

MEETING DATE: ~~03/15/20~~

3/15/21

ITEM: 9 A and B

## AGENDA ITEM SUMMARY

**Subject: Holding public hearings and approving Resolution No. 37-21 approving loan and debt service levy for general and essential corporate purposes**

Part of the FY22 budgeting process includes short term borrowing for various pieces of equipment and repairs. We must hold two public hearings on consideration of entering into these loan agreements because some items are considered essential corporate purpose and some are general corporate purpose. Below is the breakdown of these items for which we intend to borrow funds and repay with the debt service levy. Total for all of these items for FY22 is \$300,433.

PD – ammo/guns	\$6,000
FD – Equipment Bunker Gear	\$15,000
PD – Equipment	\$24,000
PD/FD/Street – Clothing	\$12,600
PD – Vehicle Replacement Reserve	\$20,000
Tornado siren replacement	\$4,500
FD – Roof Reserve	\$25,000
FD- Ambulance Bay Remodel	\$60,000
Streets – Tree removal costs	\$30,000
Park & Rec – Tree removal costs	\$20,000
401 N. Main Street Building Remodel project	\$10,000
Nuisance Abatement – Demo	\$40,000
<u>The Learning Center -Cap. Project</u>	<u>\$33,333</u>
Total:	\$300,433

We will hold the public hearings on this at the March 15<sup>th</sup> meeting.

We recommend approval of the resolution authorizing future issuance of a G.O. loan and providing for a debt service levy to pay for this loan.

RESOLUTION NO. 37-21

Resolution taking additional action on proposal to enter into a Loan Agreements, Combining Loan Agreements and providing for the levy of taxes to pay General Obligation Corporate Purpose Bonds

WHEREAS, the City of Charles City (the “City”), in Floyd County, State of Iowa has proposed to enter into a loan agreement (the “Essential Purpose Loan Agreement”), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed \$175,000 for the purpose of paying the costs, to that extent, of (1) equipping the municipal police, public works and fire departments; (2) acquiring and installing emergency sirens; (3) undertaking tree removal in public parks and right-of-way; (4) undertaking nuisance abatement and/or acquisition, demolition and restoration of dangerous and dilapidated buildings; and (5) acquiring vehicles for the municipal police department, and has published notice of the proposed action and has held a hearing thereon on March 15, 2021; and

WHEREAS, the City has also proposed to enter into a loan agreement (the “General Purpose Loan Agreement” and together with the Essential Purpose Loan Agreement, the “Loan Agreements”) and to borrow money thereunder in a principal amount not to exceed \$130,000, pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the costs, to that extent, of (1) constructing improvements to municipal fire protection facilities; (2) contributing to the TLC facility remodel; and (3) undertaking improvements to the property situated at 401 N. Main, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of March 15, 2021, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, the City intends to combine the Loan Agreements into a single loan agreement (the “Loan Agreement”) and to enter into the Loan Agreement in the future and to issue General Obligation Corporate Purpose Bonds (the “Bonds”) in evidence of its obligation thereunder and anticipates that principal and/or interest will come due on the Bonds before July 1, 2022; and

WHEREAS, it is now necessary to make provision for the levy of a debt service property tax in the 2021-2022 fiscal year for the payment of such principal and interest;

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

Section 1. The City Council hereby combines the Loan Agreements into the Loan Agreement pursuant to Section 384.28 of the Code of Iowa.

Section 2. The City Council hereby determines to enter into the Loan Agreement in the future and orders that the Bonds shall be issued in a principal amount not to exceed \$305,000 at such time, in evidence thereof. The City Council further declares that this constitutes the “additional action” required by Section 384.24A of the Code of Iowa.

Section 3. 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 Bonds as the same become due, there is hereby ordered levied on all the taxable property in the City the following direct annual tax:

For collection in the fiscal year beginning July 1, 2021,  
sufficient to produce the net annual sum of \$300,433.

Provided, however, that at the time the Bonds are issued, the actual tax levy amounts required to pay the principal of and interest on the Bonds in each year shall be determined based upon the interest rate or rates at which the Bonds are issued, and this resolution shall be supplemented by resolution of the City Council to provide for such actual and necessary tax levy amounts.

Section 4. A certified copy of this resolution shall be filed with the County Auditor of Floyd County, and said 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 Bonds hereby authorized and for no other purpose whatsoever.

Section 5. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved March 15, 2021.

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Mayor

Attest:

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City Clerk

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