

MINUTES TO AUTHORIZE ISSUANCE
OF A PROJECT NOTE

435926-33

Monticello, Iowa

May 6, 2024

The City Council of the City of Monticello, Iowa, met on the above date, at 6:00 o'clock p.m., at the Monticello Renaissance Center, 220 E. 1st Street, Monticello, Iowa, in the City.

The meeting was called to order by the Mayor, and the roll was called showing the following members of the Council present and absent:

Present: Josh Brenneman, Jake Ellwood, Dave Goedken, Candy Langerman, Mary Phelan and Scott Brighton

Absent: None.

* *Other Business* *

The City Council took up for consideration a resolution authorizing and approving a Loan Agreement and providing for the issuance of a Sewer Revenue Loan Agreement Anticipation Project Note, Series 2024.

After due consideration and discussion, Council Member Phelan introduced the following resolution and moved its adoption, seconded by Council Member Ellwood. The Mayor put the question upon the adoption of said resolution, and the roll being called, the following Council Members voted:

Ayes: Phelan, Ellwood, Goedken, Brighton, Langerman and Brenneman

Nays: None.

Whereupon, the Mayor declared the resolution duly adopted, as follows:

* *Other Business* *

At the conclusion of the meeting, and upon motion and vote, the City Council adjourned.

Wayne Peach, Mayor

Attest:

Sally Hinrichsen, City Clerk/Treasurer

RESOLUTION NO. 2024-74

Resolution authorizing a Loan Agreement and providing for the issuance of a Sewer Revenue Loan Agreement Anticipation Project Note, Series 2024

WHEREAS, the City of Monticello (the “City”), in Jones County, State of Iowa, did heretofore establish a Municipal Sanitary Sewer System (the “Utility”) in and for the City which has continuously supplied sanitary sewer service in and to the City and its inhabitants since its establishment; and

WHEREAS, the management and control of the Utility are vested in the City Council (the “Council”) and no board of trustees exists for this purpose; and

WHEREAS, the City heretofore proposed to enter into a Sewer Revenue Loan Agreement (the “Original Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$21,000,000, pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the cost, to that extent, of planning, designing, and constructing improvements and extensions to the Utility (the “Project”), and pursuant to law and a notice duly published, the City Council has held a public hearing on such proposal on December 19, 2022; and

WHEREAS, to pay additional costs of the Project, the City also heretofore proposed to enter an additional Sewer Revenue Loan Agreement (the “Additional Loan Agreement”) in a principal amount not to exceed \$2,500,000, and pursuant to law and a notice duly published, the City Council has held a public hearing on such proposal on January 3, 2024; and

WHEREAS, pursuant to the provisions of Section 384.28 of the Code of Iowa, the City combined its authority under the Original Loan Agreement and the Additional Loan Agreement into a single loan agreement (the “Loan Agreement”); and

WHEREAS, upon substantial completion of construction of the Project and in order to borrow money to provide permanent financing for the Project in an amount currently estimated to be \$23,226,000, the City will enter into the Loan Agreement and issue its sewer revenue bonds, in one or more series, to evidence its obligations thereunder, in a like principal amount (the “USDA Direct Loan Bonds”) to be purchased by the United States Department of Agriculture, acting through the United States Department of Agriculture – Rural Development (“USDA-RD”) or another purchaser, for the purpose of providing funds to redeem the Project Note (as defined herein) and paying costs of the Project; and

WHEREAS, pursuant to the provisions of Section 76.13 of the Code of Iowa, the City has authority to issue notes in anticipation of the receipt of the proceeds (the “Loan Proceeds”) from the USDA Direct Loan Bonds; and

WHEREAS, the City Council has made provision and has authorized a term sheet (the “Term Sheet”) for use by PFM Financial Advisors LLC (the “Placement Agent”) in negotiating and providing for the private placement of a Sewer Revenue Loan Agreement Anticipation Project Note, Series 2024 (the “Project Note”) in anticipation of the receipt of and payable from the Loan Proceeds; and

