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FINANCE & RECORDS

To: Greg Jenkins, Interim City Administrator

From: Nancy A. Lueck, Finance Director

Date: March 26, 2020

Re: Resolution Awarding General Obligation Corporate Purpose Bonds - Series 2020
(or Alternate Documents if a Bank Loan through a Placement Agent is Recommended)

Introduction and Background:

At the March 5, 2020 meeting, City Council approved the resolution setting the date and time for receiving bids on the estimated \$6,310,000 in General Obligation Corporate Purpose Bonds Series 2020 for April 2, 2020 at 10:00 a.m.

The bond issue includes funding for the projects listed on the following page. Of the total bond issue amount, the debt service requirements for \$3,000,000 of project costs and an allocation of bond issuance costs will be funded from future debt service tax levy proceeds. Debt service requirements on the remaining \$3,200,000 plus allocated issuance costs will be funded from future incremental tax (TIF) funds.

The bond rating process with Moody's Investor Services has been completed and we are pleased that the City has maintained its Aa2 rating for this bond issue. The full rating report will be forwarded to City Council when it has been finalized.

The municipal bond market has been impacted by the economic impact from the recent COVID-19 event. If the bids on the bonds are not favorable, the City's financial advisor may recommend using a placement agent to secure a bank loan instead of awarding the bid for the general obligation bonds. This recommendation will be made after the bids on the bonds are received at 10:00 on April 2nd.

Proposed Projects to be Funded from the May 2020 Bond Issue

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

Recommendation:

Susanne Gerlach with Public Financial Management (PFM), the City's Financial Advisor for this issue, would normally be present in person at the Council meeting Thursday night to review the bids received and make a recommendation for the award of this issue. Since this will be an electronic meeting, she will be on the telephone to review the bids and make a recommendation for award. If the bids received for the bonds are not favorable, a bank loan may be recommended and would involve the alternate documents with the agenda. The final recommendation will be made after the bids are received and evaluated on April 2nd.

Please include on the April 2, 2020 agenda, the Resolution providing for the award of the General Obligation Corporate Purpose Bonds Series 2020 or as an alternate a bank loan.

MINUTES TO RECEIVE BIDS AND
SELL BONDS

421464-60

Muscatine, Iowa

April 2, 2020

The City Council of the City of Muscatine, Iowa, met on April 2, 2020, at seven o'clock p.m. on a Conference Call Meeting due to the COVID-19.

The meeting was called to order by the Mayor, and the roll was called showing the following Council Members present and absent:

Present: _____

Absent: _____.

This being the time and place fixed by the City Council for the consideration of bids for the purchase of the City's General Obligation Corporate Purpose Bonds, Series 2020, the Mayor announced that bids had been received and canvassed on behalf of the City at the time and place fixed therefor.

The results of the bids were then read and the substance of such bids was noted in the minutes, as follows:

Name and Address of Bidder

Final Bid (interest cost)

(Attached bid tabulation)

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. _____

Resolution Awarding General Obligation Corporate Purpose Bonds, Series 2020

WHEREAS, the City of Muscatine (the “City”), in Muscatine County, State of Iowa, heretofore proposed 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 heretofore proposed 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 heretofore proposed 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 Council has combined the Essential Purpose Loan Agreement, Urban Renewal Loan Agreement and General Purpose Loan Agreement into a single loan agreement (the “Loan Agreement”); and

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared to facilitate the sale of General Obligation Corporate Purpose Bonds, Series 2020 (the “Bonds”) in

evidence of the obligation of the City under the Loan Agreement, and the City Council has made provision for the approval of the P.O.S. and has authorized its use by PFM Financial Advisors LLC, as municipal financial advisor (the "Financial Advisor") to the City and has otherwise made provision for the sale of the Bonds; and

WHEREAS, pursuant to advertisement of sale, bids for the purchase of 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 bid of _____, _____, _____ (the "Purchaser"), is the best, such bid proposing the lowest interest cost to the City for the Bonds; and

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

Section 1. The bid of the Purchaser referred to in the preamble hereof is hereby accepted, and the Bonds are hereby awarded to the Purchaser at the price specified in such bid, together with accrued interest, if any.

Section 2. 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 the Sale Agreement for and on behalf of the City.

Section 3. Further action with respect to the approval of the Loan Agreement and the issuance of the Bonds is hereby adjourned to the City Council meeting to be held on April 16, 2020.

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

Section 5. This resolution shall be in full force and effect immediately upon its approval and adoption, as provided by law.

Passed and approved April 2, 2020.

Mayor

Attest:

Interim City Clerk

ATTESTATION CERTIFICATE

STATE OF IOWA
MUSCATINE COUNTY SS:
CITY OF MUSCATINE

I, the undersigned, Interim City Clerk of the City of Muscatine, do hereby certify that as such Interim City Clerk 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 in relation to the sale of General Obligation Corporate Purpose Bonds, Series 2020 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 _____, 2020.

