City of Carroll

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

MEMO TO: Mike Pogge-Weaver, City Manager MPW

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

DATE: April 17, 2018

SUBJECT: Trails Improvement – $205,000 General Obligation Capital Loan Note, Taxable Series 2018A

- Resolution approving and authorizing a form of Loan Agreement and authorizing and providing for the issuance, and levying a tax to pay the Note.

The FY 2018 budget contains a debt issuance not to exceed $415,000 for a monument signage project and trail improvements. A pre-levy resolution was approved by Council February 27, 2017 which authorized to collect property taxes (levy debt service) to pay principal and interest on an issuance that was anticipated to occur during FY 2018. The amount levied in FY 2018 was $209,778.

Since the adoption of the FY 2018 budget, capital projects have changed. Per the Council Goal Setting Session (dated December 14, 2017), "make a decision regarding design of city gateway signs at entryways to the city" is listed as an on-going commitment/obligation for the upcoming 24 months. This project was taken out of the FY 2018 re-estimates and was not included in the FY 2019 budget; therefore, this project is not part of this proposed $205,000 debt issuance.

The $205,000 debt issuance is to cover costs of the trail improvements that were completed during construction season 2017 and was included in the FY 2018 re-estimates when preparing the FY 2019 budget.

The City's bonding attorney has advised the City that a debt issuance is necessary because Iowa Code requires a borrowing to create a general obligation debt since the debt service levy was used to collect funds. As such, City staff has requested interest rate bids from the local banks for a 30-day taxable loan. The reason for a taxable issuance instead of a non-taxable issuance is that since this is such a short-term borrowing, it is believed the amount of potential additional interest paid for a taxable issuance will be less than the additional fees associated will a non-taxable issuance because of the additional paperwork that is required for a non-taxable issuance.

The closing on the debt is scheduled for May 15, 2018 with a June 15, 2018 repayment date.

Interest rate bids are due by 11:00 am on Monday, April 23, and will be presented at the Council meeting on Monday, April 23.

Attached is a resolution approving and authorizing a form of loan agreement and accepting the best interest rate bid.

RECOMMENDATION: Council consideration and approval of the Resolution approving and authorizing a form of loan agreement and authorizing and providing for the issuance of a $205,000 general obligation capital loan note, taxable series 2018A and levying a tax to pay said note for the Trails Improvement – 2017 Project.

April 23, 2018

The City Council of the City of Carroll, State of Iowa, met in _____ session, in 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: _____

Vacant: _____

* * * * * * *

Council Member _____ introduced the following Resolution entitled "RESOLUTION APPROVING AND AUTHORIZING A FORM OF LOAN AGREEMENT AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A $205,000 GENERAL OBLIGATION CAPITAL LOAN NOTE, TAXABLE SERIES 2018A, AND LEVYING A TAX TO PAY SAID NOTE" and moved that it be adopted. Council Member _____ seconded the motion to adopt, and the roll being called thereon, the vote was as follows:

AYES: _____

_____

NAYS: _____

Whereupon, the Mayor declared said Resolution duly adopted as follows:

RESOLUTION APPROVING AND AUTHORIZING A FORM OF LOAN AGREEMENT AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A $205,000 GENERAL OBLIGATION CAPITAL LOAN NOTE, TAXABLE SERIES 2018A, AND LEVYING A TAX TO PAY SAID NOTE

WHEREAS, the Issuer is duly incorporated, organized and exists under and by virtue of the laws and Constitution of the State of Iowa; and

WHEREAS, the Issuer is in need of funds to pay costs of the construction and reconstruction of trail improvements, general corporate purpose(s), and it is deemed necessary and advisable that General Obligation Capital Loan Notes, to the amount of not to exceed $415,000 be authorized for said purpose(s); and

WHEREAS, the Issuer has a population of more than 5,000 but not more than 75,000, and the Note for these purposes does not exceed $700,000; and

WHEREAS, pursuant to notice published as required by Section 384.26 of the Code of Iowa, the Council of the City has held a public meeting and hearing upon the proposal to institute proceedings for the issuance of Notes for general corporate purpose(s) in the amounts as above set forth, and, no petition for referendum having been received, the Council is therefore now authorized to proceed with the issuance of said Note for such purpose(s); and

WHEREAS, the above mentioned Note was heretofore sold at private sale and action should now be taken to issue said Note conforming to the terms and conditions of the proposal now accepted by the City from the Purchaser.

