	$7,425,000	Corporate Purpose Projects	6/20	$3,090,000
6/12	4,715,000	Improvements & Refunding	6/22	2,795,000
6/14	2,575,000	Corporate Purpose Projects	6/24	2,420,000
5/16	4,550,000	Improvements & Refunding	6/26	3,920,000
5/18	3,270,000*	Corporate Purpose Projects	6/28	3,270,000*
Total General Obligation Debt Subject to Limit:				$15,495,000

General Obligation Debt Paid by Water Pollution Control Plant Revenues (Includes a Portion of the Bonds)

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 05/23/18
5/18	$820,000*	Corporate Purpose Projects	6/28	$820,000*

General Obligation Debt Paid by Tax Increment Revenue

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 05/23/18
6/10	$1,535,000	Public Improvements	6/20	$580,000
Total General Obligation Debt Subject to Limit				**$16,895,000***

* Preliminary; subject to change.

Urban Renewal Revenue Bonds

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 05/23/18
6/04	$1,885,000	TIF Revenue	6/21	$565,000
	Total Urban Renewal Revenue Debt Subject to Limit			**$565,000**

Annual Fiscal Year Debt Service Payments

General Obligation Debt Paid by Taxes (Includes a portion of the Bonds)

	Current Outstanding Debt		The Bonds		Total Outstanding	
Fiscal Year	Principal	Principal & Interest	Principal*	Principal & Interest*	Principal*	Principal & Interest*
2017-18	$2,320,000	$2,462,028 [1)]	$0	$0	$2,320,000	$2,462,028 [1)]
2018-19	2,210,000	2,435,965	0	93,708	2,210,000	2,529,673
2019-20	2,315,000	2,487,340	100,000	191,671	2,415,000	2,679,011
2020-21	1,360,000	1,475,053	360,000	449,321	1,720,000	1,924,374
2021-22	1,400,000	1,487,488	370,000	450,573	1,770,000	1,938,061
2022-23	835,000	892,918	380,000	451,212	1,215,000	1,344,130
2023-24	855,000	894,018	390,000	451,218	1,245,000	1,345,236
2024-25	460,000	481,513	400,000	450,532	860,000	932,045
2025-26	470,000	481,163	410,000	449,052	880,000	930,215
2026-27			425,000	451,793	425,000	451,793
2027-28			435,000	448,703	435,000	448,703
	$12,225,000		$3,270,000*		$15,495,000*	

1) Excludes the December 1, 2017 interest payment in the amount of $142,028.

* Preliminary; subject to change.

General Obligation Debt Paid by Water Pollution Control Plant Revenues (Includes a Portion of the Bonds)

	The Bonds	
Fiscal Year	Principal*	Principal & Interest*
2017-18	$0	$0
2018-19	75,000	97,744
2019-20	75,000	95,630
2020-21	75,000	93,868
2021-22	80,000	97,045
2022-23	80,000	95,021
2023-24	85,000	97,917
2024-25	85,000	95,588
2025-26	85,000	93,149
2026-27	90,000	95,607
2027-28	90,000	92,835
	$820,000*	

* Preliminary; subject to change.

General Obligation Debt Paid by Tax Increment Revenue

Fiscal Year	Principal	Principal & Interest
2017-18	$185,000	$193,825 1)
2018-19	195,000	207,100
2019-20	200,000	206,250
	$580,000	

1) Excludes the December 1, 2017 interest payment in the amount of $8,825.

Urban Renewal Revenue Debt Paid by Tax Increment Revenue

Fiscal Year	Principal	Principal & Interest
2017-18	$130,000	$145,978 1)
2018-19	140,000	164,805
2019-20	145,000	161,965
2020-21	150,000	158,700
	$565,000	

1) Excludes the December 1, 2017 interest payment in the amount of $15,978.

