
AGENDA ITEM SUMMARY

Subject: One day borrowing for FY21

Background Summary:

It is time to do our annual one day borrowing for various items such as police/fire equipment, tree removal, nuisance abatement and other expenses for which we have been receiving a debt service levy for FY21. We will be borrowing \$309,000 which will cover expenses such as tree removal, clothing for police/fire/street employees, fire and police equipment purchases, nuisance abatement, squad car purchase and repairs to 401 N. Main.

I contacted the area banks for their quotes on a transaction fee for this borrowing and received the following: Fidelity Bank - \$95, First Citizen's- \$150 and First Security - \$115

We plan on executing this loan on June 29.

CITY OF CHARLES CITY

RESOLUTION NO. 81-21

Resolution authorizing and approving a Loan Agreement and providing for the issuance of a \$309,000 General Obligation Corporate Purpose Note

WHEREAS, the City of Charles City (the "City"), in Floyd County, State of Iowa, heretofore 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 \$310,000 for the purpose of paying the costs, to that extent, of (1) acquiring uniforms and equipment for the police, public works and fire departments; (2) acquiring and installing emergency sirens; (3) undertaking airport improvements; (4) abating nuisances and demolishing dangerous or dilapidated structures; (5) undertaking riverbank stabilization improvements; and (6) removing trees at city parks and in city right-of-way, and has published notice of the proposed action and has held a hearing thereon on March 2, 2020; and

WHEREAS, the City also proposed to enter into a loan agreement (the "General Purpose Loan Agreement") (together, the Essential Purpose Loan Agreement and the General Purpose Loan Agreement are sometimes referred to hereinafter as the "Loan Agreements"), 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 \$85,000 for the purpose of paying the costs, to that extent, of (1) constructing park facilities improvements; and (2) constructing fire station improvements, 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 2, 2020, 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, pursuant to Section 384.28 of the Code of Iowa, the City Council has combined the Loan Agreements into a single loan agreement (the "Loan Agreement"); and

WHEREAS, on March 2, 2020 the City Council adopted a resolution (the "Prelevy Resolution") anticipating the future authorization of the Loan Agreement and providing for the levy of taxes to pay principal thereunder, and said taxes have been collected in the 2021-2022 fiscal year 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 \$309,000 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 Charles City, Iowa, as follows:

Section 1. The City hereby determines to enter into the Loan Agreement with Fidelity Bank & Trust, Charles City, Iowa (the "Lender"), providing for a loan to the City in the principal amount of \$309,000 for the purpose or purposes 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 \$309,000, shall be dated as of the date of its delivery to the Lender (such date is anticipated to be June 29, 2021) and shall be payable 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 not bear interest. All of the Principal of the Note, plus a loan initiation fee of \$95, shall be payable directly to the Lender on June 29, 2021.

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 FLOYD COUNTY
CITY OF CHARLES CITY

GENERAL OBLIGATION CORPORATE PURPOSE NOTE

No. 1 \$309,000

RATE	MATURITY DATE	NOTE DATE
0%	June 29, 2021	June 29, 2021

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

Fidelity Bank & Trust
Charles City, Iowa

or registered assigns (the "Lender"), the principal sum of THREE HUNDRED NINE THOUSAND DOLLARS.

Principal of this Note shall not bear interest. All of the Principal of this Note, plus a loan initiation fee of \$95, shall be payable directly to the Lender on June 29, 2021.

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 costs, to that extent, of (1) acquiring uniforms and equipment for the police, public works and fire departments; (2) acquiring and installing emergency sirens; (3) undertaking airport improvements; (4) abating nuisances and demolishing dangerous or dilapidated structures; (5) undertaking riverbank stabilization improvements; (6) removing trees at city parks and in city right-of-way; (7) constructing park facilities improvements; and (8) constructing fire station 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, 2021, 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 Holder of this Note.

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 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 Charles City, Iowa, by its City Council, has caused this Note to be executed by its Mayor and attested by its City Clerk, on June 29, 2021.

CITY OF CHARLES CITY, 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. 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 on June 29, 2021, 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. The City hereby pledges the debt service property taxes received pursuant to the Prelevy Resolution for the full and prompt payment of the principal of the Note.

Section 6. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved on June 21, 2021.

Mayor

Attest:

City Clerk