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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator
 From: Nancy A. Lueck, Finance Director
 Date: February 23, 2012
 Re: Spring 2012 G.O. Bond Issue Resolution

Introduction and Background

As reviewed and discussed during the 2012/2013 budget process, the City is planning to issue a total of \$4,500,000 in General Obligation Bonds dated June 1, 2012 for the projects listed below. Of this total amount, up to \$4,050,000 is for projects considered Essential Corporate Purposes and up to \$450,000 is for the Southend Fire Station which is considered a General Corporate Purpose. Separate public hearings are scheduled for the March 1, 2012 Council meeting for the Essential Corporate Purpose and General Corporate Purpose components of the bond issue. Projects funded from the bond issue are:

Clay Street Bridge	\$ 383,000
Cedar Street Improvements - Parham to Houser Phase I (Estimated Local Share)	1,068,000
Hershey Avenue Improvements (Estimated Local Share)	1,108,000
Colorado Street Improvements - Phase I (Estimated Local Share)	1,055,000
Corridor Project - Environmental Impact and Preliminary Design (Local Share)	225,000
Southend Fire Station (Estimated Local Share)	440,000
Mad Creek Flood Control Project (Estimate of Additional Local Share)	74,000
Airport Snow Removal Equipment (Additional Local Share)	1,600
Airport Runway Lighting Project (Local Share)	19,000
Airport Hangar Repairs (Local Share)	9,400
Airport Runway Blowup Repairs	14,000
Airport Hangar Access Security and Drainage Improvement (Local Share)	15,500
Airport Airfield Maintenance (Local Share)	8,900
Airport Obstruction Removal (Local Share)	3,600
Total Estimated Bond Funding Requirements	\$ 4,425,000
Estimated Issuance Costs/Allowance for Discount/Misc.	75,000
Total G.O. Bond Issue	\$ 4,500,000

Council Action Needed

In order to levy debt service taxes to fund the 2012/2013 principal and interest requirements on this bond issue, the City is required to give public notice, hold public hearings, and adopt a resolution authorizing loan agreements and general obligation bonds and providing for the levy of taxes to pay the 2012/2013 principal and interest requirements. This resolution is required to be filed with the County Auditor's office as part of the budget certification and filing process. The attached resolution was prepared by John Danos of Dorsey & Whitney, the City's bond counsel and is the required documentation to be filed with the Auditor. The estimated principal and interest due on this issue in 2012/2013 is \$158,436. Of this amount \$80,000 will be funded from the Debt Service fund balance with the remaining \$78,436 funded from the 2012/2013 debt service tax levy. The City will take further action on this debt issuance at the time the bids are received on the bonds in May, 2012.

Please include the attached resolution on the agenda for the March 1th Council meeting. Please contact me if you have any questions or need any additional information.

MINUTES FOR HEARINGS ON LOAN
AGREEMENTS AND TO AUTHORIZE
PRELEVY

421464-35

Muscatine, Iowa

March 1, 2012

The City Council of the City of Muscatine, Iowa, met on March 1, 2012, at _____
_____.m., at the _____, 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: _____.

This being the time and place specified for taking action on the proposal to enter into an
Essential Corporate Purpose Loan Agreement in a principal amount not to exceed \$4,050,000,
the City Clerk announced that no written objections had been placed on file. Whereupon, the
Mayor called for any written or oral objections, and there being none, the Mayor closed the
public hearing.

This also being the time and place specified for taking action on the proposal to enter into
a General Corporate Purpose Loan Agreement in a principal amount not to exceed \$450,000, the
City Clerk announced that no petition had been filed asking that the question of entering into the
loan agreement be submitted to the registered voters of the City, and that the City Council may
proceed with the authorization of the loan agreement.

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

Ayes: _____

Nays: _____.

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

RESOLUTION NO. _____

Authorizing a Loan Agreement and General Obligation Corporate Purpose Bonds
and providing for the levy of taxes to pay the same

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, has heretofore proposed to enter into a loan agreement (the "Essential Corporate Purpose Loan Agreement") in a principal amount not to exceed \$4,050,000 for the essential corporate purposes of paying the costs, to that extent, of (1) constructing bridge, street and flood control improvements; (2) improving the municipal airport and related facilities; and (3) acquiring equipment for the municipal airport, and has published notice of the proposed action and has held a hearing thereon on March 1, 2012; and

