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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 2<sup>nd</sup>.

**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>

**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 2<sup>nd</sup>.

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 REJECT BIDS FROM PUBLIC OFFERING, ENGAGE PRIVATE PLACEMENT AGENT AND AWARD SALE OF BONDS THROUGH PRIVATE PLACEMENT

421464-60

Muscatine, Iowa

April 2, 2020

The City Council of the City of Muscatine, Iowa, met on April 2, 2020, at \_\_\_\_\_ o'clock \_\_\_\_m., at the \_\_\_\_\_, Muscatine, Iowa.

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:

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

RESOLUTION NO. \_\_\_\_\_

Resolution rejecting bids through competitive sale, engaging private placement agent and accepting proposal for private placement of 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 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, 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 a public offering (the “Public Offering”) for 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, it is deemed advisable that all bids received through the Public Offering be rejected at this time; and

WHEREAS, as an alternative to the Public Offering, Piper Sandler & Co. (the “Placement Agent”) has developed private placement proposals for the sale of the Bonds, and such proposals have been presented to the Financial Advisor and the City; and

WHEREAS, it is now necessary to formally engage the Placement Agent and to approve a private placement proposal;

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

Section 1. All bids received through the Public Offering are hereby rejected. The City reserves the right to reoffer the Bonds to the bond market in the future if necessary.

Section 2. The Engagement Letter from the Placement Agent is hereby approved, and the Mayor and City Clerk are hereby authorized and directed to sign the said Letter on behalf of the City.

Section 3. The private placement proposal from \_\_\_\_\_, \_\_\_\_\_ (the “Lender”) is hereby accepted and approved. The Mayor and City Clerk are hereby authorized and directed to sign such documentation as may be necessary to lock in the rates and terms reflected in such proposal.

Section 4. Further action with respect to the final approval of the Loan Agreement and the issuance of the Bonds to the Lender is hereby adjourned to the City Council meeting to be held on April 16, 2020.

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 approval and adoption, as provided by law.

Passed and approved April 2, 2020.

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Mayor

Attest:

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City Clerk

**ATTESTATION CERTIFICATE**

STATE OF IOWA  
MUSCATINE COUNTY                    SS:  
CITY OF MUSCATINE

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify that as such 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, 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 rejection of bids derived through a public offering of General Obligation Corporate Purpose Bonds, Series 2020 and the acceptance of a private placement proposal. I further certify 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.

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

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