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

Section 1. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

- "Issuer" and "City" shall mean the City of Carroll, State of Iowa.

- "Loan Agreement" shall mean a Loan Agreement between the Issuer and the Purchaser in substantially the form attached to and approved by this Resolution.

- "Note Fund" shall mean the fund created in Section 3 of this Resolution.

- "Note" shall mean the $205,000 General Obligation Capital Loan Note, Taxable Series 2018A, authorized to be issued by this Resolution.

- "Paying Agent" shall mean the City Clerk, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Note as the same shall become due.

- "Project" shall mean the construction and reconstruction of trail improvements.

- "Project Fund" shall mean the fund required to be established by this Resolution for the deposit of the proceeds of the Note.

- "Purchaser" shall mean _____, of _____, Iowa.

- "Registrar" shall mean the City Clerk of Carroll, Iowa, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein with respect to maintaining a register of the owners of the Note. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Note.

- "Resolution" shall mean this resolution authorizing the Note.

- "Treasurer" shall mean the City Clerk/Treasurer or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Note issued hereunder.

Section 2. Levy and Certification of Annual Tax; Other Funds to be Used.

a) Levy of Annual Tax. That for the purpose of providing funds to pay the principal and interest of the Note hereinafter authorized to be issued, there has been levied the following direct annual tax on all of the taxable property in the City of Carroll, State of Iowa, to-wit:

AMOUNT	FISCAL YEAR (JULY 1 TO JUNE 30) YEAR OF COLLECTION
$209,778	2017/2018*

*A levy in the amount of $209,778 has been included in the budget previously certified and will be used to pay the entire amount of principal and interest of the Note coming due in fiscal year 2017/2018.

(NOTE: For example the levy to be made and certified against the taxable valuations of January 1, 2016 will be collected during the fiscal year commencing July 1, 2017.)

b) Resolution Filed With County Auditor. A certified copy of the Resolution authorizing the pre levy has been filed with the Auditor of Carroll County, Iowa and the Auditor was hereby instructed in and for each of the years as provided, to levy and assess the tax hereby authorized in Section 2 of this Resolution, in like manner as other taxes are levied and assessed, and such taxes so levied in and for each of the years aforesaid be collected in like manner as other taxes of the City are collected, and when collected be used for the purpose of paying principal and interest on said Note issued in anticipation of the tax, and for no other purpose whatsoever.

c) Additional City Funds Available. Principal and interest coming due at any time when the proceeds of said tax on hand shall be insufficient to pay the same shall be promptly paid when due from current funds of the City available for that purpose and reimbursement shall be made from such special fund in the amounts thus advanced.

Section 3. Note Fund. Said tax shall be assessed and collected each year at the same time and in the same manner as, and in addition to, all other taxes in and for the City, and when collected they shall be converted into a special fund within the Debt Service Fund to be known as the "2018A GENERAL OBLIGATION CAPITAL LOAN NOTE FUND" (the "Note Fund"), which is hereby pledged for and shall be used only for the payment of the principal of and interest on the Note hereinafter authorized to be issued; and also there shall be apportioned to said fund its proportion of taxes received by the City from property that is centrally assessed by the State of Iowa.

Section 4. Application of Note Proceeds. Proceeds of the Note, other than accrued interest except as may be provided below, shall be credited to the Project Fund and expended therefrom for the purposes of issuance. Any amounts on hand in the Project Fund shall be available for the payment of the principal of or interest on the Note at any time that other funds shall be insufficient to the purpose, in which event such funds shall be repaid to the Project Fund at the earliest opportunity. Any balance on hand in the Project Fund and not immediately required for its purposes may be invested not inconsistent with limitations provided by law or this Resolution.