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City has also proposed to enter into a loan agreement (the "General Corporate Purpose Loan Agreement") in a principal amount not to exceed \$450,000 for the general corporate purpose of paying the cost, to that extent, of constructing, furnishing and equipping the South End Fire Station, and in lieu of calling an election upon such proposal, has published notice of the proposed action including notice of the right to petition for an election pursuant to the provisions of Section 384.26 of the Code of Iowa, and as of March 1, 2012, no petition had been filed with the City asking that the question of entering into the General Corporate Purpose Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, pursuant to Section 384.28 of the Code of Iowa, the City Council intends to combine the Essential Corporate Purpose Loan Agreement and the General Corporate Purpose Loan Agreement into a single loan agreement and to issue General Obligation Corporate Purpose Bonds (the "Bonds") in a principal amount not to exceed \$4,500,000 in evidence of its obligations thereunder; and

WHEREAS, the City anticipates that principal and interest will come due on the Bonds before July 1, 2013, and it is now necessary to make provision for the levy of a debt service property tax in the 2012-2013 fiscal year for the payment of such principal and interest;

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

Section 1. The Essential Corporate Purpose Loan Agreement and the General Corporate Purpose Loan Agreement are hereby combined into a single loan agreement (the "Loan Agreement"), and the City Council hereby determines to enter into the Loan Agreement in the future and orders that the Bonds be issued at such time, in evidence thereof. The City Council further declares that this resolution constitutes the "additional action" required by Section 384.24A of the Code of Iowa.

Section 2. For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, there is hereby ordered levied on all the taxable property in the City in each of the years while the Bonds

are outstanding, a tax sufficient for that purpose, and in furtherance of this provision, but not in limitation thereof, there is hereby levied on all the taxable property in the City the following direct annual tax:

For collection in the fiscal year beginning July 1, 2012,
sufficient to produce the net annual sum of \$78,436;

provided, however, that at the time the Bonds are issued, the actual tax levy amounts required to pay the principal of and interest on the Bonds in each year shall be determined based upon the interest rate or rates at which the Bonds are issued, and this resolution shall be supplemented by resolution of the Council to provide for such actual and necessary tax levy amounts.

Section 3. A certified copy of this resolution shall be filed with the County Auditor of Muscatine County, and said Auditor is hereby instructed to enter for collection and assess the tax hereby authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the City and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the City and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds hereby authorized and for no other purpose whatsoever.

Section 4. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved March 1, 2012.

Mayor

Attest:

City Clerk

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On motion and vote, the meeting adjourned.

Mayor

Attest:

City Clerk

STATE OF IOWA
COUNTY OF MUSCATINE SS:
CITY OF MUSCATINE

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify that as such 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 relating to the authorization of a certain Loan Agreement and General Obligation Corporate Purpose Bonds to be issued in evidence of the City's obligation under the 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 _____, 2012.

City Clerk

STATE OF IOWA

SS:

COUNTY OF MUSCATINE

I, the undersigned, County Auditor of Muscatine County, in the State of Iowa, do hereby certify that on the _____ day of _____, 2012, the City Clerk of the City of Muscatine filed in my office a certified copy of a resolution of such City shown to have been adopted by the Council on March 1, 2012, entitled: "Resolution Authorizing a Loan Agreement and General Obligation Corporate Purpose Bonds and providing for the levy of taxes to pay the same," and that I have duly placed the copy of the resolution on file in my records.

I further certify that the taxes provided for in that resolution will in due time, manner and season be entered on the State and County tax lists of this County for collection in the fiscal year beginning July 1, 2012, as provided in the resolution.

WITNESS MY HAND this _____ day of _____, 2012.

County Auditor

February 20, 2012

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

Re: General Obligation Corporate Purpose Loan Agreements – Prelevy Resolution
Our File No. 421464-35

Dear Nancy:

We have prepared and attach proceedings to be used at the March 1st City Council meeting covering the hearing on the Loan Agreement and the adoption of the resolution authorizing the debt service property tax levy for the fiscal year beginning July 1, 2012.

After it is adopted, a certified copy of the enclosed resolution must be filed with the Muscatine County Auditor no later than March 30, 2012. Please print an extra copy of the resolution for this purpose.

When the City is ready to enter into the Loan Agreement, we will prepare proceedings to enable the City Council to supplement this resolution to provide for the actual repayment structure, interest rate on the Bonds, and the additional tax levies and to make a supplemental filing with the County Auditor.

The proceedings attached include the following items:

1. Minutes of the March 1st Council meeting covering the hearing, followed by the resolution authorizing the property tax levy in the amount of \$78,436.
2. Certificate attesting the transcript.
3. Certificate of the County Auditor relating to the filing of a certified copy of the Resolution in that office.

The City Council should meet on March 1st as scheduled to hold the hearing. The minutes as drafted assume that no objections will be filed to the Essential Corporate Purpose Loan Agreement and that no petition will be filed asking that the question of entering into the General Corporate Purpose Loan Agreement be submitted to the registered voters of the City.

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: Jenny Blankenship

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