

RESOLUTION NO. 27-2016

Resolution authorizing and approving a Loan Agreement and providing for the issuance of a \$300,000 General Obligation Corporate Purpose Note and providing for the levy of taxes to pay the same

WHEREAS, the City of Griswold (the "City"), in Cass County, State of Iowa, pursuant to the provisions of Section 384.24A of the Code of Iowa, heretofore proposed to enter into a loan agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$300,000 for the purpose of paying the costs, to that extent, of constructing street, alleyway and storm water drainage improvements (the "Project"), and has published notice of the proposed action and has held a hearing thereon on May 9, 2016; and

WHEREAS, it is necessary at this time to authorize and approve the Loan Agreement and to make provision for the issuance of \$300,000 General Obligation Corporate Purpose 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 Griswold, Iowa, as follows:

Section 1. The City hereby determines to enter into the Loan Agreement with Rolling Hills Bank & Trust, Griswold, Iowa, as lender (the "Lender"), providing for a loan to the City in the principal amount of a \$300,000 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 \$300,000, and shall be dated as of the date of delivery to the Lender (anticipated to be June 3, 2016) and shall be payable as to both principal and interest in the manner hereinafter specified.

Both principal of and interest on the Note shall be payable in 19 equal annual installments in the amount of \$21,009.04 each due on each June 1, commencing June 1, 2017 and continuing to, and including, June 1, 2035, with one final installment of all remaining principal and interest due thereon at final maturity on June 1, 2036. The Note bears interest at the rate of 3.45% per annum. All payments shall be applied first to the payment of interest due and next to the reduction of principal. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

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."

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 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 and attested with the official manual or facsimile signature of the City Clerk and shall be 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 COUNTY OF CASS
CITY OF GRISWOLD

GENERAL OBLIGATION CORPORATE PURPOSE NOTE

No. 1 \$300,000

RATE	MATURITY DATE	NOTE DATE
3.45%	June 1, 2036	June 3, 2016

The City of Griswold (the "City"), in Cass County, State of Iowa, for value received, promises to pay in the manner hereinafter provided to

ROLLING HILLS BANK & TRUST
Griswold, Iowa (the "Lender")

or registered assigns, the principal sum of THREE 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.

Both principal of and interest on this Note shall be payable in 19 equal annual installments in the amount of \$21,009.04 each due on each June 1, commencing June 1, 2017 and continuing to, and including, June 1, 2035, with one final installment of all remaining principal and interest due thereon at final maturity on June 1, 2036. This Note bears interest at the rate of 3.45% per annum. All payments shall be applied first to the payment of interest due and next to the reduction of principal. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

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 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 the date hereof (the "Loan Agreement"), entered into by the City for the paying the cost, to that extent, of constructing street, alleyway and storm water drainage improvements.

This Note is issued pursuant to and in strict compliance with the provisions of Chapter 76 and Chapter 384 of the Code of Iowa, 2015, 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 provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the City for the payment of the principal of and interest on this Note as the same will respectively become due; 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 Griswold, Iowa, by its City Council, has caused this Note to be executed by its Mayor and attested by its City Clerk, on June 3, 2016.

CITY OF GRISWOLD, 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	_____
JT 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. It is anticipated that closing of the borrowing transaction contemplated herein will be on or around June 3, 2016, 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 loan proceeds, and all action heretofore taken in connection with the Loan Agreement is hereby ratified and confirmed in all respects. To the extent that the date of closing needs to be adjusted, the City staff, with advice from the Lender and Bond Counsel to the City, is hereby authorized to make such adjustment and to modify the transaction documents accordingly.

Section 5. The proceeds (the "Loan Proceeds") to be received under the Loan Agreement shall be used to pay the costs of the Project, 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 6. 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 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 the following direct annual tax in each of the following fiscal years:

For collection in the fiscal year beginning July 1, 2017,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2018,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2019,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2020,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2021,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2022,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2023,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2024,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2025,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2026,
sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2027, sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2028, sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2029, sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2030, sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2031, sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2032, sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2033, sufficient to produce the net annual sum of \$21,010;

For collection in the fiscal year beginning July 1, 2034, sufficient to produce the net annual sum of \$21,010; and

For collection in the fiscal year beginning July 1, 2035, sufficient to produce the net annual sum of \$21,010.

Section 7. A certified copy of this resolution shall be filed with the County Auditor of Cass County, and the County Auditor is hereby instructed to enter for collection and assess the tax hereby authorized. When annually entering such taxes for collection, the County Auditor 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, including incremental property tax revenues, 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 6 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. The City has declared the Project to be an urban renewal project in the Griswold Urban Renewal Area and hereby reaffirms its intent to use incremental property tax revenues for the payment of debt service on the Note.

Section 8. 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.

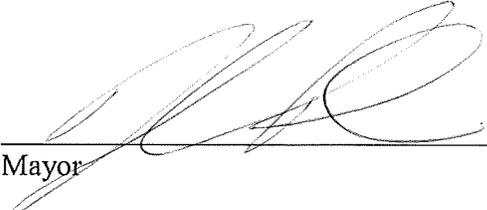
Section 9. It is the intention of the City that interest on the Note be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the 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 10. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

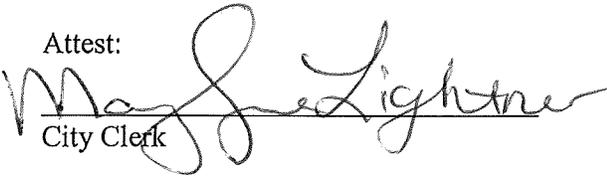
Section 11. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved on May 9, 2016.



Mayor

Attest:



City Clerk