City of Carroll

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MEMO TO: Mike Pogge-Weaver, City Manager MJP-W

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

DATE: February 20, 2019

SUBJECT: Fire Pumper Truck and Street Improvements – Not to Exceed $1,560,000 General Obligation Capital Loan Notes, Series 2019A

- Public Hearing on the authorization of a Loan Agreement and the issuance of Notes to evidence the obligation of the City thereunder
- Resolution instituting proceedings to take additional action
- Resolution authorizing the issuance and levying a tax for the payment thereof

The FY 2020 budget proposal contains a debt issuance for the purchase of a new fire pumper truck ($460,000) and partial funding for street improvements ($1,024,000). This debt issuance is an essential corporate purpose. It is anticipated that the debt will be sold after July 1, 2019. The debt is currently proposed as a 10-year repayment.

The FY 2020 budget also includes an estimate of principal and interest to be repaid and incorporated into the proposed FY 2020 tax levy. In order to include this tax asking into the FY 2020 tax levy, a public hearing needs to be conducted and a "pre-levy" resolution approved prior to adopting the FY 2020 budget.

The notice of public hearing was published Thursday, February 14, 2019.

A public hearing will need to be conducted at the Council meeting with action to be taken on the enclosed resolution entitled "Resolution instituting proceedings to take additional action for the issuance of not to exceed $1,560,000 General Obligation Capital Loan Notes." This resolution will document the receipt of any oral or written objections to the issuance of the capital loan notes.

If the resolution instituting proceedings to take addition action is approved, Council would then need to take action on the resolution authorizing the issuance of and levying a tax for the payment of the capital loan notes. This "pre-levy" resolution tells the public that the City has a need for money to pay for debt service (principal and interest) for these specific projects from capital loan notes to be sold at a later date. The "pre-levy" resolution gives the basis for the debt service to be included in the FY 2020 budget. It does not bind Council to the repayment schedule.

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Passage of the attached resolution authorizes the City to include the anticipated debt service to be paid during FY 2020 and levy a tax to pay for the debt. The current anticipated total debt service amount of principal and interest for FY 2020 is $220,616 and has been incorporated into the City's levy rate of $11.59794 as proposed to Council during the budget work sessions.

RECOMMENDATION: At the close of the public hearing, Council consideration of the following:

1. Resolution instituting proceedings to take additional action for the issuance of not to exceed $1,560,000 General Obligation Capital Loan Notes, Series 2019A, and

2. Resolution authorizing the issuance of $1,560,000 General Obligation Capital Loan Notes, Series 2019A, and levying a tax for the payment thereof

February 25, 2019

The City Council of the City of Carroll, State of Iowa, met in _____ session, in the Carroll Community School District Conference Room, 1026 N. Adams Street, Carroll, Iowa, at _____ _____.M., on the above date. There were present Mayor _____, in the chair, and the following named Council Members:

_____

Absent: _____

Vacant: _____

* * * * * * *

The Mayor announced that this was the time and place for the public hearing and meeting on the matter of the authorization of a Loan Agreement and the issuance of not to exceed $1,560,000 General Obligation Capital Loan Notes, in order to provide funds to pay the costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds, the construction, reconstruction, and repairing of any street improvements, the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices, and the acquisition of any real estate needed for any of the foregoing purposes; and equipping the fire department, including the acquisition and equipping of a fire truck, for essential corporate purposes, and that notice of the proposed action by the Council to institute proceedings for the authorization of the Loan Agreement and the issuance of the Notes had been published as provided by Sections 384.24A and 384.25 of the Code of Iowa.

The Mayor then asked the Clerk whether any written objections had been filed by any resident or property owner of the City to the issuance of the Notes. The Clerk advised the Mayor and the Council that _____ written objections had been filed. The Mayor then called for oral objections to the issuance of the Notes and _____ were made. Whereupon, the Mayor declared the time for receiving oral and written objections to be closed.

(Attach here a summary of objections received or made, if any)

Whereupon, the Mayor declared the hearing on the authorization of entering into a Loan Agreement and the issuance of the Notes to be closed.

The Council then considered the proposed action and the extent of objections thereto.

Whereupon, Council Member _____ introduced and delivered to the Clerk the Resolution hereinafter set out entitled "RESOLUTION INSTITUTING PROCEEDINGS TO TAKE ADDITIONAL ACTION FOR THE ISSUANCE OF NOT TO EXCEED $1,560,000 GENERAL OBLIGATION CAPITAL LOAN NOTES", and moved:

☐ that the Resolution be adopted.

☐ to ADJOURN and defer action on the Resolution and the proposal to institute proceedings for the issuance of notes to the meeting to be held at _____ _____.M. on the _____ day of _____, 2019, at this place.