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 05/23/18
11/08	$16,500,000	Sewer Improvements (SRF)	6/32	$12,446,000

OVERLAPPING DEBT

Taxing District	1/1/2017 Taxable Valuation 1)	Valuation within the City 2)	Percent In City	G.O. Debt 3)	City's Proportionate Share
Muscatine County	$2,070,158,760	$940,395,996	45.43%	$14,110,000	$6,410,173
Muscatine CSD	1,361,575,957	915,034,416	67.20%	0	0
Louisa-Muscatine CSD	282,177,023	25,361,580	8.99%	0	0
Eastern Iowa Comm. College	15,397,619,866	940,395,996	6.11%	45,275,000	2,766,303
City's share of total overlapping debt					$9,176,476

1) Taxable Valuation excludes military exemption and includes Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
2) Valuation excludes military exemption and includes Ag. Land & Buildings, Taxable TIF Increment, all Utilities, and City exempt valuations.
3) Includes general obligation bonds, PPEL notes, certificates of participation and new jobs training certificates.

FINANCIAL SUMMARY

Debt Ratios

	G.O. Debt	Debt/Actual Market Value ($1,399,475,401) 1)	Debt/Taxable Value ($939,530,344) 2)	Debt Per Capita (23,819) 3)
City Total G. O. Debt	$16,895,000 *	1.21%*	1.80%*	$709.31 *
City Total TIF Revenue Debt	565,000	0.04%	0.06%	23.72
City's Share of Overlapping Debt	9,176,476	0.66%	0.98%	385.26
City's Net Overall Debt	$26,636,476*	1.91%*	2.84%*	$1,118.29*

1) Based on the City's 2017 actual valuation of property; includes Ag. Land, Ag. Buildings, all Utilities and TIF Increment.
2) Based on the City's 2017 taxable valuation of property; includes Ag. Land, Ag. Buildings, all Utilities and TIF Increment.
3) Population based on the City's 2010 U.S. Census and includes added population from area annexed into the City in 2012 and 2013.

* Preliminary; subject to change.

Valuation Per Capita

	1/1/2017 Valuation	Valuation Per Capita (23,819) 3)
100% Actual Valuation	$1,399,475,401 1)	$58,755
Taxable Valuation	939,530,344 2)	39,445

1) Based on the City's 2017 Actual Valuation including Ag. Land & Ag. Buildings, Taxable TIF Increment and all Utilities.
2) Based on the City's 2017 Taxable Valuation including Ag. Land & Ag. Buildings, Taxable TIF Increment and all Utilities.
3) Population based on the City's 2010 U.S. Census and includes population from area annexed into the City in 2012 and 2013.

LEVIES AND TAX COLLECTIONS

Collection Period	Levy	Collected During Collection Year 1)	Percent Collected
2013-14	$12,539,510	$12,532,857	99.95%
2014-15	12,541,759	12,551,289	100.08%
2015-16	12,404,951	12,432,618	100.22%
2016-17	13,063,348	13,084,633	100.16%
2017-18	13,459,206	------ In Process of Collection ------	

Source: The City's Comprehensive Annual Financial Report

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.

TAX RATES

	FY 2013-14 $/$1,000	FY 2014-15 $/$1,000	FY 2015-16 $/$1,000	FY 2016-17 $/$1,000	FY 2017-18 $/$1,000
City of Muscatine	15.67209	15.67209	15.67209	15.67209	15.67209
Muscatine County	7.70380	7.70380	7.88491	7.88396	7.57719
County Assessor	0.32536	0.31968	0.36018	0.40260	0.31793
Ag Extension	0.14106	0.14348	0.14733	0.14464	0.14526
Muscatine CSD	15.27597	15.42605	15.80950	15.53914	14.91989
Louisa-Muscatine CSD	10.58609	11.20916	12.39496	12.84927	12.29400
Eastern Iowa Comm. College	0.92043	0.92782	0.96863	1.00909	1.03000
State of Iowa	0.00330	0.00330	0.00330	0.00330	0.00310
Tax Rate for Resident of:					
Muscatine CSD	40.04201	40.19622	40.84594	40.65482	39.66546
Louisa-Muscatine CSD	35.35213	35.97933	37.43140	37.96495	37.03957

