



**BUSINESS OF THE CITY COUNCIL  
AGENDA STATEMENT**

Item No. 6i  
For Meeting of 05.05.2016

**ITEM TITLE:** General Obligation Swimming Pool and Refunding Bonds, Series 2016

**CONTACT PERSON:** Jean Furler, Finance Director

**SUMMARY EXPLANATION:** The city has the opportunity to re-finance the 2008A, 2010A, 2010B, 2010D General Obligation Bonds and 2014 Sewer Revenue bonds and realize a total savings of approximately \$750,000 over a 10 year period. In addition, the pool financing of \$700,000 will also be a part of this process. I have indicated to the financial advisor that we do not want to finance this portion longer than 10 years. Highlights of this process include:

- The City is being responsible with taxpayer dollars by combining the financing of six separate purposes into a single bond issue, instead of issuing six separate bond issues.
- Structuring the debt as a combined issue, with larger block size (maturity amounts) greatly enhances the attractiveness of the bond issue in the market.
- The bond will first be offered to Norwalk-area and central Iowa banks.
- Assumes a rating from Standard & Poor's of "A+" but hoping for "AA-" rating (current rating is Moody's A1).
- The present value savings as a Percentage of the Refunded Par Amount is **9.63%** which far exceeds the typical target range of 3.0% to 4.0%.
- Net funding provided for Pool Improvements is \$707,000 to \$709,000.
- Estimated True Interest Cost is 1.88% (estimated range of 1.80% to 1.90%) dated date of June 16, 2016.
- The Final maturity is June 1, 2030, however the average life of the debt is 7.926 years (average amount of time debt is outstanding).
- The City will have the option the call the debt on or after June 1, 2023.
- The city is utilizing a hybrid approach working with Public Financial Management (PFM) as financial advisor and UMB Bank as the underwriter. Generally my philosophy is to go to the competitive market however UMB agreed to allow the city to reject any rates that are not approved by the city or PFM with no liability or fees. In addition, UMB is not charging any fees other than what they would normally receive as the underwriter. John Danos, Bond Attorney for Dorsey Whitney approved UMB's disclosure letter and has been providing legal guidance throughout the process. I spoke with Mayor Phillips and indicated my preference to utilize this approach for the refinancing and if successful possibly discuss if this is a process the city would want to look at for future issues. In addition, Public Financial Management has been reviewing the numbers as the city's financial advisor. This is breaking new ground for the city and all the players have been extremely professional and helpful in making this a successful process.

UMB's project summary and disclosure letter is attached for your review.

Resolution \_\_\_\_\_ Ordinance \_\_\_\_\_ Contract \_\_\_\_\_ Other (Specify) \_\_\_\_\_

Funding Source: \_\_\_\_\_

APPROVED FOR SUBMITTAL \_\_\_\_\_

**STAFF RECOMMENDATION:** Approve setting the public hearing for May 19, 2016.

MINUTES TO SET DATE FOR HEARING  
ON PROPOSAL TO ENTER INTO LOAN  
AGREEMENTS

443891-46

Norwalk, Iowa

May 5, 2016

The City Council of the City of Norwalk, Iowa, met on May 5, 2016, at \_\_\_\_\_ o'clock  
\_\_m., at the \_\_\_\_\_, Norwalk, Iowa. The Mayor presided and the roll was  
called showing the following members of the City Council present and absent:

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

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

Council Member \_\_\_\_\_ introduced the resolution hereinafter next set  
out and moved its adoption, seconded by Council Member \_\_\_\_\_; and after  
due consideration thereof by the City Council, the Mayor put the question upon the adoption of  
the said resolution and the roll being called, the following named Council Members voted:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_.