WHEREAS, upon due consideration and advice from the Placement Agent, the proposal of Farmers & Merchants Saving Bank, Monticello, Iowa (the “Lender”) was considered favorable and its acceptance was considered to be in the best interests of the City; and

WHEREAS, it is necessary at this time to authorize the issuance of the Project Note to the Lender;

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

Section 1. The City Council hereby covenants for the benefit of the Lender, and all who may at any time be the holder of the Project Note to enter into the Loan Agreement in the future and to issue the USDA Direct Loan Bonds in evidence thereof, prior to the maturity date (the “Maturity Date”) of the Project Note. The USDA Direct Loan Bonds are hereby ordered to be issued at such time as the City enters into the Loan Agreement.

Section 2. The Project Note is hereby authorized to be issued to the Lender, in anticipation of the receipt of and being payable from the Loan Proceeds or from other sources to be received and expended in connection with the Project during the period thereof. The Project Note shall be signed by the Mayor, attested by the City Clerk and delivered to the Lender. The Project Note shall be dated the date of delivery to the Lender (anticipated to be May 22, 2024), shall mature on the Maturity Date, and shall bear interest at the rate of 6.25% per annum (or at a lower rate agreed upon by the Lender and set forth in the Project Note). Interest on the Project Note shall be payable in monthly installments on the first day of each month commencing on June 1, 2024 (or at such dates agreed upon by the Lender and set forth in the Project Note), and continuing to the Maturity Date, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, or as otherwise required by the Lender and set forth in the Project Note.

The Mayor and City Clerk are hereby authorized to execute and deliver all necessary documents, including without limitation loan disbursement agreements, closing certificates, and USDA-RD documents, as required by Bond Counsel, the Lender or USDA-RD to effectuate the issuance of the Project Note and carry out the purposes of this resolution.

Section 3. Advances on the Project Note may be requested by the Mayor or the City Clerk in such amounts and at such times as are needed to pay costs of the Project, and each advance shall be subject the terms and conditions of the loan disbursement agreement, including approval by the Lender and USDA-RD. The date and amount of each advance shall be entered by the Lender on the Schedule of Advances on the Project Note, and each advance shall bear interest from the date of such entry. In accordance with the Term Sheet and the loan disbursement agreement, the City shall establish and maintain a project deposit fund with the Lender throughout the term of the Project Note.

The City Clerk is hereby designated as the Registrar and Paying Agent for the Project Note and may be hereinafter referred to as the “Registrar” or the “Paying Agent.”

The City reserves the right to prepay principal of the Project Note in whole or in part on any date prior to maturity upon terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the redemption date.

The Project Note shall be fully registered as to both principal and interest in the name of the owner in the records of the City kept for such purpose, after which no transfer shall be valid unless made on said records by the City Clerk, and then only upon a written instrument of transfer satisfactory to the City, duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City may maintain as confidential the record of identity of owners of the Project Note, as provided by Section 22.7 of the Code of Iowa.

Section 4. The Project Note shall be in substantially the following form:

(FORM OF PROJECT NOTE)

UNITED STATES OF AMERICA
STATE OF IOWA
JONES COUNTY
CITY OF MONTICELLO

SEWER REVENUE LOAN AGREEMENT ANTICIPATION PROJECT NOTE, SERIES 2024

DATED DATE: May 22, 2024

MAXIMUM PRINCIPAL AMOUNT: \$23,226,000

MATURITY DATE: December 1, 2026

INTEREST RATE: 6.25%

The City of Monticello, Iowa (the “City”), for value received, promises to pay on the Maturity Date to Farmers & Merchants Saving Bank, Monticello, Iowa (the “Lender”), its successors or assigns, as the registered owner, the principal sum of TWENTY THREE MILLION TWO HUNDRED TWENTY-SIX THOUSAND DOLLARS (\$23,226,000), or so much thereof as has been advanced by the Lender hereunder and noted on the Schedule of Advances hereon, in lawful money of the United States of America upon presentation and surrender of this Project Note to the City Clerk, Monticello, Iowa (hereinafter referred to as the “Registrar” or the “Paying Agent”), with interest thereon from the date of each advance until paid at the rate of 6.25% per annum. Interest on the Project Note shall be payable in monthly installments on the first day of each month commencing on June 1, 2024, and continuing to the Maturity Date, or upon prepayment of this instrument as hereinafter provided. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Lender has made a commitment to make advances (the “Advances”) to the City in an aggregate principal amount not to exceed \$23,226,000 under this Project Note. Each such Advance made by the Lender shall be entered by the Lender on the Schedule of Advances and shall bear interest from the date of such entry.