Council Member _____ seconded the motion. The roll was called and the vote was,

AYES: _____

_____

NAYS: _____

Whereupon, the Mayor declared the measure duly adopted.

RESOLUTION INSTITUTING PROCEEDINGS TO TAKE ADDITIONAL ACTION FOR THE ISSUANCE OF NOT TO EXCEED $1,560,000 GENERAL OBLIGATION CAPITAL LOAN NOTES

WHEREAS, pursuant to notice published as required by law, the City Council has held a public meeting and hearing upon the proposal to institute proceedings for the authorization of a Loan Agreement and the issuance of not to exceed $1,560,000 General Obligation Capital Loan Notes, for the essential corporate purposes, in order to provide funds to pay the costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds, the construction, reconstruction, and repairing of any street improvements, the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices, and the acquisition of any real estate needed for any of the foregoing purposes; and equipping the fire department, including the acquisition and equipping of a fire truck, and has considered the extent of objections received from residents or property owners as to the proposed issuance of Notes; and following action is now considered to be in the best interests of the City and residents thereof.

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

Section 1. That this Council does hereby institute proceedings and take additional action for the authorization and issuance in the manner required by law of not to exceed $1,560,000 General Obligation Capital Loan Notes, for the foregoing essential corporate purposes.

Section 2. This Resolution shall serve as a declaration of official intent under Treasury Regulation 1.150-2 and shall be maintained on file as a public record of such intent. It is reasonably expected that the general fund moneys may be advanced from time to time for capital expenditures which are to be paid from the proceeds of the above Notes. The amounts so advanced shall be reimbursed from the proceeds of the Notes not later than eighteen months after the initial payment of the capital expenditures or eighteen months after the property is placed in service. Such advancements shall not exceed the amount authorized in this Resolution unless the same are for preliminary expenditures or unless another declaration of intention is adopted.

PASSED AND APPROVED this 25th day of February, 2019.

_____
Mayor

ATTEST:

_____
City Clerk

Council Member _____ introduced the following Resolution entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF $1,560,000 GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2019A, AND LEVYING A TAX FOR THE PAYMENT 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 AUTHORIZING THE ISSUANCE OF $1,560,000 GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2019A, AND LEVYING A TAX FOR THE PAYMENT THEREOF

WHEREAS, the City of Carroll, State of Iowa ("Issuer"), is a municipal corporation, organized and existing under the Constitution and laws of the State of Iowa, and is not affected by any special legislation; and

WHEREAS, the Issuer is in need of funds to pay costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds, the construction, reconstruction, and repairing of any street improvements, the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices, and the acquisition of any real estate needed for any of the foregoing purposes; and equipping the fire department, including the acquisition and equipping of a fire truck (the "Project"), and it is deemed necessary and advisable that General Obligation Capital Loan Notes, Series 2019A, in the amount of $1,560,000 be issued; and

WHEREAS, the City Council has taken such acts as are necessary to authorize issuance of the Notes.

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

Section 1. Authorization of the Issuance. General Obligation Capital Loan Notes, Series 2019A, in the amount of $1,560,000 shall be issued pursuant to the provisions of Iowa Code Sections 384.24A and 384.25 for the purposes covered by the hearing.

Section 2. Levy of Annual Tax. For the purpose of providing funds to pay the principal and interest as required under Chapter 76.2, there is levied for each future year the following direct annual tax upon all the taxable property in the City of Carroll, State of Iowa, to wit:

AMOUNT	FISCAL YEAR (JULY 1 TO JUNE 30) YEAR OF COLLECTION
$220,616	2019/2020
$177,864	2020/2021
$153,747	2021/2022
$175,216	2022/2023
$175,848	2023/2024
$181,237	2024/2025
$176,231	2025/2026
$171,131	2026/2027
$170,892	2027/2028
$155,340	2028/2029

Principal and interest coming due at any time when the proceeds of the tax on hand are insufficient to pay the amount due shall be promptly paid when due from current funds available for that purpose and reimbursement must be made.

Section 3. Amendment of Levy of Annual Tax. Based upon the terms of the future sale of the Notes to be issued, this Council will file an amendment to this Resolution ("Amended Resolution") with the County Auditor.

Section 4. Filing. A certified copy of this Resolution shall be filed with the County Auditor of County of Carroll, State of Iowa, who shall, pursuant to Iowa Code Section 76.2, levy, assess and collect the tax in the same manner as other taxes and, when collected, these taxes shall be used only for the purpose of paying principal and interest on the Notes.

PASSED AND APPROVED this 25th day of February, 2019.

_____
Mayor

ATTEST:

_____
City Clerk