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

••••

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

\_\_\_\_\_  
Mayor

Attest:

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

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

Resolution setting the date for a public hearing on proposal to enter into General Obligation Loan Agreements and to borrow money thereunder in a principal amount not to exceed \$9,545,000

WHEREAS, the City of Norwalk (the “City”), in Warren County, State of Iowa, previously issued its \$780,000 General Obligation Corporate Purpose Bonds, Series 2008A, dated October 15, 2008 (the “2008A Bonds”), a portion of which currently remains outstanding maturing on such dates and in such amounts and bearing interest at such rates as follows as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$95,000	3.70%
2017	\$95,000	3.75%
2018	\$100,000	3.85%

;and

WHEREAS, pursuant to the resolution (the “2008A Bond Resolution”) authorizing the issuance of the 2008A Bonds, the City reserved the right to call the portion of the 2008A Bonds maturing in the years 2017 and 2018 (the “Callable 2008A Bonds”), inclusive, for early redemption on any date on or after June 1, 2016, subject to the provisions of the 2008A Bond Resolution; and

WHEREAS, the City also previously issued its \$4,685,000 General Obligation Urban Renewal Bonds, Series 2010A, dated August 25, 2010 (the “2010A Bonds”), a portion of which currently remains outstanding maturing on such dates and in such amounts and bearing interest at such rates as follows as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$190,000	2.00%	2024	\$260,000	3.25%
2017	\$200,000	2.00%	2025	\$270,000	3.40%
2018	\$205,000	2.20%	2026	\$285,000	3.50%
2019	\$210,000	2.40%	2027	\$295,000	3.60%
2020	\$220,000	2.60%	2028	\$310,000	3.75%
2021	\$230,000	2.75%	2029	\$325,000	3.90%
2022	\$240,000	3.00%	2030	\$340,000	4.00%
2023	\$250,000	3.10%			

;and

WHEREAS, pursuant to the resolution (the “2010A Bond Resolution”) authorizing the issuance of the 2010A Bonds, the City reserved the right to call the portion of the 2010A Bonds maturing in the years 2018 through 2030 (the “Callable 2010A Bonds”), inclusive, for early

redemption on any date on or after June 1, 2017, subject to the provisions of the 2010A Bond Resolution; and

WHEREAS, the City also previously issued its \$5,320,000 General Obligation Corporate Purpose Bonds, Series 2010B, dated August 25, 2010 (the “2010B Bonds”), a portion of which currently remains outstanding maturing on such dates and in such amounts and bearing interest at such rates as follows as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$305,000	3.00%	2024	\$270,000	3.75%
2017	\$315,000	3.00%	2025	\$280,000	3.75%
2018	\$210,000	3.00%	2026	\$295,000	4.00%
2019	\$220,000	3.00%	2027	\$305,000	4.00%
2020	\$230,000	3.00%	2028	\$320,000	4.00%
2021	\$235,000	3.25%	2029	\$335,000	4.00%
2022	\$245,000	3.50%	2030	\$350,000	4.00%
2023	\$255,000	3.50%			

;and

WHEREAS, pursuant to the resolution (the “2010B Bond Resolution”) authorizing the issuance of the 2010B Bonds, the City reserved the right to call the portion of the 2010B Bonds maturing in the years 2018 through 2030 (the “Callable 2010B Bonds”), inclusive, for early redemption on any date on or after June 1, 2017, subject to the provisions of the 2010B Bond Resolution; and

WHEREAS, the City also previously issued its \$1,475,000 General Obligation Urban Renewal Bonds, Series 2010D, dated October 21, 2010 (the “2010D Bonds”), a portion of which currently remains outstanding maturing on such dates and in such amounts and bearing interest at such rates as follows as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$60,000	2.20%	2024	\$80,000	3.20%
2017	\$60,000	2.20%	2025	\$85,000	3.30%
2018	\$65,000	2.40%	2026	\$90,000	3.40%
2019	\$65,000	2.60%	2027	\$95,000	3.50%
2020	\$70,000	2.75%	2028	\$100,000	3.60%
2021	\$70,000	3.00%	2029	\$105,000	3.70%
2022	\$75,000	3.00%	2030	\$110,000	3.80%
2023	\$80,000	3.10%			

