



City Hall, 215 Sycamore St.
Muscatine, IA 52761-3899
(563) 264-1550
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FINANCE & RECORDS**MEMO**

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: April 20, 2011

Re: Resolution Providing for Early Redemption of Urban Renewal Tax Increment Bonds

Introduction and Background:

The City issued \$1,795,000 in Urban Renewal Tax Increment Revenue bonds on June 26, 1997. This issue funded construction of a downtown parking lot, streetscaping, and public building improvements. The bond resolution for this issue provided an option for early redemption of these bonds beginning in 2007. As discussed during the budget review sessions, sufficient funds are available in the Downtown TIF fund to call the final year of this bond issue in the amount of \$150,000 originally scheduled for maturity on June 1, 2012. This bond carries a 5.75% interest rate which would have resulted in interest costs of \$8,625 in fiscal year 2011/2012. With the current extremely low interest rates on City funds, it is estimated that the City will save approximately \$8,300 in interest costs by early redemption of these bonds.

Recommendation:

Please include the attached resolution to approve the early redemption of the Urban Renewal Tax Increment Revenue bonds on the agenda for the April 21, 2011 meeting. Upon approval of the resolution, the required notice will be sent by certified mail to the holder of this bond. Please contact me if you have any questions or need additional information.

Backup Information:

1. Resolution Providing for Early Redemption of Urban Renewal Tax Increment Bonds
2. Notice of Redemption to be Provided to Bondholder

MINUTES TO ADOPT RESOLUTION
PROVIDING FOR REDEMPTION OF
URBAN RENEWAL TAX INCREMENT
REVENUE BONDS

Muscatine, Iowa

April 21, 2011

The City Council of Muscatine, Iowa, met at the _____, in the City, at _____ o'clock _____.m., on April 21, 2011. The meeting was called to order by the Mayor and the roll being called, there were present the Mayor, in the chair, and the following named Council Members.

Present: _____

Absent: _____.

Council Member _____ introduced the resolution next hereinafter set out and moved that said resolution be adopted; seconded by Council Member _____ and after due consideration thereof by the Council, the Mayor put the question on the motion and, the roll being called, the following named Council Members voted:

Ayes: _____

Nays: _____.

Whereupon, the Mayor declared the resolution duly adopted, as follows:

RESOLUTION NO. _____

Resolution providing for redemption of Urban Renewal Tax Increment Revenue Bonds, dated June 26, 1997

WHEREAS, the City of Muscatine, Iowa (the "City") acting by and through its City Council previously issued its \$1,795,000 Urban Renewal Tax Increment Revenue Bonds, dated June 26, 1997 (the "1997 Bonds"); and

WHEREAS, pursuant to prior resolution of the Council authorizing the issuance of the 1997 Bonds, the right was reserved to the City to call and prepay principal of the 1997 Bonds maturing in each of the years 2008 to 2012, inclusive, as a whole or from time to time in part prior to maturity on terms of par and accrued interest on any date on or after June 1, 2007; and

WHEREAS, it is now necessary to make provision for authorizing the call of the remaining 1997 Bonds for early redemption;

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

Section 1. The 1997 Bonds in the outstanding aggregate principal amount of \$150,000, and scheduled to mature, as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>
June 1, 2012	\$150,000

shall be called for redemption and prepaid as of June 1, 2011 (the 'Redemption Date'), on terms of par and accrued interest to such date of prepayment.

Section 2. The City Clerk as Registrar and Paying Agent for the 1997 Bonds, is hereby authorized and directed to give notice of such redemption, in substantially the form attached to this Resolution as Exhibit A, by certified mail to the registered owners of the 1997 Bonds at the addresses shown on the City's registration books not less than 30 and not more than 45 days prior to the Redemption Date, as provided in the resolution authorizing the issuance of such 1997 Bonds.

Section 3. All resolutions or orders or parts thereof, to the extent the same may be in conflict herewith, are hereby repealed.

Passed and approved on April 21, 2011.

Mayor

Attest:

City Clerk

EXHIBIT A
NOTICE OF REDEMPTION

NOTICE OF REDEMPTION
CITY OF MUSCATINE, IOWA

Notice is hereby given that the City Council of the City of Muscatine, Iowa, has called for redemption as of June 1, 2011 (the "Redemption Date"), the following described Urban Renewal Tax Increment Revenue Bonds, Series 1997, dated June 26, 1997 (the "Bonds"), which are scheduled to mature on June 1 in each of the years, in the principal amounts, bearing interest at the rates and being payable at the redemption prices, as follows:

URBAN RENEWAL TAX INCREMENT REVENUE BONDS, SERIES 1997,
DATED JUNE 26, 1997

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Redemption Price</u>
2012	\$150,000	5.75%	100%

The Bonds identified above should be presented to the Finance Director, City Hall, 215 Sycamore, Muscatine, Iowa 52761-3840 (Telephone No. (563) 264-1550), for retirement as of the Redemption Date at the redemption prices specified above, together with accrued interest, and all further interest will cease on the Redemption Date.

In compliance with Federal law, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time of the payment if the City is not provided with a social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 form, which may be obtained at a bank or other financial institution.

Additional information may be obtained from the City of Muscatine, Iowa.

CITY OF MUSCATINE, IOWA

By: Nancy Lueck
Finance Director

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On motion and vote, the meeting adjourned.

Mayor

Attest:

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 the transcript hereto attached is a true, correct and complete copy of all the records of the City's Council relating to the authorization of prepayment of Urban Renewal Tax Increment Revenue Bonds, dated June 26, 1997.

WITNESS MY HAND this _____ day of _____, 2011.

City Clerk