

MINUTES TO COMBINE LOAN AGREEMENTS AND TO PROVIDE FOR PLACEMENT AND ISSUANCE OF 2022A BONDS

436775-39

Eagle Grove, Iowa

June 20, 2022

The City Council of the City of Eagle Grove, Iowa, met on June 20, 2022, at 6:30 o'clock p.m., at the Eagle Grove City Hall, Eagle Grove, Iowa.

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

Present: Weland, Lorenzen, Limerick, Jergens

Absent: Pamperin

This being the time and place fixed by the City Council for the consideration of awarding the placement of General Obligation Corporate Purpose Bonds, Series 2022A to be issued in evidence of the City's obligation under a loan agreement, the City Clerk announced that PFM Financial Advisors LLC, as Municipal Advisor, has recommended that the Bonds be placed with First Citizens Bank, Mason City, Iowa on such terms as had been presented to the City Council.

(Attach Terms)

After due consideration and discussion, Council Member Jergens introduced the resolution next hereinafter set out and moved its adoption, seconded by Council Member Lorenzen. The Mayor put the question upon the adoption of said resolution, and the roll being called, the following named Council Members voted:

Ayes: Jergens, Lorenzen, Limerick, Weland

Nays: none

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

RESOLUTION NO. 2022-74

Resolution authorizing and approving a Loan Agreement, combining Loan Agreements, providing for the placement and issuance of General Obligation Corporate Purpose Bonds, Series 2022A and providing for the levy of taxes to pay the same

WHEREAS, the City of Eagle Grove (the “City”), in Wright County, State of Iowa pursuant to the provisions of Section 384.24A of the Code of Iowa, has proposed to enter into a loan agreement (the “Essential Purpose Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$710,000 for the purpose of paying the costs, to that extent, of (1) constructing street, sanitary sewer system, sidewalk, water utility system and storm water drainage improvements; (2) acquiring equipment and vehicles for the municipal police department; (3) acquiring equipment and vehicles for the municipal public works department; (4) acquiring equipment and vehicles for the municipal fire and emergency services department; (5) acquiring equipment and vehicles for use in existing municipal parks; and (6) acquiring equipment and vehicles for existing municipal cemeteries (the “Essential Purpose Projects”), and pursuant to law and a notice duly published, the City Council has held a public hearing on such proposal on March 21, 2022; and

WHEREAS, the City also proposed to enter into a loan agreement (the “Urban Renewal Loan Agreement #1”) and to borrow money thereunder in a principal amount not to exceed \$350,000, pursuant to the provisions of Sections 384.24A and 384.24.3(q) of the Code of Iowa, for the purpose of paying the costs, to that extent, of undertaking the grant-funding portion of the Daybreak Foods, Inc. Development Project, an urban renewal project in the Eagle Grove Urban Renewal Area, authorized by action of the City Council on July 19, 2021 (the “Urban Renewal Project #1”), and in lieu of calling an election upon such proposal, has published notice of the proposed action, including notice of the right to petition for an election, and has held a hearing thereon, and as of March 21, 2022, no petition had been filed with the City asking that the question of entering into the Urban Renewal Loan Agreement #1 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a loan agreement (the “Urban Renewal Loan Agreement #2”) and to borrow money thereunder in a principal amount not to exceed \$160,000, pursuant to the provisions of Sections 384.24A and 384.24.3(q) of the Code of Iowa, for the purpose of paying the costs, to that extent, of undertaking the Downtown Facade Rehabilitation Program, an urban renewal project in the Eagle Grove Urban Renewal Area, as most recently authorized by action of the City Council on July 19, 2021 (the “Urban Renewal Loan Agreement #2 Project”), and in lieu of calling an election upon such proposal, has published notice of the proposed action, including notice of the right to petition for an election, and has held a hearing thereon, and as of March 21, 2022, no petition had been filed with the City asking that the question of entering into the Urban Renewal Loan Agreement #2 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a loan agreement (the “Urban Renewal Loan Agreement #3”) and together with the Essential Purpose Loan Agreement and the Urban Renewal Loan Agreement #2, the “Loan Agreements”) and to borrow money thereunder in a