Section 5. Investment of Note Fund Proceeds. All moneys held in the Note Fund, provided for by Section 3 of this Resolution shall be invested in investments permitted by Chapter 12B, Code of Iowa, 2017, as amended, or deposited in financial institutions which are

members of the Federal Deposit Insurance Corporation and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or its equivalent successor in any one financial institution shall be continuously secured in compliance with Chapter 12C of the Code of Iowa, 2017, as amended, or otherwise by a valid pledge of direct obligations of the United States Government having an equivalent market value. All such interim investments shall mature before the date on which the moneys are required for payment of principal of or interest on the Note as herein provided.

Section 6. Note Details, Execution and Redemption.

a) Note Details. A single General Obligation Capital Loan Note of the City in the amount of $205,000, shall be issued to evidence the obligations of the Issuer under the Loan Agreement pursuant to the provisions of Sections 384.24A and 384.26 of the Code of Iowa for the aforesaid purposes. The Note shall be secured equally and ratably from the sources provided in Section 3 of this Resolution. The Note shall be designated "GENERAL OBLIGATION CAPITAL LOAN NOTE, TAXABLE SERIES 2018A", be dated May 15, 2018, and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable upon maturity at the rate hereinafter provided.

The Note shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and impressed or printed with the seal of the City and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any, shall be payable at the office of the Paying Agent by mailing of a check to the registered owner of the Note. The Note shall be in the denomination of $5,000 or multiples thereof. The Note shall mature and bear interest as follows:

Principal Amount	Interest Rate	Maturity June 15st
$205,000	_____%	2018

b) Redemption. The Note is not callable for redemption prior to Maturity.

Section 7. Registration of Note; Appointment of Registrar; Transfer; Ownership; Delivery; and Cancellation.

a) Registration. Ownership of the Note may be transferred only by the making of an entry upon the books kept for the registration and transfer of ownership of the Note, and in no other way. The City Clerk is hereby appointed as Note Registrar under the terms of this Resolution. Registrar shall maintain the books of the Issuer for the registration of ownership of the Note for the payment of principal of and interest on the Note as provided in this Resolution. The Note shall be negotiable as provided in Article 8 of the Uniform Commercial Code and Section 384.31 of the Code of Iowa, subject to the provisions for registration and transfer contained in the Note and in this Resolution.

b) Transfer. The ownership of any Note may be transferred only upon the Registration Books kept for the registration and transfer of the Note and only upon surrender thereof at the office of the Registrar together with an assignment duly executed by the holder or his duly authorized attorney in fact in such form as shall be satisfactory to the Registrar, along with the address and social security number or federal employer identification number of such transferee (or, if registration is to be made in the name of multiple individuals, of all such transferees). In the event that the address of the registered owner of a Note (other than a registered owner which is the nominee of the broker or dealer in question) is that of a broker or dealer, there must be disclosed on the Registration Books the information pertaining to the registered owner required above. Upon the transfer of any such Note, a new fully registered Note, of any denomination or denominations permitted by this Resolution in aggregate principal amount equal to the unmatured and unredeemed principal amount of such transferred fully registered Note, and bearing interest at the same rate and maturing on the same date or dates shall be delivered by the Registrar.

c) Registration of Transferred Note. In all cases of the transfer of the Note, the Registrar shall register, at the earliest practicable time, on the Registration Books, the Note, in accordance with the provisions of this Resolution.

d) Ownership. As to any Note, the person in whose name the ownership of the same shall be registered on the Registration Books of the Registrar shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Note and the premium, if any, and interest thereon shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note, including the interest thereon, to the extent of the sum or sums so paid.

e) Cancellation. All Notes which have been redeemed shall not be reissued but shall be cancelled by the Registrar. All Notes which are cancelled by the Registrar shall be destroyed and a certificate of the destruction thereof shall be furnished promptly to the Issuer; provided that if the Issuer shall so direct, the Registrar shall forward the cancelled Note to the Issuer.