CITY TAX RATE BREAKDOWN

Fiscal Year	General Fund	Outside	Emergency Fund	Debt Service	Employee Benefits	Capital Improvement	Total Levy	Ag. Levy
2014	8.10000	0.87301	0.00000	2.89226	3.80682	0.00000	15.67209	3.00375
2015	8.10000	0.83035	0.00000	2.89056	3.85118	0.00000	15.67209	3.00375
2016	8.10000	0.65921	0.00000	2.79677	4.11611	0.00000	15.67209	3.00375
2017	8.10000	0.53025	0.00000	2.78470	4.25714	0.00000	15.67209	3.00375
2018	8.10000	0.44651	0.00000	2.69458	4.43100	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 2017-18. 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 JANUARY 31, 2018)

Fund	Balance	
General	$3,967,918.05	
Debt Service	1,498,286.25	
Cemetery Perpetual Care	877,448.06	
Cemetery Perpetual Care Interest	2,756.54	
Cemetery Trusts	52,348.80	
Library Trusts	162,119.87	
Art Center Trusts	491,375.05	
Capital Project:		
Mulberry Avenue Street Improvements	($49,461.33)	2)
Mississippi Drive Corridor Study	902.94	
Transfer of Jurisdiction – Corridor Improvements	9,640,490.90	
Railroad Quiet Zone Project	712,786.98	
Other Street Projects	(26,281.47)	3)
Water Pollution Control Projects:		
Sewer Improvement Projects	(663,653.54)	3)
Other WPCP Projects	(13,050.00)	3)
Trail Projects	(297,947.67)	1) 2)
Golf Course Irrigation Project	(90,163.85)	5)
Riverfront Development Project	10,257.31	
CAT Grant Projects	162,836.68	
Building Demolition Projects	(16,484.08)	5)
Downtown Reinvestment Project	(67,532.27)	4)
Downtown Upper Floor Housing Project	50,023.96	
Southend Fire Station Project	(26,887.25)	3)
Library Building Improvement	1,647.78	
City Building Roof Replacements	38,289.60	
(Continued on next page)		
Art Center HVAC Improvements	76,507.34	
New Library Building Renovations	604,981.84	
Transfer Station Equipment	(264,437.00)	5)
Aerial Fire Truck	(1,119,493.00)	1)
Airport Improvement Projects	(267,974.15)	1) 2)
Community Marketing Study	(32,000.00)	4)
Housing Demand Study	(32,000.00)	4)
Other Capital Projects	27,927.24	
Enterprise Funds:		
Transit	$562,586.21	
Parking	125,256.16	
Golf	87,956.93	
Boat Harbor	(21,378.63)	5)
Marina	(3,829.26)	5)
Refuse Collection	(221,501.73)	5)
Landfill (Solid Waste Agency)	807,945.17	
Landfill Reserves	1,853,125.29	
Transfer Station	(61,452.85)	5)
Transfer Station Reserve	33,825.00	
Water Pollution Control Operations	1,455,124.89	

Continued on next page

Collection and Drainage	746,746.35	
Sewer Reserves	7,125,540.14	
Airport Operations	5,240.06	
Ambulance	289,688.00	
Convention & Visitors Bureau	158,599.78	
Internal Services Funds:		
Equipment Services	$51,970.18	
Central Supplies	(1,586.52)	5)
Health Insurance	1,890,609.00	
Dental Insurance	46,995.27	
Various Clearing Accounts	(133,578.30)	5)
Special Revenue Funds:		
Closed CDBG Grant Funds	$29,806.59	
Housing Home Ownership Program	54,553.62	
Housing Children's Education Program	543.14	
Road Use Tax	831,416.27	
Employee Benefits	(225,237.50)	5)
Emergency Tax Levy Fund	81,222.02	
Computer/Equipment Replacement Funds	174,456.20	
Local Option Sales Tax	241,952.86	
Tax Increment Funds	1,452,701.55	
Small Business Forgivable Loan Program	40,864.92	
Public Housing	204,983.50	
Section 8 Housing	106,550.77	
Total – All Funds	$33,203,234.66	