This Project Note is issued by the City for the purpose of paying the cost, to that extent, of planning, designing, and constructing improvements and extensions to the Municipal Sanitary Sewer System (the “Project”) of the City, and is issued under authority of Section 76.13 of the Code of Iowa in anticipation of the receipt of and is payable solely and only from the future proceeds (the “Loan Proceeds”) of an authorized loan agreement (the “Loan Agreement”) and the corresponding issuance of Sewer Revenue bonds or notes in a principal amount not to exceed \$23,226,000.

A sufficient portion of the Loan Proceeds has been appropriated to the payment of this Project Note. At its sole discretion the City Council may appropriate to the payment of this Project Note other proceeds to be received from state or federal grants and/or income or revenues from sources to be received and expended for the Project during the period of Project construction.

The City reserves the right to prepay principal of this Project Note, in whole or in part, at any time prior to the Maturity Date upon terms of par and accrued interest to the date of such

prepayment. All principal of this Project Note so prepaid shall cease to bear interest on the prepayment date.

This Project Note shall be fully registered as to both principal and interest in the name of the registered owner in the records of the City kept for such purpose, after which no transfer shall be valid unless made on said records by the City Clerk, and then only upon a written instrument of transfer satisfactory to the City, duly executed by the registered owner or the duly authorized attorney for such registered owner.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Project Note have existed, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of this Project Note does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, the City of Monticello, Iowa, by its City Council, has caused this Project Note to be executed by its Mayor and attested by the City Clerk, all as of the Dated Date.

CITY OF MONTICELLO, IOWA

By [DO NOT SIGN]
Mayor

Attest:

[DO NOT SIGN]
City Clerk

REGISTRATION OF OWNERSHIP

<u>Date of Registration</u>	<u>Name and address of Registered Owner</u>	<u>Signature of Secretary of the City Clerk</u>
Dated Date	Farmers & Merchants Saving Bank, Monticello, Iowa	[DO NOT SIGN] _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE OF ADVANCES

Date of Advance	Amount Advanced	Balance	Signature of Authorized Officer of Lender
05/22/2024	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	
	\$	\$	

Section 5. The Loan Proceeds anticipated to be received under the Loan Agreement are hereby appropriated to the payment of the Project Note and may also be appropriated to the payment of other obligations issued to pay costs of the Project, but only to the extent that full provision has been made for the payment of principal of and interest on the Project Note. At its sole discretion, the City Council may appropriate to the payment of the Project Note proceeds to be received from State or federal grants and/or income or revenues from sources to be received and expended for the Project during the period of project construction.

The Project Note is a limited obligation of the City payable solely and only from the Loan Proceeds and shall not constitute a general obligation of the City, nor shall it be payable in any manner by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the Loan Proceeds to be sufficient for the payment in whole or in part of the Project Note.

Section 6. It is the intention of the City that interest on the Project 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 Project 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.

Section 7. All resolutions or parts thereof in conflict herewith be and the same are hereby repealed to the extent of such conflict.

Passed and approved May 6, 2024.

Wayne Peach, Mayor

Attest:

Sally Hinrichsen, City Clerk/Treasurer

ATTESTATION CERTIFICATE:

STATE OF IOWA
JONES COUNTY
CITY OF MONTICELLO

SS:

I, the undersigned, City Clerk of the City of Monticello, Iowa, do hereby certify that attached hereto is a true and correct copy of the proceedings of the City Council relating to a certain Loan Agreement and the issuance of a Sewer Revenue Loan Agreement Anticipation Project Note, Series 2024.

WITNESS MY HAND this 9th day of May, 2024.

Sally Hinrichsen, City Clerk/Treasurer