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**FINANCE & RECORDS****MEMO**

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: February 5, 2013

Re: Resolution Awarding General Obligation Refunding Bonds, Series 2013, and Authorizing Call of 2006 Bonds

**Introduction and Background:**

Public Financial Management, Inc. (PFM), the City's financial consultant, has analyzed and proposed a refunding of the final three years of the City's June 1, 2006 general obligation bond issue. These bonds have interest rates of 3.90%, 3.95%, and 4.0%, for the bonds maturing June 1 of 2014, 2015, and 2016, respectively. These bonds are callable effective June 1, 2013.

**Recommendation:**

In discussing the refunding opportunity with Jenny Blankenship of PFM, in order to potentially save on issuance costs, it was decided that the three local banks would be contacted to see if they would be interested in bidding on these bonds. All three banks indicated that they were interested. The Terms of Offering was sent to each of these banks and the deadline for their submission of bids on the bonds is 10:00 on Thursday, February 7, 2013. The bid results will be reported to the City Council at their meeting that evening.

The following schedule has been followed in this process. In addition to the resolution on the agenda for this Thursday's meeting, approval of the final documents will occur at the February 21 meeting.

December 13, 2012	Discuss with City Council
January 3, 2013	Set public hearing
January 17, 2013	Hold public hearing and review Terms of Offering
February 7, 2013	Receive bids on the refunding bonds and award bid
February 21, 2013	Approve final documents on the new issue

**Summary:**

Results of the bids will be reported to City Council on Thursday, February 7. The City Council will then be asked to consider the attached Resolution awarding the General Obligation Refunding Bonds, Series 2013, and authorizing the call of the 2006 bonds. If you have any questions, please contact me.

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

Awarding General Obligation Refunding Bonds, Series 2013, and authorizing call of 2006 Bonds

WHEREAS, the City of Muscatine (the "City"), in Muscatine County, State of Iowa, previously issued its \$2,990,000 General Obligation Corporate Purpose Bonds, dated June 1, 2006 (the "2006 Bonds") a portion of which currently remain outstanding, maturing on such dates and in such amounts and bearing interest at such rates as follows:

Maturity Date (June 1)	Principal	Rate
2014	\$350,000	3.900%
2015	\$365,000	3.950%
2016	\$380,000	4.000%

WHEREAS, pursuant to the resolution (the "2006 Issuance Resolution") authorizing the issuance of the 2006 Bonds the City reserved the right to call the 2006 Bonds maturing in the years 2014 through 2016 (the "Callable 2006 Bonds") for early redemption on any date on or after June 1, 2013, subject to the provisions of the 2006 Issuance Resolution; and

WHEREAS, the City heretofore proposed to enter into a General Obligation Refunding Loan Agreement (the "Loan Agreement") in a principal amount not to exceed \$1,200,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of current refunding the Callable 2006 Bonds, and pursuant to law and a notice duly published, the City Council has held a public hearing on such proposal on January 17, 2013; and

WHEREAS, a Terms of Offering (the "Offering Document") has been prepared to facilitate the sale of \$1,115,000 General Obligation Refunding Bonds, Series 2013 (the "Bonds") in evidence of the obligation of the City under the Loan Agreement, and the City has made provision for the approval of the Offering Document and authorized its use by Public Financial Management, Inc. (the "Financial Advisor"); and

WHEREAS, pursuant to advertisement of sale, bids for the purchase of \$1,115,000 General Obligation Refunding Bonds, Series 2013 (the "Bonds") to be issued in evidence of the City's obligation under the Loan Agreement were received and canvassed on behalf of the City and the substance of such bids noted in the minutes; and

WHEREAS, upon final consideration of all bids, the City's financial advisor has determined the bid of \_\_\_\_\_, (the "Purchaser") is the best, such bid proposing the lowest interest cost to the City; and

WHEREAS, it is now necessary to authorize the calling of the Callable 2006 Bonds (the "Outstanding Bonds") for early redemption on June 1, 2013;

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

Section 1. The City shall enter into the Loan Agreement with the Purchaser in substantially the form as will be placed on file with the Council, providing for a loan to the City in the principal amount of \$1,115,000 for the purpose set forth in the preamble hereof.

The Mayor and City Clerk are hereby authorized and directed to sign the Loan Agreement on behalf of the City, and the Loan Agreement is hereby approved.

Section 2. The bid of the Purchaser referred to in the preamble is hereby accepted, and the Bonds are hereby awarded to the Purchaser at the price specified in such bid, together with accrued interest.

Section 3. The form of Agreement of Sale (the "Sale Agreement") of the Bonds to the purchaser is hereby approved, and the Mayor and City Clerk are hereby authorized to execute and deliver the Sale Agreement for and on behalf of the City.

Section 4. Bankers Trust Company of Des Moines, Iowa, as Registrar and Paying Agent for the 2006 Bonds is hereby authorized to take all action necessary to call the Callable 2006 Bonds for early redemption on June 1, 2013 (the "Redemption Date"), and is further authorized and directed to give notice of such redemption by sending notice to each of the registered owners of the Callable 2006 Bonds to be redeemed at the addresses shown on the City's registration books, not less than 30 and not more than 60 days prior to the Redemption Date.

Section 5. Further action with respect to the issuance of the Bonds and final approval of the Loan Agreement is hereby adjourned to the City Council meeting to be held on February 21, 2013.

Section 6. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

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

Passed and approved February 7, 2013.

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Mayor

Attest:

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City Clerk

STATE OF IOWA  
COUNTY OF MUSCATINE  
CITY OF MUSCATINE

SS:

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify that as such City Clerk I have in my possession or have access to the complete corporate records of the City and of its Council and officers and that I have carefully compared the transcript hereto attached with those corporate records and that the transcript hereto attached is a true, correct and complete copy of all the corporate records in relation to the sale of \$1,115,000 General Obligation Refunding Bonds, Series 2013, of the City evidencing the City's obligation under a certain Loan Agreement and that the transcript hereto attached contains a true, correct and complete statement of all the measures adopted and proceedings, acts and things had, done and performed up to the present time with respect thereto.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

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City Clerk

**(Attach here a copy of the bid of the successful bidder.)**

February 4, 2013

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

Re: \$1,115,000 General Obligation Refunding Bonds, Series 2013  
Our File No. 421464-36

Dear Nancy:

We have prepared and attach the necessary proceedings to be used at the February 7<sup>th</sup> City Council meeting to report the bids received and to adopt the resolution selling the General Obligation Refunding Bonds, Series 2013 (the "Bonds") to the best bidder.

The attached resolution must be completed with the name of the purchaser, and Jenny Blankenship will tabulate the bid results and provide that name to you.

The proceedings attached include the following items:

1. Resolution awarding the sale of the Bonds and authorizing the early redemption of the 2006 Bonds being refunded on June 1, 2013.
2. Minutes showing further action being deferred until the Council meeting scheduled for February 21<sup>st</sup>, at which time the bond issuance resolution will be adopted.
3. Certificate attesting the transcript.

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

If you have any questions, please contact me.

Best regards,

John P. Danos

Attachments

cc: Jennifer Blankenship  
Gail Biggart  
Gregg Mandsager  
Diana Van Vleet