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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: March 12, 2018

Re: Resolution Authorizing and Combining Loan Agreements, Approving the Future Issuance of General Obligation Corporate Purpose Bonds, and Providing for the Levy of Taxes to Pay the Same

Introduction and Background:

As reviewed and discussed during the 2018/2019 budget process, the City is planning to issue a total of \$4,090,000 in General Obligation Bonds to be dated May 23, 2018 which includes \$4,000,000 for project costs and \$90,000 for estimated bond issuance costs. Project costs include \$800,000 for the digester conversion portion of the High Strength Waste Receiving Station at the Water Pollution Control Plant. The annual debt service payments on this portion of the bond issue will be funded from the Water Pollution Control fund.

The projects funded from this bond issue are detailed in the following chart:

Proposed May 2018 Bond Issue

Equipment:	
Aerial Fire Truck Replacement	\$ 1,125,000
Airport Projects:	
Airport Lay out Plan Update (Local Share)	16,000
Airport - T-Hangar Design and Apron Expansion (Local Share)	38,000
Airport - Apron Expansion Phase II (Local Share)	36,000
Airport - T-Hangar Construction (Local Share of City Portion)	27,000
Trail Project:	
Kent Stein Park to Deep Lakes Park Trail (Estimated Local Share)	318,000
Pearl of the Mississippi Projects:	
Musser Public Library and HNI Community Center Remodeling (City Matching Funds for Donations and CAT Grant)	200,000
West Side Trail (City Matching Funds for Donations and CAT Grant)	200,000
Deferred Building Maintenance Projects:	
Roofs, Siding, Parking Lot Lights, Elevator Upgrades, etc.	360,000
Parks Improvements:	
Deferred Maintenance - Weed Park Street Light Replacement	200,000
Deferred Maintenance - Soccer Sidewalk Lights	60,000
Weed Park Restroom Replacement - Rose Garden	100,000
Control Link System - Kent Stein Park	40,000
Soccer Field #3 Improvements	120,000
Soccer Parking Development (Portion of Estimated Project Cost)	360,000
Total General Obligation Portion of Issue (Debt Levy Funded Portion)	\$ 3,200,000
Water Pollution Control Funded Portion of Issue:	
Digester Conversion Portion of the High Strength Waste Receiving Station	800,000
Total Proposed Bond Issue (Before Issuance Costs)	\$ 4,000,000
Estimated Bond Issuance Costs	90,000
Total Proposed Bond Issue	\$ 4,090,000

The above projects include those classified as Essential Corporate Purposes (Aerial Fire Truck, Airport, Parks, and Water Pollution Control projects); and General Corporate Purposes (City Building Improvements and New Trail projects). There are separate provisions for public hearing notices and public hearings for each of these types of debt. It is necessary to hold public hearings on the proposed issue prior to City Council taking additional action on the bond issue and authorizing the pre-levy of taxes for this issue. These public hearings are scheduled for the March 15, 2018 meeting.

Recommendation:

In order to levy debt service taxes to fund the 2018/2019 debt requirements on this bond issue, the City, after the required public notice and public hearings, must adopt a resolution combining and authorizing loan agreements and the future issuance of general obligation bonds and providing for the levy of taxes to pay the 2018/2019 debt requirements. This resolution is required to be filed with the County Auditor's office no later than March 31, 2018. 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 property tax funded debt requirements on this issue in 2018/2019 is \$93,708. This amount has been included in the debt service fund budget for fiscal year 2018/2019. The City will take further action on this debt issuance after the bids are received on April 19, 2018.

Please include the attached resolution on the agenda for the March 15, 2018 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

421464-54

Muscatine, Iowa

March 15, 2018

The City Council of the City of Muscatine, Iowa, met on March 15, 2018, at _____
p.m., at _____, 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 a
General Obligation Essential Purpose Loan Agreement, as defined in the attached resolution, in a
principal amount not to exceed \$3,235,000, 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 Obligation Public Buildings Loan Agreement, as defined in the attached resolution, in
a principal amount not to exceed \$570,000, 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. 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 Obligation Rec Trails Loan Agreement, as defined in the attached resolution, in a
principal amount not to exceed \$530,000, 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. Whereupon, the Mayor called for any written or oral objections, and there being
none, the Mayor closed the public hearing.

