

RESOLUTION NO. 1076

Approving and authorizing a Loan Agreement and providing for the issuance of a \$149,364 General Obligation Equipment Note

WHEREAS, the City of West Branch (the "City"), in the Counties of Cedar and Johnson, State of Iowa, has heretofore proposed to enter into a General Obligation Loan Agreement (the "Loan Agreement") pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of financing the acquisition of equipment for the street department, and has published notice of such proposal, and has held a hearing thereon; and

WHEREAS, proposals were received for the purchase of the City's \$149,364 General Obligation Equipment Note (the "Note") to be issued in evidence of the obligation of the City under the Loan Agreement, which proposals were shown in the minutes; and

WHEREAS, it is necessary at this time to authorize and approve the Loan Agreement and to make provision for the issuance of the Note;

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

Section 1. The City hereby finds that the bid of Community State Bank (the "Lender") is the best, providing the lowest interest cost to the City, and the City determines to enter into the Loan Agreement with the Lender providing for a loan to the City in the principal amount of \$149,364 for the purpose set forth in the preamble hereof.

The Mayor Pro Tem 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 2. The Note is hereby authorized to be issued in the principal amount of \$149,364, shall be dated February 15, 2013, and shall be payable as to both principal and interest in the manner hereinafter specified.

The City Clerk is hereby designated as the registrar and paying agent for the Note and may be hereinafter referred to as the "Registrar" or the "Paying Agent".

Principal of the Note shall bear interest at the rate of 1.75% per annum. Interest on the Note shall be payable on June 1 and December of each year, beginning December 1, 2013. Principal of the Note shall be paid in two equal annual installments in the amount of \$74,682 each, on June 1 in each of the years 2014 and 2015. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The City hereby pledges the faith, credit, revenues and resources and all of the real and personal property of the City for the full and prompt payment of the principal of and interest on the Note.

Payment of both principal of and interest on the Note 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 by check or draft mailed 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 Note to the Paying Agent.

The City reserves the right to prepay principal of the Note 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 prepayment date.

The Note shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor Pro Tem and attested by the official manual or facsimile signature of the City Clerk and shall be a fully registered Note without interest coupons. In case any officer whose signature or the facsimile of whose signature appears on the Note shall cease to be such officer before the delivery of the Note, 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 Note 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 Note 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 Note shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 3. The Note shall be in substantially the following form:



Loan Agreement for a more complete statement as to the source of payment of this Note and the rights of the owner of this Note.

The City reserves the right to prepay principal of this Note 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 prepayment date.

This Note 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 Note 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 Note were and have been properly existent, had, done and performed in regular and due form and time; that the faith, credit, revenues and resources and all the real and personal property of the City are irrevocably pledged for the prompt payment hereof, both principal and interest; and that the total indebtedness of the City, including this Note, does not exceed any constitutional or statutory limitations.

IN TESTIMONY WHEREOF, the City of West Branch, Iowa, by its City Council, has caused this Note to be executed by its Mayor Pro Tem and attested by its City Clerk on February 15, 2013.

CITY OF WEST BRANCH, IOWA

By: (DO NOT SIGN)  
Mayor Pro Tem

Attest:

(DO NOT SIGN)  
City Clerk

ABBREVIATIONS

The following abbreviations, when used in this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UTMA _____ (Custodian)
TEN ENT	- as tenants by the entireties	As Custodian for _____
TEN	- as joint tenants with right of survivorship and not as tenants in common	(Minor) under Uniform Transfers to Minors Act _____ (State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Note to

\_\_\_\_\_  
(Please print or type name and address of Assignee)

\_\_\_\_\_  
PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint \_\_\_\_\_, Attorney, to transfer this Note on the books kept for registration thereof with full power of substitution.

Dated: \_\_\_\_\_

Signature guaranteed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Note in every particular, without alteration or enlargement or any change whatever.

Section 4. The Note shall be executed as herein provided 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 the Lender, upon receipt of the loan proceeds, and all action heretofore taken in connection with the Loan Agreement is hereby ratified and confirmed in all respects.

Section 5. For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Note as the same become due, there is hereby ordered levied on all the taxable property in the City in each of the years while the Note is outstanding, a tax sufficient for that purpose, and in furtherance of this provision, but not in limitation thereof, there is hereby levied on all the taxable property in the City the following direct annual tax for collection in each of the following fiscal years:

For collection in the fiscal year beginning July 1, 2013,  
sufficient to produce the net annual sum of \$78,066;

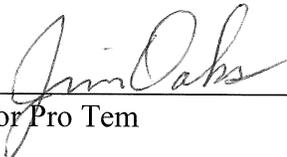
For collection in the fiscal year beginning July 1, 2014,  
sufficient to produce the net annual sum of \$75,989.

Section 6. It is the intention of the City that interest on the Note 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 Note 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 Note as a "Qualified Tax Exempt Obligation" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 7. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

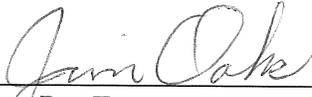
Passed and approved on February 4, 2013.

  
\_\_\_\_\_  
Mayor Pro Tem

Attest:   
\_\_\_\_\_  
City Clerk

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On motion and vote, the meeting adjourned.

  
\_\_\_\_\_  
Mayor Pro Tem

Attest:

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