principal amount not to exceed \$385,000, pursuant to the provisions of Sections 384.24A and 384.24.3(q) of the Code of Iowa, for the purpose of paying the costs, to that extent, of undertaking the Commercial Construction Incentive Program, an urban renewal project in the Eagle Grove Urban Renewal Area as most recently authorized by action of the City Council on January 19, 2021 (the “Urban Renewal Loan Agreement #3 Project, and together with the Essential Purpose Projects and the Urban Loan Agreement #2 Project, the “Projects”), and in lieu of calling an election upon such proposal, has published notice of the proposed action, including notice of the right to petition for an election, and has held a hearing thereon, and as of March 21, 2022, no petition had been filed with the City asking that the question of entering into the Urban Renewal Loan Agreement #3 be submitted to the registered voters of the City; and

WHEREAS, pursuant to Section 384.28 of the Code of Iowa, the City Council intends to combine the Loan Agreements into a single loan agreement (the “2022A Loan Agreement”) and to borrow funds thereunder for the funding of the Projects; and

WHEREAS, the City Council has authorized a certain term sheet for use in negotiating the 2022A Loan Agreement and providing for the private placement of \$1,225,000 General Obligation Corporate Purpose Bonds, Series 2022A (the “2022A Bonds”) to be issued in evidence of the obligation of the City under the 2022A Loan Agreement; and

WHEREAS, proposals for the placement of the 2022A Bonds to be issued in evidence of the City’s obligation under the 2022A Loan Agreement have been received and reviewed; and

WHEREAS, upon due consideration and advice from PFM Financial Advisors LLC as Municipal Advisor, the proposal of First Citizens Bank, Mason City, Iowa (the “Lender”), is the best, such bid proposing the lowest interest cost to the City for the 2022A Bonds; and

WHEREAS, it is now necessary to make final provision for the approval of the 2022A Loan Agreement and to authorize the issuance of the 2022A Bonds to the Lender;

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

Section 1. The City Council hereby combines the Loan Agreements into the 2022A Loan Agreement.

Section 2. The proposal of the Lender referred to in the preamble is hereby accepted, and the 2022A Bonds are hereby awarded to the Lender. It is hereby determined that the City shall enter into the 2022A Loan Agreement with the Lender in substantially the form which will be placed on file with the City, providing for a loan to the City in the amount of \$1,225,000 for the purpose or purposes set forth in the preamble hereof.

The Mayor and City Clerk are hereby authorized and directed to sign the Loan Agreement on behalf of the City, and the Loan Agreement is hereby approved.

Section 3. The 2022A Bonds are hereby authorized to be issued in evidence of the obligation of the City under the 2022A Loan Agreement, in the principal amount of \$1,225,000, to be dated the date of delivery to the Lender, such date anticipated to be June 30, 2022. The

2022A Bonds shall be initially issued as a single term bond with final maturity on June 1, 2033 and with mandatory periodic principal installments due on June 1 in each of the years and in such amounts as follows:

<u>Year</u>	<u>Principal Installment</u>	<u>Year</u>	<u>Principal Installment</u>
2024	\$104,000	2029	\$124,000
2025	\$108,000	2030	\$128,000
2026	\$112,000	2031	\$133,000
2027	\$116,000	2032	\$138,000
2028	\$120,000	2033	\$142,000

Section 4. The City Clerk is hereby designated as the registrar and paying agent for the 2022A Bonds and may be hereinafter referred to as the “Registrar” or the “Paying Agent.”

