City of Carroll

112 E. 5th Street Carroll, Iowa 51401-2799 (712) 792-1000 FAX: (712) 792-0139

MEMO TO: Honorable Mayor and City Council Members

FROM: Laura A. Schaefer, Finance Director/City Clerk

DATE: September 22, 2016

SUBJECT: Carroll City Cemetery Maintenance Building and Third Street Storm Sewer Improvements Projects – Not to Exceed $1,180,000 General Obligation Capital Loan Notes

- Resolution Fixing Date for a Meeting on the Proposition to Authorize a Loan Agreement and the Issuance of Notes to Evidence the Obligations of the City Thereunder

Part of the FY 2017 budget preparation process included the issuance of capital loan notes to fund the construction of a cemetery maintenance building and partial funding for the Third Street Storm Sewer Improvement project. As such, Council has held a public hearing and approved a "pre-levy" resolution not to exceed $1,220,000 to be included in the tax asking for FY 2017.

Since then both projects have been awarded construction contracts and are under construction or will begin construction soon. After bid openings, it was determined that additional funding was needed for both projects. The recommendation for the additional funding is capital loan notes.

In order to accomplish this, Council needs to hold another public hearing to increase the not to exceed debt issuance amount. The additional amount needed is $1,180,000 for construction of both projects and debt issuance costs. The new not to exceed amount of debt issuance is $2,400,000. The new debt repayment schedule is eight (8) years.

Attached is the first step of the process which is a resolution to set a public hearing date for the next Council meeting on October 10, 2016.

The remainder debt issuance schedule is:

October 10: Hold public hearing and approve preliminary official statement
October 24: Take bids, approve bids & award winning bid
November 14: Approve final bond documents
November 30: Close on capital loan notes and receive final proceeds

RECOMMENDATION: Council consideration and approval of the attached resolution setting public hearing date for October 10, 2016 and directing City Clerk to publish said notice.

September 26, 2016

The City Council of the City of Carroll, Iowa, met in _____ session, in the Council Chambers, City Hall, 112 E. 5th Street, Carroll, Iowa, at _____ _____.M., on the above date. There were present Mayor _____, in the chair, and the following named Council Members:

_____

_____

Absent: _____

* * * * * * *

Council Member _____ introduced the following Resolution entitled "RESOLUTION FIXING DATE FOR A MEETING ON THE AUTHORIZATION OF A LOAN AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED $1,180,000 GENERAL OBLIGATION CAPITAL LOAN NOTES OF THE CITY OF CARROLL, IOWA (FOR ESSENTIAL CORPORATE PURPOSES), AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF", and moved that the same be adopted. Council Member _____ seconded the motion to adopt. The roll was called and the vote was,

AYES: _____

_____

NAYS: _____

Whereupon, the Mayor declared the resolution duly adopted as follows:

RESOLUTION FIXING DATE FOR A MEETING ON THE AUTHORIZATION OF A LOAN AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED $1,180,000 GENERAL OBLIGATION CAPITAL LOAN NOTES OF THE CITY OF CARROLL, IOWA (FOR ESSENTIAL CORPORATE PURPOSES), AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

WHEREAS, on February 8, 2016 the City of Carroll, Iowa previously held a hearing and approved the issuance of not to exceed $1,220,000 General Obligation Capital Loan Notes, for essential corporate purposes, the proceeds to be used to provide funds to pay the costs of construction of a cemetery maintenance building at the Carroll City Cemetery, and the Third Street Storm Sewer Improvements, consisting of acquisition, construction and equipping of storm water drainage improvements along and adjacent to Third Street near the Middle Raccoon River; and

WHEREAS, it is now been determined that costs for the projects described above will exceed $1,220,000, and that additional borrowing authority for the projects in an amount not to exceed $1,180,000 will be necessary, in anticipation that total project costs will be not to exceed $2,400,000; and

WHEREAS, therefore it is deemed necessary and advisable that the City should provide for the authorization of a Loan Agreement and issuance of General Obligation Capital Loan Notes, to the additional amount of not to exceed $1,180,000, for total project costs of not to exceed $2,400,000, as authorized by Sections 384.24A and 384.25, of the Code of Iowa, for the purpose of providing funds to pay costs of carrying out essential corporate purpose project(s) as hereinafter described; and

WHEREAS, the Loan Agreement and Notes shall be payable from the Debt Service Fund; and