;and

WHEREAS, pursuant to the resolution (the “2010D Bond Resolution”) authorizing the issuance of the 2010D Bonds, the City reserved the right to call the portion of the 2010D Bonds maturing in the years 2018 through 2030 (the “Callable 2010D Bonds”), inclusive, for early redemption on any date on or after June 1, 2017, subject to the provisions of the 2010D Bond Resolution; and

WHEREAS, the City also previously issued its \$425,000 Sewer Revenue Note, dated November 18, 2014 (the “2014 Note”), a portion of which currently remains outstanding maturing on such dates and in such amounts and bearing interest at such rates as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$42,500	2.90%	2021	\$42,500	2.90%
2017	\$42,500	2.90%	2022	\$42,500	2.90%
2018	\$42,500	2.90%	2023	\$42,500	2.90%
2019	\$42,500	2.90%	2024	\$42,500	2.90%
2020	\$42,500	2.90%			

;and

WHEREAS, pursuant to the resolution (the “2014 Note Resolution”) authorizing the issuance of the 2014 Note, the City reserved the right to prepay principal of the 2014 Note in whole or in part at any time prior to and in any order of maturity, subject to the provisions of the 2014 Note Resolution; and

WHEREAS, the City now proposes to enter into a General Obligation Refunding Loan Agreement (the “Refunding Loan Agreement”), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed \$8,845,000 for the purpose of paying the costs, to that extent, of (1) current refunding the Callable 2008A Bonds; (2) advance crossover refunding the Callable 2010A Bonds; (3) advance crossover refunding the Callable 2010B Bonds; (4) advance crossover refunding the Callable 2010D Bonds; and (5) current refunding the outstanding balance of the 2014 Note (collectively, the “Refundings”), and it is now necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Refunding Loan Agreement and to give notice thereof as required by such law; and

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City also proposes to enter into a General Obligation Swimming Pool Loan Agreement (the “Swimming Pool Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$700,000 for the purpose of paying the cost, to that extent, of constructing repairs and improvements to the municipal swimming pool (the “Project”); and it is now necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Swimming Pool Loan Agreement and to give notice thereof as required by such law, including notice of the right to petition for an election on such proposal; and

WHEREAS, after the aforementioned hearings and additional action on the Refunding Loan Agreement and the Swimming Pool Loan Agreement and pursuant to Section 384.28 of the Code of Iowa, the City Council intends to combine the Refunding Loan Agreement and the Swimming Pool Loan Agreement into a single loan agreement and to issue General Obligation Swimming Pool and Refunding Bonds in evidence of its obligations thereunder;

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

Section 1. The City Council shall meet on May 19, 2016, at the \_\_\_\_\_, Norwalk, Iowa, at \_\_\_\_\_ o'clock \_\_\_\_m., at which time and place hearings will be held and proceedings will be instituted and action taken to enter into the Loan Agreements described in the preamble hereof.

Section 2. The City Clerk is hereby directed to give notice of the proposed action on the Refunding Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once and not less than four (4) and not more than twenty (20) days before the date of said meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

NOTICE OF PROPOSED ACTION TO INSTITUTE PROCEEDINGS TO  
ENTER INTO A LOAN AGREEMENT AND TO BORROW MONEY  
THEREUNDER IN A PRINCIPAL AMOUNT NOT TO EXCEED \$8,845,000

(GENERAL OBLIGATION)