The 2022A Bonds shall bear interest at the per annum rate of 3.25%. Accrued interest on the 2022A Bonds shall be payable semiannually on the first day of June and December in each year, commencing December 1, 2022 and continuing to, and including, final maturity on June 1, 2033. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Payment of both principal of and interest on the 2022A Bonds shall be made to the registered owner appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the payment date and shall be paid to the registered owner at the address shown on such registration books; provided, however, that the final installment of principal and interest shall be payable only upon presentation and surrender of the 2022A Bonds to the Paying Agent.

The City reserves the right to optionally prepay principal of the 2022A Bonds in whole or in part at any time prior to and in inverse order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the date of prepayment.

The 2022A Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk and shall be a fully registered 2022A Bonds without interest coupons. In case any officer whose signature or the facsimile of whose signature appears on the 2022A Bonds shall cease to be such officer before the delivery of the 2022A Bonds, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The 2022A Bonds shall be fully registered as to principal and interest in the name of the owner on the registration books of the City kept by the Registrar, and after such registration, payment of the principal thereof and interest thereon shall be made only to the registered owner or its legal representatives or assigns. The 2022A Bonds shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of any owners of the 2022A Bonds shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 5. The 2022A Bonds shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA
 STATE OF IOWA
 WRIGHT COUNTY
 CITY OF EAGLE GROVE

GENERAL OBLIGATION CORPORATE PURPOSE BOND, SERIES 2022A

\$1,225,000

RATE	MATURITY DATE	BOND DATE
3.25%	June 1, 2033	June 30, 2022

The City of Eagle Grove (the “City”), in Wright County, State of Iowa, for value received, promises to pay in the manner hereinafter provided to

First Citizens Bank,
 Mason City, Iowa

or registered assigns, the principal sum of ONE MILLION TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS, together with interest on the outstanding principal hereof from the date of this Bond, or from the most recent payment date on which interest has been paid, except as the provisions hereinafter set forth with respect to prepayment prior to maturity may be or become applicable hereto.

This Bond has been initially issued as a single term bond with final maturity on June 1, 2033 and with mandatory periodic principal installments due on June 1 in each of the years and in such amounts as follows:

<u>Year</u>	<u>Principal Installment</u>	<u>Year</u>	<u>Principal Installment</u>
2024	\$104,000	2029	\$124,000
2025	\$108,000	2030	\$128,000
2026	\$112,000	2031	\$133,000
2027	\$116,000	2032	\$138,000
2028	\$120,000	2033	\$142,000

Principal of this Bond shall bear interest at the per annum rate of 3.25%. Accrued interest on this Bond shall be payable semiannually on the first day of June and December in each year, commencing December 1, 2022 and continuing to, and including, final maturity on June 1, 2033. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Both principal of and interest on this Bond are payable to the registered owner appearing on the registration books of the City maintained by the City Clerk (hereinafter referred to as the “Registrar” or the “Paying Agent”) at the close of business on the fifteenth day of the month next preceding the payment date in lawful money of the United States of America to the registered owner at the address shown on such registration books; provided, however, that the final installment of principal and interest will be payable only upon presentation and surrender of this Bond to the Paying Agent.

This Bond is issued by the City to evidence its obligation under a certain Loan Agreement, dated the date hereof (the “2022A Loan Agreement”), entered into by the City for the purpose of (1)

constructing street, sanitary sewer system, sidewalk, water utility system and storm water drainage improvements; (2) acquiring equipment and vehicles for the municipal police department; (3) acquiring equipment and vehicles for the municipal public works department; (4) acquiring equipment and vehicles for the municipal fire and emergency services department; (5) acquiring equipment and vehicles for use in existing municipal parks; (6) acquiring equipment and vehicles for existing municipal cemeteries; (7) undertaking the Downtown Facade Rehabilitation Program, an urban renewal project in the Eagle Grove Urban Renewal Area, as most recently authorized by action of the City Council on July 19, 2021; and (8) undertaking the Commercial Construction Incentive Program, an urban renewal project in the Eagle Grove Urban Renewal Area, as most recently authorized by action of the City Council on January 19, 2021.