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; including 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 participates in two statewide employee retirement systems, the Iowa Public Employees Retirement System ("IPERS") and the Municipal Fire and Police Retirement System of Iowa ("MFPRSI"). The State of Iowa administers IPERS and a nine-member board of trustees governs the MFPRSI. Though separate and apart from state government, the MFPRSI board is authorized by state legislature, which also establishes by statute the pension and disability benefits and the system's funding mechanism. All full-time employees must participate in either IPERS or MFPRSI.

Iowa Public Employees Retirement System: The City contributes to IPERS, which is a cost-sharing multiple-employer, contributory defined benefit public employee retirement system administered by IPERS. IPERS provides retirement and death benefits, which are established by state statute, to plan members and beneficiaries. IPERS is authorized to adjust the total contribution rate up or down each year, by no more than 1 percentage point, based upon the actuarially required contribution rate. The City contributed the required amount to IPERS for the last three fiscal years as follows:

	FY 2014-15	FY 2015-16	FY 2016-17
IPERS City Contribution	$686,823	$698,589	$727,098

On March 24, 2017, IPERS Investment Board voted to approve changes to economic assumptions used in calculating IPERS' liabilities. This action followed an economic assumption study presentation by the consulting actuarial firm of Cavanaugh Macdonald of Bellevue, NE.

The new assumptions are:

- Inflation drops from 3 percent to 2.6 percent
- Interest on member accounts drops from 3.75 percent to 3.5 percent
- Investment return drops from 7.5 percent to 7 percent
- Wage growth drops from 4 percent to 3.25 percent
- Payroll growth drops from 4 percent to 3.25 percent

The study applied these assumptions to the 2016 data to illustrate their impact on key funding measurements. The funded ratio is a "snapshot in time" and indicates the financial health of a pension system. Using the new assumptions, with the 2016 data, IPERS' funded ratio dropped from 84 percent to 80 percent. These assumptions will first be applied in the June 30, 2017 valuation, which will be used to determine the contribution rates effective July 1, 2018.

The net result of these changes will be a lower funded ratio and an increase in liabilities of approximately $1.4 billion. Even though these changes will have a negative impact on IPERS' funded ratio, the Investment Board believes that these modifications will provide a more accurate valuation of future liabilities. Each year an investment return is less than the assumed return adds to the liability and increases the needed return in future years which can lead to even higher contribution rates.

The IPERS CAFR is available on the IPERS website, https://www.ipers.org/financial-and-investment, or by contacting IPERS at 7401 Register Drive P.O. Box 9117, Des Moines, IA 50321.

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the IPERS website.

Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 68, the City reported a liability of $6,811,690 within its CAFR as of June 30, 2017 for its proportionate share of the net pension liability. The net pension liability is the amount by which the total actuarial liability exceeds the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's collective proportion was 0.1082369% which was a decrease of 0.0022120% from its proportion measured as of June 30, 2015.

For additional information, refer to Note 7, RETIREMENT SYSTEMS - Iowa Public Employees' Retirement System (IPERS) Pension Plan, beginning on page 63 of the City's CAFR for the Year ended June 30, 2017 contained as APPENDIX B of this Preliminary Official Statement.

Municipal Fire and Police Retirement System of Iowa: The City contributes to MFPRSI, which is a cost-sharing multiple-employer defined benefit pension plan. MFPRSI provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statute.