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. _____

Resolution authorizing and combining Loan Agreements, approving the future issuance of 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, 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”) (collectively, the Essential Purpose Loan Agreement, the Public Buildings Loan Agreement, and the Rec Trails Loan Agreement, are sometimes referred to hereinafter as the “Loan Agreements”) and to borrow money thereunder in a principal amount not to exceed \$530,000, pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the costs, to that extent, of constructing recreation trail improvements, 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, the City intends to combine the Loan Agreements into a single loan agreement (the “Loan Agreement”) and to enter into the Loan Agreement in the future and to issue General Obligation Corporate Purpose Bonds (the “Bonds”) in evidence of its obligation thereunder and anticipates that principal and/or interest will come due on the Bonds before July 1, 2019; and

WHEREAS, it is now necessary to make provision for the levy of a debt service property tax in the 2018-2019 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 City hereby combines the Loan Agreements into the Loan Agreement pursuant to Section 384.28 of the Code of Iowa.

Section 2. The City Council hereby determines to enter into the Loan Agreement in the future and orders that the Bonds shall be issued in a principal amount not to exceed \$4,335,000 at such time, in evidence thereof. The City Council further declares that this constitutes the “additional action” required by Section 384.24A of the Code of Iowa.

Section 3. 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 the following direct annual tax:

For collection in the fiscal year beginning July 1, 2018,
sufficient to produce the net annual sum of \$93,708

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 City Council to provide for such actual and necessary tax levy amounts.

Section 4. 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 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 March 15, 2018.

Mayor

Attest:

City Clerk

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On motion and vote, the meeting adjourned.

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 as such I have in my possession or have access to the complete corporate records of the City and of its City 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 public hearings and additional action on loan agreements, combining loan agreements, and authorizing a debt service property tax levy for the payment of principal of and interest on certain General Obligation Corporate Purpose Bonds 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 _____, 2018.

City Clerk

COUNTY FILING CERTIFICATE

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 _____, 2018, 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 15, 2018, entitled: "Resolution authorizing and combining Loan Agreements, approving the future issuance of 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, 2018, as provided in the resolution.

WITNESS MY HAND this _____ day of _____, 2018.

County Auditor

March 9, 2018

Via Email

Nancy Lueck
Finance Officer/City Hall
Muscatine, Iowa

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

Dear Nancy:

We have prepared and attach proceedings to be used at the March 15th City Council meeting covering the hearings on the Loan Agreements and providing for the adoption of the resolution (the “Resolution”) approving the issuance of General Obligation Corporate Purpose Bonds (the “Bonds”) and authorizing the debt service property tax levy for the fiscal year beginning on July 1, 2018 in the amount of \$93,708.

If a petition is filed asking that either or both of the proposals to enter into the Public Buildings Loan Agreements and/or the Rec Trails Loan Agreement be put to an election, please contact us right away.

After it is adopted, a certified copy of the attached Resolution must be filed with the Muscatine County Auditor **no later than March 31, 2018**. Please print an extra copy of the Resolution for this purpose.

When the City is ready to enter into the Loan Agreements, we will prepare proceedings to enable the City Council to supplement the 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 15th City Council meeting covering the hearings and providing for the adoption of the Resolution. The Resolution authorizing the property tax levy follows the minutes.
2. Attestation Certificate with respect to the validity of the transcript.
3. County Filing Certificate of the Muscatine County Auditor relating to the filing of a certified copy of the resolution in that office

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

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

Best regards,

John P. Danos

Attachments

cc: Gregg Mandsager
Susanne Gerlach