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To: Gregg Mandsager, City **FINANCE & RECORDS** Administrator

From: Nancy A. Lueck, Finance Director

Date: February 25, 2020

Re: Resolution Taking Additional Action on Proposals to Enter into General Obligation Loan Agreements, Combining Loan Agreements, Setting the Date for the Sale of General Obligation Corporate Purpose Bonds, Series 2020, Authorizing the Use of a Preliminary Official Statement in Connection Therewith, and Providing for the Levy of Taxes to Pay the Same

**Introduction and Background:**

The City's next bond issue is scheduled for May 2020. This bond issue will provide funding for a number of City projects that have recently been completed, are currently underway, or will be underway in calendar years 2020 and 2021. These projects and the proposed bond issue were reviewed with City Council as part of the recent budget sessions. The projects included in this issue are listed on the following page.

The bond issue is estimated at \$6,310,000 with \$6,200,000 for project costs and \$110,000 for estimated bond issuance costs. Project costs include \$3,200,000 for the Downtown Streetscaping Project. The annual debt service payments on this portion of the bond issue will be funded from future tax increment funds (TIF).

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

**Proposed Projects to be Funded from the May 2020 Bond Issue**

	<u><b>Bond Requirements</b></u>
<b>Property Purchase:</b>	
Former IDOT Property	\$ 610,000
Engineering Study/Preliminary Work for Renovation of Former IDOT Maintenance Facility	303,000
<b>Street Improvements:</b>	
Local Share of Conversion of Portion of Park Avenue from 4-Lanes to 3-Lanes (Series A)	425,000
<b>Park Improvements:</b>	
Fence Replacement and/or New Fencing (Riverfront or Soccer Expansion)	76,000
Fuller Park Playground Resurfacing	140,000
Soccer Field #3 Improvements	120,000
<b>Deferred Building Maintenance Projects:</b>	
Roofs, Windows, Doors, Radiant Heater, etc.	225,000
<b>Transfer Station Project:</b>	
Fire Suppression System Repair	130,000
<b>Airport Projects:</b>	
Local Share of New Airport Hangars and Apron Expansion Phase II	346,000
<b>Trail Project:</b>	
West Side Trail - Additional Local Share Funding	625,000
<b>Total General Obligation Portion of Issue (Debt Levy Funded Portion)</b>	<b>\$ 3,000,000</b>
<b>Tax Increment Financing Funding for Downtown Streetscaping Project:</b>	
Estimated Project Costs	3,200,000
<b>Total Bond Issue (Before Issuance Costs)</b>	<b>\$ 6,200,000</b>
<b>Estimated Bond Issuance Costs/Underwriters Discount</b>	<b>110,000</b>
<b>Total Proposed Bond Issue</b>	<b>\$ 6,310,000</b>

The above projects include those classified as Essential Corporate Purposes (Park Avenue Improvements, Park Improvements, Westside Trail/Sidewalk Project, Airport Improvements, and a portion of the Downtown Streetscaping project); General Corporate Purposes (City Building Improvements, Transfer Station Fire Suppression System, and a portion of the Downtown Streetscaping project); and Urban Renewal (IDOT Property Acquisition and Engineering Study). 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.

While the General Corporate Purpose public hearing notice includes language for possible funding of improvements to municipal parking facilities including new parking meters, this funding would only be available if there would be funds remaining from the portion of the bond issue that will fund the Downtown Streetscaping Project.

The City Council set the public hearings for March 5, 2020 at the February 19, 2019 meeting. These hearings will be held at the March 5, 2020 meeting, prior to City Council taking action on the attached resolution.

**Recommendation:**

In order to levy debt service taxes to fund the 2020/2021 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 2020/2021 debt requirements. This resolution is required to be filed with the County Auditor's office no later than March 31, 2020. 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 total estimated debt requirements on this issue in 2020/2021 is \$833,310. Of this amount, \$486,892 is the amount estimated to be funded from debt service taxes and \$346,418 is the estimated portion to be funded from tax increment funds. These amounts have been included in the debt service fund budget for fiscal year 2020/2021. The City will take further action on this debt issuance after the bids are received on April 2, 2020.

Please include the attached resolution on the agenda for the March 5, 2020 Council meeting. Please contact me if you have any questions or need any additional information.

MINUTES TO HOLD HEARINGS ON  
LOAN AGREEMENTS, COMBINE LOAN  
AGREEMENTS, AUTHORIZE PRE-  
LIMINARY OFFICIAL STATEMENT  
FOR SALE OF BONDS AND  
AUTHORIZE PRELEVY

421464-60

Muscatine, Iowa

March 5, 2020

The City Council of the City of Muscatine, Iowa, met on March 5, 2020, 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 was called showing the following members of the City Council present and absent:

Present: \_\_\_\_\_

Absent: \_\_\_\_\_.