This Bond is issued pursuant to and in strict compliance with the provisions of Chapter 76 and Chapter 384 of the Code of Iowa, 2021, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the 2022A Loan Agreement and providing for the issuance and securing the payment of this Bond (the "Resolution"), and reference is hereby made to the Resolution and the 2022A Loan Agreement for a more complete statement as to the source of payment of this Bond and the rights of the owner of this Bond.

The City reserves the right to optionally prepay part of all of the principal of this Bond in whole or in part at any time prior to and in inverse order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the date of prepayment.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified and Recited that all acts, conditions and things required by the laws and Constitution of the State of Iowa, to exist, to be had, to be done or to be performed precedent to and in the issue of this Bond were and have been properly existent, had, done and performed in regular and due form and time; that provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the City for the payment of the principal of and interest on this Bond as the same will respectively become due; and that the total indebtedness of the City, including this Bond, does not exceed any constitutional or statutory limitations.

Section 6. It is anticipated that closing of the borrowing transaction contemplated herein will be on or around June 30, 2022, provided, however, that execution of the 2022A Bonds and the 2022A Loan Agreement shall be undertaken as soon after the adoption of this resolution as may be possible and thereupon shall be delivered to the Registrar for registration and delivery to or upon the direction of the Lender, upon receipt of the loan proceeds (the "Loan Proceeds"), and all action heretofore taken in connection with the 2022A Loan Agreement is hereby ratified and confirmed in all respects. To the extent that the date of closing needs to be adjusted, the City staff, with advice from the Lender and Bond Counsel to the City, is hereby authorized to make such adjustment and to modify the transaction documents accordingly.

Section 7. The Loan Proceeds shall be used to pay the costs of the Projects and costs of issuance of the 2022A Bonds. Any Loan Proceeds remaining after the full payment of such costs shall be deposited in the Debt Service Fund and used to pay principal of and interest on the 2022A Bonds as the same become due. The City shall keep a detailed and segregated accounting of the expenditure of, and investment earnings on, the Loan Proceeds to ensure compliance with the requirements of the Internal Revenue Code, as hereinafter defined.

Section 8. For the purpose of providing the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the 2022A Bonds as the same become due, there is hereby ordered a levied on all the taxable property in the City, the following direct annual tax for the collection in each of the following fiscal years:

For collection in the fiscal year beginning July 1, 2023, sufficient to produce the net annual sum of \$143,813;

For collection in the fiscal year beginning July 1, 2024, sufficient to produce the net annual sum of \$144,433;

For collection in the fiscal year beginning July 1, 2025, sufficient to produce the net annual sum of \$144,923;

For collection in the fiscal year beginning July 1, 2026, sufficient to produce the net annual sum of \$145,283;

For collection in the fiscal year beginning July 1, 2027, sufficient to produce the net annual sum of \$145,513;

For collection in the fiscal year beginning July 1, 2028, sufficient to produce the net annual sum of \$145,613;

For collection in the fiscal year beginning July 1, 2029, sufficient to produce the net annual sum of \$145,583;

For collection in the fiscal year beginning July 1, 2030, sufficient to produce the net annual sum of \$146,423;

For collection in the fiscal year beginning July 1, 2031, sufficient to produce the net annual sum of \$147,100; and

For collection in the fiscal year beginning July 1, 2032, sufficient to produce the net annual sum of \$146,615.

Section 9. A certified copy of this resolution shall be filed with the County Auditor of Wright County, and the County 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 2022A Bonds hereby authorized and for no other purpose whatsoever.