Interim City Clerk

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

TABULATION OF BIDS

City of Muscatine, Iowa

\$6,310,000 General Obligation Corporate Purpose Bonds, Series 2020

AWARD:

UMB BANK, N.A.

RATING: Moody's Investors Service 'Aa2'

SALE DATE: April 2, 2020

NAME OF BIDDER	COUPON RATE	YEAR	NET INTEREST COST & TRUE INTEREST RATE	PURCHASE PRICE
UMB BANK, N.A. Kansas City, Missouri	2.000%	2021-2030	\$599,461.33*	\$6,402,952.00*
COMMUNITY BANK & TRUST Muscatine, Iowa			1.7137%*	
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	5.000% 2.000%	2021-2028 2030 ¹⁾	\$665,440.88	\$7,009,442.45
			1.8053%	
ROBERT W. BAIRD & CO., INC. Milwaukee, Wisconsin	5.000% 3.000%	2021-2023 2024	\$697,160.45	\$6,965,679.55
C.L. KING & ASSOC. New York, New York	5.000% 3.000%	2025-2026 2027	1.8887%	
DOUGHERTY & CO. LLC Minneapolis, Minnesota	5.000% 3.000%	2028 2029-2030		
VINING-SPARKS LP Chicago, Illinois				
EDWARD D. JONES & CO. St. Louis, Missouri				
CREWS & ASSOC., INC. Little Rock, Arkansas				
DAVENPORT & CO. LLC Richmond, Virginia				
DUNCAN-WILLIAMS, INC. Richmond, Virginia				

(Syndicate list continued on next page.)

1) Represents a term bond with mandatory redemption sinking payments.

* Subsequent to the receipt of bids, the City adjusted certain annual maturity amounts which increased the Purchase Price of the Bonds to \$6,403,364.55, increased the True Interest Rate to 1.7143%, and increased the Net Interest Cost to \$603,648.78.



bfm

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NAME OF BIDDER	COUPON RATE	YEAR	NET INTEREST COST & TRUE INTEREST RATE	PURCHASE PRICE
COUNTRY CLUB BANK Prairie Village, Kansas				
SIERRA PACIFIC SECURITIES Las Vegas, Nevada				
SUMRIDGE PARTNERS LLC Jersey City, New Jersey				
LOOP CAPITAL MARKETS New York, New York				
WINTRUST INVESTMENTS LLC Rosemont, Illinois				
CENTRAL STATES CAPITAL MARKETS Prairie Village, Kansas				
FMS BONDS, INC. Miami, Florida				
COMMERCE BANK Kansas City, Missouri				
FIRST KENTUCKY SECURITIES, INC. Louisville, Kentucky				
ISAAK BOND INVESTMENTS, INC. Denver, Colorado				
MIDLAND SECURITIES Dallas, Texas				
FIRST SOUTHERN SECURITIES Alpharetta, Georgia				
MULTI-BANK SECURITIES, INC. Southfield, Michigan				
DINOSAUR SECURITIES LLC New York, New York				
FIRST BANKERS' BANC SECURITIES, INC. St. Louis, Missouri				
MOUNTAINSIDE SECURITIES LLC Summit, New Jersey				
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PIPER SANDLER & CO. Minneapolis, Minnesota	3.000% 2.000%	2021-2028 2029-2030	\$671,128.30 1.8949%	\$6,555,441.70

NAME OF BIDDER	COUPON RATE	YEAR	NET INTEREST COST & TRUE INTEREST RATE	PURCHASE PRICE
FHN FINANCIAL CAPITAL MARKETS Memphis, Tennessee	3.000%	2021-2028	\$676,368.19	\$6,550,201.81
	2.000%	2029-2030		
MORGAN STANLEY & CO., INC. New York, New York			1.9108%	
RAYMOND JAMES & ASSOC., INC. Memphis, Tennessee				
SAMUEL A. RAMIREZ & CO., INC. New York, New York				
UBS FINANCIAL SECURITIES Chicago, Illinois				
WILEY BROS.-AINTREE CAPITAL LLC Nashville, Tennessee				
B.C. ZIEGLER & CO. Chicago, Illinois				
D.A. DAVIDSON & CO. Denver, Colorado	3.000%	2021-2028	\$706,823.00	\$6,535,198.50
	2.100%	2029		
	2.150%	2030	1.9989%	
BERNARDI SECURITIES, INC. Chicago, Illinois	4.000%	2021-2028	\$835,303.47	\$6,737,473.20
	3.000%	2029-2030	2.3123%	
BNY MELLON CAPITAL MARKETS Pittsburgh, Pennsylvania	5.000%	2021-2030	\$1,013,317.48	\$7,027,715.85
			2.7092%	

