

RESOLUTION NO. 1130

Resolution authorizing and approving a Loan Agreement and providing for the issuance of a \$400,000 General Obligation Property Acquisition Note and providing for the levy of taxes to pay the same

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City of West Branch (the "City"), in Cedar and Johnson Counties, State of Iowa has heretofore proposed to contract indebtedness and to enter into a General Obligation Property Acquisition Loan Agreement (the "Loan Agreement") in a principal amount not to exceed \$400,000 for the purpose of paying the cost, to that extent, of acquiring real property, and in lieu of calling an election on such proposal, the City has published notice of the proposed action and as of July 22, 2013 no petition had been filed with the City Clerk of the City asking that the question of entering into the Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, it is necessary at this time to authorize and approve the Loan Agreement and to make provision for the issuance of a \$400,000 General Obligation Property Acquisition Note (the "Note") in evidence of the obligation of the City under the Loan Agreement;

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

Section 1. The City hereby determines to enter into the Loan Agreement with Community State Bank, West Branch, Iowa, as lender (the "Lender"), providing for a loan to the City in the principal amount of \$400,000 for the purpose 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 2. The Note is hereby authorized to be issued in the principal amount of \$400,000, and shall be dated as of the date of its delivery to the Lender (anticipated to be July 31, 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 and interest on the Note shall be payable in nine equal installments of \$46,668.37; due on the first day of June in each year, commencing June 1, 2014, and continuing to and including June 1, 2022, with one final installment of all remaining principal and interest due at final maturity on June 1, 2023. The Note bears interest at the rate of 3.00% per annum. Interest shall be calculated on the basis of a 30/360 year.

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 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.

The Note 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 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:

(Form of Note)

UNITED STATES OF AMERICA
STATE OF IOWA
COUNTIES OF CEDAR AND JOHNSON
CITY OF WEST BRANCH

GENERAL OBLIGATION PROPERTY ACQUISITION NOTE

\$400,000

RATE	MATURITY DATE	NOTE DATE
3.00%	June 1, 2023	July 31, 2013

The City of West Branch (the "City"), in Cedar and Johnson Counties, State of Iowa, for value received, promises to pay in the manner hereinafter provided to

Community State Bank
West Branch, Iowa

or registered assigns, the principal sum of FOUR HUNDRED THOUSAND DOLLARS, together with interest on the outstanding principal hereof from the date of this Note, 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.

Principal of and interest on the Note shall be payable in nine equal installments of \$46,668.37; due on the first day of June in each year, commencing June 1, 2014, and continuing to and including June 1, 2022, with one final installment of all remaining principal and interest due at final maturity on June 1, 2023. The Note bears interest at the rate of 3.00% per annum. Interest shall be calculated on the basis of a 30/360 year.

Both principal of and interest on this Note 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 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 will be payable only upon presentation and surrender of this Note to the Paying Agent.

This Note is issued by the City to evidence its obligation under a certain Loan Agreement, dated as of the date hereof (the "Loan Agreement") entered into by the City for the purpose of paying the cost, to that extent, of acquiring real property.

This Note is issued pursuant to and in strict compliance with the provisions of Chapter 76 and Chapter 384 of the Code of Iowa, 2013, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Loan Agreement and providing for the issuance and securing the payment of this Note (the "Resolution"), and reference is hereby made to the Resolution and the 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 will 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 and attested by its City Clerk, on July 31, 2013.

CITY OF WEST BRANCH, IOWA

By (DO NOT SIGN)
Mayor

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 _____ (Minor)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	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. It is anticipated that closing of the borrowing transaction contemplated herein will be on or around July 31, 2013, provided, however, that execution of the Note and the 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 proceeds to be received under the Loan Agreement (the "Loan Proceeds"), and all action heretofore taken in connection with the Loan Agreement is hereby ratified and confirmed in all respects. The Loan Proceeds shall be used to pay the costs of the Acquisition and costs of issuance of the Note. 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 Note 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 5. As required by Chapter 76 of the Code of Iowa, and for the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the interest on the Note as it falls due, and also to pay and discharge the principal thereof at maturity, 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 the fiscal year beginning July 1, 2014,
sufficient to produce the net annual sum of \$46,669;

For collection in the fiscal year beginning July 1, 2015,
sufficient to produce the net annual sum of \$46,669;

For collection in the fiscal year beginning July 1, 2016,
sufficient to produce the net annual sum of \$46,669;

For collection in the fiscal year beginning July 1, 2017,
sufficient to produce the net annual sum of \$46,669;

For collection in the fiscal year beginning July 1, 2018,
sufficient to produce the net annual sum of \$46,669;

For collection in the fiscal year beginning July 1, 2019,
sufficient to produce the net annual sum of \$46,669;

For collection in the fiscal year beginning July 1, 2020,
sufficient to produce the net annual sum of \$46,669;

For collection in the fiscal year beginning July 1, 2021,
sufficient to produce the net annual sum of \$46,669; and

For collection in the fiscal year beginning July 1, 2022,
sufficient to produce the net annual sum of \$46,669.

Section 6. A certified copy of this resolution shall be filed with the County Auditors of Cedar County and Johnson County, and the County Auditors are hereby instructed to enter for collection and assess the tax hereby authorized. When annually entering such taxes for collection, the County Auditors 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 Note 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 Note remains outstanding and unpaid, any funds of the City which may lawfully be applied for such purpose, may be appropriated, budgeted and, if received, used for the payment of the principal of and interest on the Note as the same become due, and if so appropriated, the taxes for any given fiscal year as provided for in Section 5 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.

Section 7. 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 8. 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 9. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 10. This resolution shall be in full force and effect immediately upon its adoption and approval.

Passed and approved on July 22, 2013.



Mayor

Attest:



City Clerk