This being the time and place specified for taking action on the proposal to enter into an Essential Purpose Loan Agreement, as defined in the attached resolution, in a principal amount not to exceed \$5,200,000, the Interim 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 Purpose Loan Agreement, as defined in the attached resolution, in a principal amount not to exceed \$560,000, the Interim 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 an Urban Renewal Loan Agreement, as defined in the attached resolution, in a principal amount not to exceed \$1,000,000, the Interim 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 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.

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At the conclusion of the meeting, and upon motion and vote, the City Council adjourned.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Interim City Clerk

RESOLUTION NO. 2020-0082

Resolution taking additional action on proposals to enter into General Obligation Loan Agreements, combining Loan Agreements, setting the date for sale of General Obligation Corporate Purpose Bonds, Series 2020, authorizing the use of a preliminary official statement in connection therewith and providing for the levy of taxes to pay the same

WHEREAS, the City of Muscatine (the “City”), in Muscatine County, now proposes to enter into a General Obligation Loan Agreement (the “Essential Purpose Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$5,200,000 for the purpose of paying the costs, to that extent, of (1) constructing street, water system, sanitary sewer system, storm water drainage and sidewalk improvements; (2) making improvements to city parks; (3) constructing improvements at the municipal airport; and (4) acquiring and installing street lighting, signage and signalization, and pursuant to law and a notice duly published, the City Council has held a public hearing on such proposal on March 5, 2020; and

WHEREAS, the City also proposes to enter into a General Obligation Loan Agreement (the “General Purpose Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$560,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of (1) repairing the fire suppression system at the municipal transfer station; (2) constructing and installing repairs and improvements to municipal buildings and facilities; and (3) improving municipal parking facilities, including new parking meters, 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 5, 2020, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, the City also proposes to enter into a General Obligation Loan Agreement (the “Urban Renewal Loan Agreement” and together with the Essential Purpose Loan Agreement and the General Purpose Loan Agreement, the “Loan Agreements”) and to borrow money thereunder in a principal amount not to exceed \$1,000,000 pursuant to the provisions of Section 384.24A and Section 384.24(3)(q) of the Code of Iowa for the purpose of paying the cost, to that extent, of undertaking the Municipal Building Project, an authorized urban renewal project in the Consolidated Muscatine Urban Renewal Area, including site acquisition and engineering/study costs for site development (this purpose, together with the purposes set forth in the preceding paragraphs above shall collectively hereinafter be referred to as the “Projects”), 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 5, 2020, no petition had been filed with the City asking that the question of entering into the General 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 intends to combine the Essential Purpose Loan Agreement, the General Purpose Loan Agreement, and the Urban Renewal Loan Agreement 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, 2021; and

WHEREAS, it is now necessary to make provision for the levy of a debt service property tax in the 2020-2021 fiscal year for the payment of such anticipated principal and interest; and

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared to facilitate the sale of the Bonds to be issued in evidence of the City’s obligation 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 financial advisor (the “Financial Advisor”) to the City; and

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

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

Section 1. The Essential Purpose Loan Agreement the General Purpose Loan Agreement and the Urban Renewal Loan Agreement are hereby combined into a single Loan Agreement. 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. The Interim City Administrator/Clerk and Finance Officer are hereby authorized to take such action as shall be deemed necessary and appropriate with the assistance of 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 3. 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 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 Interim City Administrator/Clerk and Finance Officer are hereby authorized and directed to execute a final Official Statement for the Bonds, if requested by the Financial Advisor. 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 4. 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 2, 2020, 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, 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 5. 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 6. 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, 2020,  
sufficient to produce the net annual sum of \$833,310;

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 a resolution of the City Council to provide for such actual and necessary tax levy amounts.

Section 7. A certified copy of this resolution shall be filed with the Muscatine County Auditor 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 8. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 9. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved March 5, 2020.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Interim City Clerk

**ATTESTATION CERTIFICATE**

STATE OF IOWA  
COUNTY OF MUSCATINE  
CITY OF MUSCATINE

SS:

I, the undersigned, Interim 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 a public hearings and additional action on the proposals to enter into certain Loan Agreements, combining Loan Agreements and to issue General Obligation Corporate Purpose Bonds in evidence of the City's obligation under the Loan Agreement, including authorization of a debt service property tax levy and the approval of a preliminary official statement, 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 \_\_\_\_\_, 2020.

\_\_\_\_\_  
Interim 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 \_\_\_\_\_, 2020, the Interim 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 5, 2020, entitled: "Resolution taking additional action on proposals to enter into General Obligation Loan Agreements, combining Loan Agreements, setting the date for sale of General Obligation Corporate Purpose Bonds, Series 2020, authorizing the use of a preliminary official statement in connection therewith 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, 2020, as provided in the resolution.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
County Auditor