f) Non-Presentment of Note. In the event any payment check representing payment of principal of or interest on the Note is returned to the Paying Agent or if any note is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such principal of or interest on Note shall have been made available to the Paying Agent for the benefit of the owner thereof, all liability of the Issuer to the owner thereof for such interest or payment of such Note shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the owner of such Note who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or on, or with respect to, such interest or Note. The Paying Agent's obligation to hold such funds shall continue for a period equal to two years and six months following the date on which such interest or principal became due, whether at maturity, or at the date fixed for redemption thereof, or

otherwise, at which time the Paying Agent, shall surrender any remaining funds so held to the Issuer, whereupon any claim under this Resolution by the Owners of such interest or Note of whatever nature shall be made upon the Issuer.

g) Registration and Transfer Fees. The Registrar may furnish to each owner, at the Issuer's expense, one note for each annual maturity. The Registrar shall furnish an additional Note in lesser denominations (but not less than the minimum denomination) to an owner who so requests.

Section 8. Reissuance of Mutilated, Destroyed, Stolen or Lost Note. In case the outstanding Note shall become mutilated or be destroyed, stolen or lost, the Issuer shall at the request of Registrar authenticate and deliver a new Note of like tenor and amount as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note to Registrar, upon surrender of such mutilated Note, or in lieu of and substitution for the Note destroyed, stolen or lost, upon filing with the Registrar evidence satisfactory to the Registrar and Issuer that such Note has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Registrar and Issuer with satisfactory indemnity and complying with such other reasonable regulations as the Issuer or its agent may prescribe and paying such expenses as the Issuer may incur in connection therewith.

Section 9. Record Date. Payments of principal and interest, otherwise than upon full redemption, made in respect of any Note, shall be made to the registered holder thereof or to their designated agent as the same appear on the books of the Registrar on the 15th day of the month preceding the payment date. All such payments shall fully discharge the obligations of the Issuer in respect of such Note to the extent of the payments so made. Upon receipt of the final payment of principal, the holder of the Note shall surrender the Note to the Paying Agent.

Section 10. Execution, Authentication and Delivery of the Note. Upon the adoption of this Resolution, the Mayor and Clerk shall execute the Note by their manual or authorized signature and deliver the Note to the Registrar, who shall authenticate the Note and deliver the same to or upon order of the Purchaser. No Note shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless the Registrar shall duly endorse and execute on such Note a Certificate of Authentication substantially in the form of the Certificate herein set forth. Such Certificate upon any Note executed on behalf of the Issuer shall be conclusive evidence that the Note so authenticated has been duly issued under this Resolution and that the holder thereof is entitled to the benefits of this Resolution.

Section 11. Right to Name Substitute Paying Agent or Registrar. Issuer reserves the right to name a substitute, successor Registrar or Paying Agent upon giving prompt written notice to each registered noteholder.

Section 12. Form of Note. The Note shall be printed substantially in the form as follows:

"STATE OF IOWA"
"COUNTY OF CARROLL"
"CITY OF CARROLL"

"GENERAL OBLIGATION CAPITAL LOAN NOTE"
"TAXABLE SERIES 2018A"
GENERAL CORPORATE PURPOSE

Rate: _____
Maturity: June 15, 2018
Note Date: May 15, 2018
"Registered"
Certificate No. 1
Principal Amount: $205,000

The City of Carroll, State of Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, on the maturity date indicated above, to

(Registration panel to be completed by Registrar or Printer with name of Registered Owner).

or registered assigns, the principal sum of TWO HUNDRED FIVE THOUSAND DOLLARS in lawful money of the United States of America, only upon presentation and surrender hereof at the office of the City Clerk, Paying Agent of this issue, or its successor, with interest on the sum from the date hereof until paid at the rate per annum specified above, said interest payable upon maturity.