WHEREAS, before a Loan Agreement may be authorized and General Obligation Capital Loan Notes issued to evidence the obligation of the City thereunder, it is necessary to comply with the provisions of the Code of Iowa, as amended, and to publish a notice of the proposal and of the time and place of the meeting at which the Council proposes to take action for the authorization of the Loan Agreement and Notes and to receive oral and/or written objections from any resident or property owner of the City to such action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CARROLL, IOWA:

Section 1. That this Council meet in the Council Chambers, City Hall, 112 E. 5th Street, Carroll, Iowa, at _____ _____.M., on the 10th day of October, 2016, for the purpose of taking action on the matter of the authorization of a Loan Agreement and issuance of an additional not to exceed $1,180,000 General Obligation Capital Loan Notes, for essential corporate purposes, the proceeds of which Notes will be used to provide funds to pay the costs of construction of a cemetery maintenance building at the Carroll City Cemetery, and the Third Street Storm Sewer Improvements, consisting of acquisition, construction and equipping of storm water drainage improvements along and adjacent to Third Street near the Middle Raccoon River.

Section 2. To the extent any of the projects or activities described in this resolution may be reasonably construed to be included in more than one classification under Division III of Chapter 384 of the Code of Iowa, the Council hereby elects the "essential corporate purpose" classification and procedure with respect to each such project or activity, pursuant to Section 384.28 of the Code of Iowa.

Section 3. The Clerk is authorized and directed to proceed on behalf of the City with the negotiation of terms of a Loan Agreement and the issuance of General Obligation Capital Loan Notes, evidencing the City's obligations to an aggregate principal amount of not to exceed $2,400,000, to select a date for the final approval thereof, to cause to be prepared such notice and sale information as may appear appropriate, to publish and distribute the same on behalf of the City and this Council and

otherwise to take all action necessary to permit the completion of a loan on a basis favorable to the City and acceptable to the Council.

Section 4. That the Clerk is hereby directed to cause at least one publication to be made of a notice of the meeting, in a legal newspaper, printed wholly in the English language, published at least once weekly, and having general circulation in the City, the publication to be not less than four clear days nor more than twenty days before the date of the public meeting on the issuance of the Notes.

Section 5. The notice of the proposed action to issue Notes shall be in substantially the following form:

NOTICE OF MEETING OF THE CITY COUNCIL OF THE CITY OF CARROLL, IOWA, ON THE MATTER OF THE PROPOSED AUTHORIZATION OF A LOAN AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED $1,180,000 GENERAL OBLIGATION CAPITAL LOAN NOTES OF THE CITY (FOR ESSENTIAL CORPORATE PURPOSES), AND THE HEARING ON THE ISSUANCE THEREOF

PUBLIC NOTICE is hereby given that the City Council of the City of Carroll, Iowa, will hold a public hearing on the 10th day of October, 2016, at _____ _____.M., in the Council Chambers, City Hall, 112 E. 5th Street, Carroll, Iowa, at which meeting the Council proposes to take additional action for the authorization of a Loan Agreement and the issuance of not to exceed $1,180,000 General Obligation Capital Loan Notes, for essential corporate purposes, to provide funds to pay the costs of construction of a cemetery maintenance building at the Carroll City Cemetery, and the Third Street Storm Sewer Improvements, consisting of acquisition, construction and equipping of storm water drainage improvements along and adjacent to Third Street near the Middle Raccoon River. Principal and interest on the proposed Loan Agreement will be payable from the Debt Service Fund.

If the City Council determines to take additional action for the issuance of the above-described General Obligation Capital Loan Notes for the projects described above following the public hearing thereon, the above-described General Obligation Capital Loan Notes shall be combined for purposes of issuance and sale with the not to exceed $1,220,000 General Obligation Capital Loan Notes previously authorized by the City Council for purposes of issuance and sale following a hearing held on February 8, 2016 for the same projects as described in this notice.

At the above meeting the Council shall receive oral or written objections from any resident or property owner of the City to the above action. After all objections have been received and considered, the Council will at the meeting or at any adjournment thereof, take additional action for the authorization of a Loan Agreement and the issuance of the Notes to evidence the obligation of the City thereunder or will abandon the proposal to issue said Notes.

This notice is given by order of the City Council of the City of Carroll, Iowa, as provided by Sections 384.24A and 384.25 of the Code of Iowa.

Dated this _____ day of _____, 2016.

_____

City Clerk, City of Carroll, Iowa

(End of Notice)

PASSED AND APPROVED this 26th day of September, 2016.

_____
Mayor

ATTEST:

_____
City Clerk