The City Council of the City of Norwalk, Iowa, will meet on May 19, 2016, at the \_\_\_\_\_, Norwalk, Iowa, at \_\_\_\_\_ o'clock \_\_\_\_m., for the purpose of instituting proceedings and taking action on a proposal to enter into a General Obligation Refunding Loan Agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$8,845,000 for the purpose of paying the costs, to that extent of (1) current refunding a portion of the City's \$780,000 General Obligation Corporate Purpose Bonds, Series 2008A, dated October 15, 2008; (2) advance refunding a portion of the City's \$4,685,000 General Obligation Urban Renewal Bonds, Series 2010A, dated August 25, 2010; (3) advance refunding a portion of the City's \$5,320,000 General Obligation Corporate Purpose Bonds, Series 2010B, dated August 25, 2010; (4) advance refunding a portion of the City's \$1,475,000 General Obligation Urban Renewal Bonds, Series 2010D, dated October 21, 2010; and (5) current refunding a portion of the City's \$425,000 Sewer Revenue Note, dated November 18, 2014.

The Loan Agreement is proposed to be entered into pursuant to authority contained in Section 384.24A of the Code of Iowa and will constitute a general obligation of the City.

At that time and place, oral or written objections may be filed or made to the proposal to enter into the Loan Agreement. After receiving objections, the City may determine to enter into the Loan Agreement, in which case, the decision will be final unless appealed to the District Court within fifteen (15) days thereafter.

By order of the City Council of the City of Norwalk, Iowa.

Jodi Eddleman  
City Clerk

Section 3. The City Clerk is hereby directed to give notice of the proposed action on the Swimming Pool Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once and not less than ten (10) and not more than twenty (20) days before the date selected for the meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

NOTICE OF PROPOSED ACTION TO INSTITUTE PROCEEDINGS TO  
ENTER INTO A LOAN AGREEMENT AND TO BORROW MONEY  
THEREUNDER IN A PRINCIPAL AMOUNT NOT TO EXCEED \$700,000

(GENERAL OBLIGATION)

The City Council of the City of Norwalk, Iowa, will meet on May 19, 2016, at the \_\_\_\_\_, Norwalk, Iowa, at \_\_\_\_\_ o'clock \_\_.m., for the purpose of instituting proceedings and taking action to enter into a General Obligation Swimming Pool Loan Agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$700,000 for the purpose of paying the cost, to that extent, of constructing repairs and improvements to the municipal swimming pool.

The Loan Agreement is proposed to be entered into pursuant to authority contained in Section 384.24A of the Code of Iowa and will constitute a general obligation of the City.

The maximum rate of interest which may be payable under the Loan Agreement is 7% per annum.

At any time before the date fixed for taking action to enter into the Loan Agreement, a petition may be filed with the City Clerk of the City asking that the question of entering into the Loan Agreement be submitted to the registered voters of the City, pursuant to the provisions of Section 384.26 of the Code of Iowa.

By order of the City Council of the City of Norwalk, Iowa.

Jodi Eddleman  
City Clerk

Section 4. Pursuant to Section 1.150-2 of the Income Tax Regulations (the “Regulations”) of the Internal Revenue Service, the City declares (a) that it intends to undertake the Project which is reasonably estimated to cost approximately \$700,000, (b) that other than (i) expenditures to be paid or reimbursed from sources other than the issuance of bonds, notes or other obligations (the “Bonds”), or (ii) expenditures made not earlier than 60 days prior to the date of this Resolution or a previous intent resolution of the City, or (iii) expenditures amounting to the lesser of \$100,000 or 5% of the proceeds of the Bonds, or (iv) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, no expenditures for the Project have heretofore been made by the City and no expenditures will be made by the City until after the date of this Resolution or a prior intent resolution of the City, and (c) that the City reasonably expects to reimburse the expenditures made for costs of the City out of the proceeds of the Bonds. This declaration is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 5. All resolutions or parts of resolutions 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 May 5, 2016.