Interest and principal shall be paid to the registered holder of the Note as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Note is issued pursuant to the provisions of Sections 384.24A and 384.26 of the Code of Iowa, for the purpose of paying costs of the construction and reconstruction of trail improvements, and in order to evidence the obligations of the Issuer under a certain Loan Agreement dated the date hereof, in conformity to a Resolution of the Council of said City duly passed and approved. For a complete statement of the funds from which and the conditions under which this Note is payable, and the general covenants and provisions pursuant to which this Note is issued, reference is made to the above described Loan Agreement and Resolution.

This Note is not callable for redemption prior to maturity.

Ownership of this Note may be transferred only by transfer upon the books kept for such purpose by the City Clerk, the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Note at the office of the Registrar as designated below, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered Noteholders of

such change. The Note shall be negotiable as provided in Article 8 of the Uniform Commercial Code and Section 384.31 of the Code of Iowa, subject to the provisions for registration and transfer contained in the Note Resolution.

And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Note, have been existent, had, done and performed as required by law; that provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the territory of the Issuer for the payment of the principal and interest of this Note as the same will respectively become due; that such taxes have been irrevocably pledged for the prompt payment hereof, both principal and interest; and the total indebtedness of the Issuer including this Note, does not exceed the constitutional or statutory limitations.

IN TESTIMONY WHEREOF, the Issuer by its Council, has caused this Note to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, with the seal of the City printed or impressed hereon, and to be authenticated by the manual signature of an authorized representative of the Registrar, the City Clerk, Carroll, Iowa.

Date of authentication:_____
This is the Note described in the within mentioned Resolution, as registered by the City Clerk.

CITY CLERK, Registrar

By: _____
Authorized Signature

Registrar and Transfer Agent: City Clerk
Paying Agent: City Clerk

SEE REVERSE FOR CERTAIN DEFINITIONS

(Seal)
(Signature Block)

CITY OF CARROLL, STATE OF IOWA

By: _____(manual or facsimile signature)_____
Mayor

ATTEST:

By: _____(manual or facsimile signature)_____
City Clerk

(Information Required for Registration)

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ (Social Security or Tax Identification No. _____) the within Note and does hereby irrevocably constitute and appoint _____ attorney in fact to transfer the said Note on the books kept for registration of the within Note, with full power of substitution in the premises.

Dated: _____

_____

_____
(Person(s) executing this Assignment sign(s) here)

SIGNATURE)
GUARANTEED)_____

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or note(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signature to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) _____
Address of Transferee(s) _____
Social Security or Tax Identification
Number of Transferee(s) _____
Transferee is a(n):
Individual* _____ Corporation _____
Partnership _____ Trust _____

*If the Note is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with rights of survivorship and not as tenants in common
IA UNIF TRANS MIN ACT - ..... Custodian .....
(Cust) (Minor)
Under Iowa Uniform Transfers to Minors Act.....
(State)

ADDITIONAL ABBREVIATIONS MAY
ALSO BE USED THOUGH NOT IN THE ABOVE LIST

(End of form of Note)

Section 13. Loan Agreement and Closing Documents. The form of Loan Agreement in substantially the form attached to this Resolution is hereby approved and is authorized to be executed and issued on behalf of the Issuer by the Mayor and attested by the City Clerk. The Mayor and City Clerk are authorized and directed to execute, attest, seal and deliver for and on behalf of the City any other additional certificates, documents, or other papers and perform all other acts, including without limitation the execution of all closing documents, as they may deem necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

Section 14. Contract Between Issuer and Purchaser. This Resolution constitutes a contract between said City and the purchaser of the Note.

Section 15. Repeal of Conflicting Resolutions or Ordinances. All ordinances and resolutions and parts of ordinances and resolutions in conflict herewith are hereby repealed.

Section 16. Severability Clause. If any section, paragraph, clause or provision of this Resolution be held invalid, such invalidity shall not affect any of the remaining provisions hereof, and this Resolution shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this 23rd day of April, 2018.