MFPRSI plan members are required to contribute a percentage of their annual covered salary, and the City is required to contribute at an actuarially determined rate of annual covered payroll. The contribution requirements of plan members and the City are established, and may be amended by state statute. The City contributed the required amount to MFPRSI for the last three fiscal years as follows:

	FY 2014-15	FY 2015-16	FY 2016-17
MFPRSI City Contribution	$1,403,255	$1,295,439	$1,354,626

The MFPRSI Independent Auditors Report is available on the MFPRSI website, http://www.mfprsi.org/about-mfprsi/publications/, or by contacting MFPRSI at 7155 Lake Drive, Suite 201, West Des Moines, IA 50266.

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from MFPRSI discussed above or included on the MFPRSI websites, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the MFPRSI websites.

Pursuant to GASB Statement No. 68, the City reported a liability of $10,763,285 with its CAFR as of June 30, 2017 for its proportionate share of the net pension liability. The net pension liability is the amount by which the total actuarial liability exceeds the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2016, the City's proportion was 1.721407% which was a decrease of 0.038182% from its proportion measured as of June 30, 2015.

For additional information, refer to Note 7, RETIREMENT SYSTEMS – Municipal Fire and Police Retirement System of Iowa (MFPRSI) Pension Plan, beginning on page 67 of the City's CAFR for the Year ended June 30, 2017 contained as APPENDIX B of this Preliminary Official Statement.

OTHER POST EMPLOYMENT BENEFITS ("OPEB")

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 Fiscal Year ended June 30, 2017, the City contributed ($8,728) which was net of retiree premiums received of $164,236.

Annual OPEB Cost and Net OPEB Obligation: The City's annual 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 Fiscal Year ended June 30, 2017, 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	$97,349
Interest on net OPEB obligation	27,037
Adjustment to annual required contribution	(35,176)
Annual OPEB cost (expense)	$89,210
Contributions and payments made	(8,728)
Decrease in net OPEB obligation	$97,938
Net OPEB obligation – July 1, 2016	$540,731
Net OPEB obligation – June 30, 2017	$638,669

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the Fiscal Year ended June 30, 2017 and the two preceding fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OBEB Obligation
June 30, 2015	$90,980	176.11%	$531,810
June 30, 2016	92,022	90.31%	540,731
June 30, 2017	89,210	(9.78%)	638,669

For additional information, refer to Note 9, OTHER POST EMPLOYMENT HEALTH AND DENTAL CARE BENEFITS (OPEB), beginning on page 76 of the City's CAFR for the Year ended June 30, 2017 contained as APPENDIX B of this Preliminary Official Statement.

UNION CONTRACTS

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

		Annual Wage Increases		
Employee Group	Contract Expiration Date	FY 2016-17	FY 2017-18	FY 2018-19
Fire	June 30, 2019	2.75%	2.90%	3.00%
Police	June 30, 2019	2.75%	2.90%	3.00%
Blue/White Collar	June 30, 2019	2.75%	2.90%	3.00%

For all three bargaining units, employee's contributions for health insurance increased from 6% to 7% on January 1, 2018, and will increase to 8% effective January 1, 2019. These changes will also be implemented for non-bargaining unit employees of the City.

INSURANCE

The City's insurance coverage is as follows:

Type of Insurance	Coverage Limit
Property/Equipment	$103,743,039
Inland Marine:	
Fine Arts	$8,843,675
Equipment	$6,119,811
Radio/TV Communications Equipment	$315,880
Flood Policy:	
City Hall	$500,000
Public Safety	$500,000
Pearl City Station	$250,000
Riverview Center	$500,000
Pistol Range	$78,000
Liability:	
General	$2,000,000
Employee Benefit	$2,000,000
Liquor	$1,000,000
Law Enforcement	$2,000,000
Public Entity Employment	$2,000,000
Public Entity Management	$2,000,000
Cyber	$2,000,000
Business Automobile	$2,000,000
Umbrella	$13,000,000
Crime	$500,000
Workers Compensation	$500,000
Travel Accident (Police & Fire medical)	$250,000
Airport Protection	$10,000,000
Fuel Tank Pollution Liability (per tank)	$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	3,800
Kent Corp.	Manufacturing/Production Food Products	950
Muscatine Community School District	Education	850
Unity Point Trinity of Muscatine	Healthcare	472
Monsanto Company	Herbicides, Pesticides	442
Hy-Vee Food Store	Grocery Store	385
The Raymond Corp.	Electric Lift Trucks	385
H.J. Heinz LP	Food Processing	373
Wal-Mart	Retail	347
Musco Lighting	Sports/Event Lighting	320
Muscatine Power and Water	Utility	280
Stanley Consultants	Engineering/Consulting	233
City of Muscatine	Government	224
Muscatine County	Government	209
Bridgestone Bandag LLC	Manufacturing/Re-Treading	194

1) Includes full-time and part-time employees.

Source: City of Muscatine

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
2012-13	23,819 [1]	

1) Voluntary annexations increased the City's population.

Source: U.S. Census Bureau

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)]
2013	$371,978,755	711
2014	377,445,272	699
2015	401,787,000	701
2016	420,394,482	704
2017	421,069,443	706

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

Source: Iowa Department of Revenue "*Retail Sales and Use Tax Annual Report*"

BUILDING PERMITS

City officials report the following construction activity as of January 31, 2018. Permits for the City are reported on a calendar year basis.

	2014	2015	2016	2017	2018
Single Family Homes:					
No. of New Homes:	7	14	5	9	0
Valuation:	$1,030,200	$2,517,358	$1,155,280	$1,409,361	$0
Home Remodeling, Improvements, & Garages					
No. of Permits Issued:	255	288	264	1,735 [1)]	40
Valuation:	$2,579,082	$3,271,433	$3,008,692	$13,467,685	$175,385
Multiple-Family Dwellings & Duplexes:					
No. of New Buildings:	8	0	0	4	0
Valuation:	$1,731,440	$0	$0	$5,727,763	$0
Commercial/Industrial/Other:					
No. of New Buildings:	26	27	11	20	0
Valuation:	$22,488,472	$6,548,923	$20,879,176	$18,061,492	$0
Commercial/Industrial/Other Additions & Alterations:					
No. of Permits Issued:	55	38	20	321 [1)]	14
Valuation:	$4,912,011	$6,104,135	$6,494,417	$35,399,502	$561,746
Total Permits:	351	367	300	2,089	54
Total Valuations:	$32,741,205	$18,441,849	$31,537,565	$74,065,803	$737,131

1) Includes roof, siding and other repairs due to a summer wind and hail storm.

UNEMPLOYMENT RATES

		Muscatine County	State of Iowa	United States
Annual Averages:	2014	4.5%	4.2%	6.2%
	2015	3.9%	3.8%	5.3%
	2016	3.8%	3.6%	4.9%
	2017	3.3%	3.1%	4.4%
	2018 (January)	3.6%	3.6%	4.1%

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

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 a fall 2017 certified enrollment of 4,935.8. 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 a fall 2017 certified enrollment of 740.0. 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 CBI Bank & Trust 1), Community Bank and Trust Company, First National Bank of Muscatine, a branch office of U.S. Bank N.A. and several credit unions.