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Mayor

Attest:

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City Clerk

**ATTESTATION CERTIFICATE:**

STATE OF IOWA  
COUNTY OF WARREN  
CITY OF NORWALK

SS:

I, the undersigned, City Clerk of the City of Norwalk, do hereby certify that attached hereto is a true and correct copy of the proceedings of the City Council relating to fixing a date for additional action on the City's proposals to enter into certain loan agreements, as referred to therein.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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

**ORGANIZATION CERTIFICATE:**

STATE OF IOWA  
COUNTY OF WARREN                      SS:  
CITY OF NORWALK

I, the undersigned City Clerk, do hereby certify that the City of Norwalk is organized and operating under the provisions of Title IX of the Code of Iowa and not under any special charter and that the City is operating under the Mayor-Council form of government and that there is not pending or threatened any question or litigation whatsoever touching the incorporation of the City, the inclusion of any territory within its limits or the incumbency in office of any of the officials hereinafter named.

And I do further certify that the following named parties are officials of the City as indicated:

- \_\_\_\_\_, Mayor
- \_\_\_\_\_, City Administrator
- \_\_\_\_\_, City Clerk
- \_\_\_\_\_, Finance Director
- \_\_\_\_\_, Council Member/Mayor Pro Tem
- \_\_\_\_\_, Council Member
- \_\_\_\_\_, Council Member
- \_\_\_\_\_, Council Member
- \_\_\_\_\_, Council Member

WITNESS MY HAND this \_\_\_\_ day of \_\_\_\_\_, 2016.

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

**PUBLICATION CERTIFICATE:**

STATE OF IOWA  
COUNTY OF WARREN                   SS:  
CITY OF NORWALK

I, the undersigned, City Clerk of the City of Norwalk, do hereby certify that pursuant to the resolution of the City Council fixing a date of meeting at which it is proposed to take action to enter into certain loan agreements, the notices, of which the printed slips attached to the publisher's affidavits hereto attached are true and complete copies, were published on the date and in the newspaper specified in such affidavits, which newspaper has a general circulation in the City.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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

**(Attach here the publisher's original affidavits with clippings of the notices, as published.)**

**(PLEASE NOTE: Do not date and return this certificate until you have received the publisher's affidavits and have verified that the notices were published on the dates indicated in the affidavits, but please return all other completed pages to us as soon as they are available.)**

April 28, 2016

**Via Email**

Jodi Eddleman  
City Clerk/City Hall  
Norwalk, Iowa

Re: General Obligation Loan Agreements  
Our File No. 443891-46

Dear Jodi:

We have prepared and attach proceedings for the May 5<sup>th</sup> City Council meeting to enable the Council to fix May 19<sup>th</sup> as the date for hearing on the proposals to enter into the General Obligation Loan Agreements.

The documents attached include the following items:

1. Resolution fixing the date, time and place of the meeting at which time it is proposed to hold a hearing and take action to enter into the Loan Agreements. The forms of notice of hearing are set out in Section 2 and 3 of the resolution. Please print extra copies for delivery to the publisher. Please insert the time and place of the hearing in both the resolution and the notices.
2. Attestation Certificate with respect to the validity of the transcript.
3. Organization Certificate.
4. Publication Certificate with respect to publication of the notices, to which must be attached the publisher's affidavits of publication with the clippings of the notices as published.

The notice of hearing for the Refunding Loan Agreement must be published at least once not less than four (4) and not more than twenty (20) days before the May 19<sup>th</sup> meeting date in a legal newspaper which has a general circulation in Norwalk. The last date for effective publication of this notice is May 15, 2016.

The notice covering the hearing/authorization for the Swimming Pool Loan Agreement must be published at least once not less than ten (10) and not more than twenty (20) days before the May 19<sup>th</sup> meeting date set for hearing, in a legal newspaper which has a general circulation in the City. The Last date for effective publication of this notice is May 9, 2016.

As soon as the notices appear in the newspaper, please have a copies faxed to our office at (515) 283-1060.

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Please return one fully executed copy of all of the completed pages in these proceedings as soon as possible.

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

Best regards,

John P. Danos

Attachments

cc: Jean Furler  
Susanne Gerlach  
Chip Schultz  
Diana VanVleet