
AGENDA ITEM SUMMARY

Subject: One day borrowing for FY22

Background Summary:

It is time to do our annual one day borrowing for various items such as police/fire equipment and project work, tree removal, nuisance abatement, 401 N. Main remodel work and the first 1/3 of TLC relocation expense and other eligible expense are which we have been receiving debt service levy for FY22. We will be borrowing \$300,433 to cover these items.

I have contacted the area banks for quotes on what transaction fee they may charge for this transaction and received two back: First Security for \$125 and First Citizen's for \$150. We are recommending going with First Security and that who is included in the resolution from Dorsey that will approve this transaction.

We recommend approval of this resolution.

RESOLUTION NO. 71-22

Resolution authorizing and approving a Loan Agreement and providing for the issuance of a \$300,433 General Obligation Corporate Purpose Note

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, 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 15, 2021 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 \$300,433 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 First Security Bank & Trust, Charles City, Iowa (the "Lender"), providing for a loan to the City in the principal amount of \$300,433 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 \$300,433, shall be dated as of the date of its delivery to the Lender (such date is anticipated to be June 15, 2022) 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 \$125, shall be payable directly to the Lender on June 15, 2022.

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 \$300,433

RATE	MATURITY DATE	NOTE DATE
0%	June 15, 2022	June 15, 2022

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

First Security Bank & Trust
Charles City, Iowa

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

Principal of this Note shall not bear interest. All of the Principal of this Note, plus a loan initiation fee of \$125, shall be payable directly to the Lender on June 15, 2022.

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) 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; (5) acquiring vehicles for the municipal police department; (6) constructing improvements to municipal fire protection facilities; (7) contributing to the TLC facility remodel; and (8) undertaking improvements to the property situated at 401 N. Main.

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

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 15, 2022, 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 6, 2022.

Mayor

Attest:

City Clerk