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

Year	CBI Bank & Trust 1)	Community Bank and Trust Company	First National Bank of Muscatine
2013	266,338,000	225,130,000	260,715,000
2014	364,385,000	223,234,000	266,605,000
2015	439,287,000	221,215,000	258,743,000
2016	432,690,000	224,806,000	268,517,000
2017	468,112,000	224,396,000	273,297,000

1) Formerly Central State Bank

Source: Federal Deposit Insurance Corporation (FDIC)

FINANCIAL STATEMENTS

The City's June 30, 2017 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 Municipal Advisor, PFM Financial Advisors LLC

Bohnsack & Frommelt 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. Bohnsack & Frommelt 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, State of Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2018 (the "Bonds") in the amount of $4,090,000, in the denomination of $5,000 each, or any integral multiple thereof, dated May 23, 2018, in evidence of the Issuer's obligation under a certain loan agreement (the "Loan Agreement"), dated as of May 23, 2018. 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, 2018, at the respective rates as follows:

Date	Principal	Interest Rate	Date	Principal	Interest Rate
2019	$ 75,000	____%	2024	$475,000	____%
2020	$175,000	____%	2025	$485,000	____%
2021	$435,000	____%	2026	$495,000	____%
2022	$450,000	____%	2027	$515,000	____%
2023	$460,000	____%	2028	$525,000	____%

Principal of the Bonds maturing in the years 2027 and 2028, inclusive, are subject to optional redemption prior to maturity on June 1, 2026, 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 is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "Code"); it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations for taxable years beginning before January 1, 2018, 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 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, 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Bohnsack & Frommelt 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. Bohnsack & Frommelt 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 $4,090,000 General Obligation Corporate Purpose Bonds, Series 2018 (the "Bonds"), dated May 23, 2018. The Bonds are being issued pursuant to a resolution of the Issuer approved on May 3, 2018 (the "Resolution"). 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.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system available at http://emma.msrb.org.

"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, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"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.

“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.

Section 3. Provision of Annual Reports.

(a) Not later than June 30 (the “Submission Deadline”) of each year following the end of the 2017-2018 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate 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 Submission Deadline 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), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include 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 audited 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 Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

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

Property Valuations
Larger Taxpayers
Debt Limit
Direct Debt
Overlapping Debt
Financial Summary
Levies & Tax Collections
Tax Rates

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 on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. 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.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13) or (14) 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, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) 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, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section (5)(a) paragraphs (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.

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 Annual Report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be PFM Financial Advisors, LLC.

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) (i) the amendment or waiver is 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; (ii) 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 (iii) the amendment or waiver either (1) is approved by a majority of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

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 audited 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 audited 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 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: May 23, 2018

CITY OF MUSCATINE, IOWA

By____________________________________
Mayor

Attest:

By____________________________________
City Clerk

OFFICIAL BID FORM

TO: The City Council of
City of Muscatine, Iowa

Sale Date: April 19, 2018
10:00 AM, Central Time

RE: $4,090,000* General Obligation Corporate Purpose Bonds, Series 2018 (the "Bonds")

This bid is a firm offer for the purchase of the Series 2018 Bonds identified in the NOTICE OF BOND SALE and TERMS OF OFFERING, on the terms set forth in this bid form, NOTICE OF BOND SALE and TERMS OF OFFERING, and is not subject to any conditions, except as permitted by the NOTICE OF BOND SALE and TERMS OF OFFERING. By submitting this bid, we confirm we have an established industry reputation for underwriting new issuance of municipal bonds.

For all or none of the above Bonds, in accordance with the NOTICE OF BOND SALE and TERMS OF OFFERING, we will pay you $_____________(not less than $4,049,100) plus accrued interest to date of delivery for fully registered bonds bearing interest rates and maturing in the stated years as follows:

Coupon	Maturity	Yield	Coupon	Maturity	Yield
__________	2019	__________	__________	2024	__________
__________	2020	__________	__________	2025	__________
__________	2021	__________	__________	2026	__________
__________	2022	__________	__________	2027	__________
__________	2023	__________	__________	2028	__________

* 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 $4,335,000. 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 NOTICE OF BOND SALE and TERMS OF OFFERING published in the Preliminary Official Statement dated April 5, 2018. In the event of failure to deliver these Bonds in accordance with the NOTICE OF BOND SALE and 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 May 23, 2018)

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 19th day of April, 2018.

Attest: ____ By: ____

Title: ____ Title: ____