Pursuant to the provisions of Section 76.4 of the Code of Iowa, each year while the 2022A Bonds remain outstanding and unpaid, any funds of the City which may lawfully be applied for such purpose, including incremental property tax revenues to be derived from the Eagle Grove Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa, may be appropriated, budgeted and, if received, used for the payment of the principal of and interest on the 2022A Bonds as the same become due, and if so appropriated, the taxes for any given fiscal year as provided for in Section 8 of this Resolution shall be reduced by the amount of such alternate funds as have been appropriated for such purpose, and evidenced in the City's budget. The City has approved some of the Projects as urban renewal projects and hereby declares its intent to use incremental property tax revenues for the payment of a portion of the debt service on the 2022A Bonds.

Section 10. The interest or principal and both of them falling due in any year or years shall, if necessary, be paid promptly from current funds on hand in advance of taxes levied and when the taxes shall have been collected, reimbursement shall be made to such current funds to the sum thus advanced.

Section 11. It is the intention of the City that interest on the 2022A Bonds be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof, the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with the applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the 2022A Bonds will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

The City hereby designates the 2022A Bonds as "Qualified Tax Exempt Obligations" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 12. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 13. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved on June 20, 2022.

Sandra McKeith
Mayor

Attest:
Susan Maier
City Clerk Finance officer

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

Sandra McKeith
Mayor

Attest:
Susan Maier
City Clerk Finance officer

COUNTY FILING CERTIFICATE

STATE OF IOWA

SS:

WRIGHT COUNTY

I, the undersigned, County Auditor of Wright County, in the State of Iowa, do hereby certify that on the 27 day of June, 2022, the City Clerk of the City of Eagle Grove filed in my office a certified copy of a resolution of the City shown to have been adopted by the City Council and approved by the Mayor thereof on June 20, 2022, entitled: "Resolution authorizing and approving a Loan Agreement, combining Loan Agreements, providing for the placement and issuance of General Obligation Corporate Purpose Bonds, Series 2022A 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, 2023, and subsequent years as provided in the resolution.

WITNESS MY HAND this 27 day of June, 2022.


County Auditor

June 20, 2022

Via Email

Bryce Davis
City Administrator/City Hall
Eagle Grove, Iowa

Re: General Obligation Corporate Purpose Bonds, Series 2022A
Our File No. 436775-39

Dear Bryce:

We have prepared and attach **final** proceedings to be used at the June 20, 2022 City Council meeting to adopt the resolution (the “Resolution”) approving the 2022A Loan Agreement, combining Loan Agreements, and authorizing the placement and issuance of the General Obligation Corporate Purpose Bonds, Series 2022A (the “2022A Bonds”). This Resolution has been updated with the name of the Lender and the interest rate at which the 2022A Bonds will be sold.

The proceedings attached include the following items:

1. Minutes covering the meeting, followed by the Resolution. The form of Bond and Assignment set out in Section 4 of the attached Resolution should not be completed or executed.
2. Attestation Certificate with respect to the validity of the transcript.
3. County Filing Certificate of the Wright County Auditor relating to the filing of a certified copy of the Resolution in that office. The certified copy of the Resolution must be filed with the Wright County Auditor prior to closing on June 30, 2022. An extra copy of the Resolution should be printed for this purpose.

As provided in this Resolution, beginning in the 2023-2024 fiscal year, the County Auditor will have a mandatory duty to make a levy of taxes to pay principal of and interest on the 2022A Bonds unless the City’s budget each year affirmatively shows that the tax should not be levied because other funds will be applied to the payment of the 2022A Bonds for that budget year. To the extent the City determines that property tax levies will be needed for payment in any year, the tax levy amounts needed must be certified for that year in the City’s budget as part of the Debt Service Fund, and the funds derived from sources other than taxes must be shown on the appropriate budget document.

As these proceedings are completed, please return one fully executed copy to our office via email to lemke.susan@dorsey.com.

In the next couple of weeks, we will prepare and furnish you with the necessary closing documents and instructions for your use at the closing of this issue on June 30, 2022.

If you have any questions, please contact Erin Regan, Cheryl Ritter or me.

Best regards,

John P. Danos

Attachments

cc: Susan Maier
PFM Financial Advisors LLC
First Citizens Bank