_____
Mayor

ATTEST:

_____
City Clerk

LOAN AGREEMENT

This Loan Agreement is entered into as of the 15th day of May, 2018, by and between the City of Carroll, State of Iowa (the "City") acting through its City Council (the "Council") and _____ of _____, Iowa (the "Lender"). The parties agree as follows:

1. The Lender shall loan to the City the sum of $205,000, and the City's obligation to repay hereunder shall be evidenced by the issuance of a General Obligation Capital Loan Note, Taxable Series 2018A, in the aggregate principal amount of $205,000 (the "Note").

2. The loan proceeds shall be used to pay costs of the construction and reconstruction of trail improvements (the "Project"). Any remaining loan proceeds, including accrued interest, if any, shall be deposited in the Note Fund (defined in the Resolution hereinafter referred to) and shall be held therein and used, along with other amounts therein, to pay interest on the Note on June 15, 2018.

3. The City agrees to repay the loan and interest thereon as hereinafter provided. The Note, in substantially the form set forth in the Resolution hereinafter referred to, shall be executed and delivered to the Lender to evidence the City's obligation to repay the amounts payable hereunder. The Note shall be dated May 15, 2018, shall bear interest payable upon final maturity at the rate set forth on the Debt Service Schedule attached hereto and incorporated herein by this reference.

4. The Council has adopted a Resolution (the "Resolution") authorizing and approving the form of this Loan Agreement and providing for the issuance and securing the payment of the Note and establishing the terms thereof, and the Resolution is incorporated herein by reference, and the parties agree to abide by the terms and provisions of the Resolution. The Note and the interest thereon shall be payable from the levy of a sufficient continuing annual tax on all the taxable property within the territory of the City and provision has been made in the resolution authorizing a pre levy for the levy and collection of such tax.

5. The City may borrow additional money, issue general obligation bonds or enter into other loan agreements and issue additional notes which are at the time of their issuance on a parity and equality of rank with the Note with respect to the lien and claim of such collection of taxes thereof provided that the total indebtedness of the City including this Loan Agreement and Note issued hereunder does not exceed the Constitutional or statutory limitations.

6. In connection with its purchase of the Note, the Lender represents and agrees as follows:

(a) The Lender understands that no prospectus or Official Statement containing material information with respect to the City, the Note or the Project is being prepared or authorized by the City in connection with the issuance of the Note and that, with the degree of due diligence the Lender deems necessary, the Lender has made its own investigation and analysis with respect to the City, the Project and the Note and the security therefore.

(b) The Lender is acquiring the Note for its own account and not with a view to resale or other distribution thereof and does not presently intend to divide the Note or to resell or otherwise dispose of all or any portion of the Note.

(c) The Lender understands that the Note (i) is not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the laws of the State of Iowa or the "blue sky" laws and regulations of any other state, (ii) will carry no rating from any national rating agency, and (iii) may not be readily marketable. The Lender agrees not to offer, sell or transfer any of the Note or make any change in registration of the Note without having first determined that the sale or transaction which necessitates or prompts the transfer or change of registration may be made without violating the Securities Act of 1933, the Iowa Uniform Securities Act and any other applicable laws, rules or regulations.

7. The Lender and the City represent and agree that no financial advisory relationship as defined by Rule G-23 of the Municipal Securities Rulemaking Board has existed between them with respect to this Loan Agreement or presently exists between them with respect to other similar matters and that no employee of the Lender is an employee or official of the City.

8. This Loan Agreement is executed pursuant to the provisions of Sections 384.24A and 384.26 of the Code of Iowa, as amended, and shall be read and construed as conforming to all provisions and requirements thereof.

IN WITNESS WHEREOF, we have hereunto affixed our signatures all as of the date first above written.

CITY OF CARROLL, STATE OF IOWA (City)

By: _____
Mayor

ATTEST:

By: _____
City Clerk

(SEAL)

_____ (Lender)

By: _____
(Signature)

_____
(Name)

_____
(Title)

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