City of Davenport, Iowa

Special City Council Meeting Minutes

Thursday, March 26, 2020

The City Council of Davenport, Iowa met in a Special City Council Meeting on Thursday, March 26, 2020 at 4:00 p.m. in the Council Chambers at Davenport City Hall, 226 W 4th St, Davenport, IA with Mayor Mike Matson presiding and all Aldermen present (the following Aldermen were present via telephone: Ald. Dickmann, Ald. Dohrmann, Ald. Jobgen, Ald. Lee, Ald. Meginnis, and Ald. Peacock). A partially electronic meeting was held because a fully "in person" meeting was impossible or impractical due to concerns for the health and safety of Council members, staff, and the public presented by COVID-19, and to follow the Governor's proclamation directing social distancing and placing restrictions on gatherings.

I. Moment of Silence

II. Pledge of Allegiance

III. Roll Call

IV. Agenda Items

1. *On motion by Ald. Ambrose, second by Ald. Gripp with all Aldermen present voting aye, the Ordinance moved to second consideration.*

First Consideration: Ordinance providing for the sale and issuance of $40,290,000 General Obligation Corporate and Refunding Bonds, Series 2020, and for the levy of taxes to pay the same. [All Wards] **ADOPTED 2020-154**

STAFF RECOMMENDS SUSPENSION OF THE RULES AND PASSAGE OF SECOND AND THIRD CONSIDERATIONS

i. *On motion by Ald. Ambrose, second by Ald. Dunn with all Aldermen present voting aye, the rules were suspended for passage of second and third considerations of the Ordinance.*

ii. *On motion by Ald. Ambrose, second by Ald. Gripp with all Aldermen present voting aye, the Ordinance was adopted.*

ORDINANCE NO. **2020-154**

An Ordinance providing for the sale and issuance of $40,290,000 General Obligation Corporate and Refunding Bonds, Series 2020, and for the levy of taxes to pay the same

WHEREAS, the City of Davenport, in Scott County, Iowa (the "City"), in the performance of its corporate functions as prescribed by the laws of the State of Iowa and the Charter of the City, has previously issued its General Obligation Corporate Bonds, Series 2012 (the "Series 2012 Bonds"), and, in the ordinance authorizing the issuance of the Series 2012 Bonds, the City reserved the right to call for early redemption as of June 1, 2020, the maturities of the Series 2012 Bonds coming due after June 1, 2020 (the "Callable Series 2012 Bonds"); and

WHEREAS, the City also has previously issued its General Obligation Refunding Bonds, Series 2012D (the "Series 2012D Bonds"), and, in the ordinance authorizing the issuance of the Series 2012D Bonds, the City reserved the right to call for early redemption as of June 1, 2020, the maturities of the Series 2012D Bonds coming due after June 1, 2020 (the "Callable Series 2012D Bonds"); and

WHEREAS, the City also has previously issued its Taxable General Obligation Refunding Bonds, Series 2012B (the "Taxable Series 2012B Bonds"), and, in the ordinance authorizing the issuance of the Taxable Series 2012B Bonds, the City reserved the right to call for early redemption as of June 1, 2020, the maturities of the Taxable Series 2012B Bonds coming due after June 1, 2020 (the "Callable Taxable Series 2012B Bonds"); and

WHEREAS, in the performance of its corporate functions as prescribed by the laws of the State of Iowa and the Charter of the City, notice duly published and a hearing held thereon, the City Council of the City has determined it to be in the best interests of the City to issue General Obligation Corporate and Refunding Bonds, Series 2020 (the "Series 2020 Bonds") for the purpose of paying costs in connection with various improvements and projects in the City and refunding the Callable Series 2012 Bonds and the Callable Series 2012D Bonds; and

WHEREAS, sealed bids for the purchase of the Series 2020 Bonds were received and canvassed on behalf of the City; and, upon the advice of PFM Financial Advisors, LLC, municipal advisor for the City, the bids were rejected; and

WHEREAS, the City has received a proposal from Key Government Finance, Inc. (the "Lender") for the purchase of the Series 2020 Bonds in the principal amount of $40,290,000; and

WHEREAS, it is necessary at this time to award the Series 2020 Bonds to the Lender and to adopt an ordinance to provide for the principal amount, interest rates and other terms of issuance of the Series 2020 Bonds and the levy of taxes to pay the same and to authorize the early redemption of the Callable Series 2012 Bonds, the Callable Series 2012D Bonds and the Callable Taxable Series 2012B Bonds, and to direct the notification of the holders of such bonds;

NOW, THEREFORE, Be It Ordained by the City Council of the City of Davenport, Iowa, as follows:

Section 1. The proposal from the Lender referred to in the preamble hereof is hereby accepted, and the Series 2020 Bonds are hereby awarded to the Lender at the price specified in such bid, and the Mayor and City Clerk are hereby authorized to execute such documents as may be necessary on behalf of the City. The Series 2020 Bonds shall be dated as of the date of their delivery to the Lender and shall be payable as to both principal and interest in the manner hereinafter specified.

Section 2. The following terms with or without capitalization shall have the following meanings in this Ordinance unless the text expressly or by necessary implication requires otherwise:

"Bonds" or "Series 2020 Bonds" shall mean the $40,290,000 General Obligation Corporate and Refunding Bonds, Series 2020, authorized to be issued by this Ordinance.

"Date of Taxability" shall have the meaning given such term in the Series 2020 Bonds.

"Determination of Taxability" shall have the meaning given such term in the Series 2020 Bonds.

"Issuer" shall mean the City of Davenport, Iowa

"Lender" shall mean Key Government Finance, Inc., together with its successors and assigns, as a holder of the Series 2020 Bonds.

"Paying Agent" shall mean the City Finance Director

"Registrar" shall mean the City Finance Director

"Tax Exempt Rate" means 2.04% per annum.

"Taxable Rate" means 2.58% per annum

Section 3. Registrar and Paying Agent. The City Finance Director is hereby designated as the Registrar and Paying Agent for the Series 2020 Bonds and may be hereinafter referred to as the "Bond Registrar" or the "Paying Agent".

Section 4. Bond Details; Source of Payment. The Series 2020 Bonds shall bear interest at the Tax Exempt Rate, unless a Determination of Taxability shall have occurred, in which case the Series 2020 Bonds shall bear interest at the Taxable Rate from the Date of Taxability. Principal of the Series 2020 Bonds shall be payable in annual installments as set forth in the Series 2020 Bonds. Interest on the Series 2020 Bonds shall be payable in semi-annual installments on June 1 and December 1 of each year, beginning December 1, 2020. Interest shall be calculated as set forth in the Series 2020 Bonds.

Payment of both principal of and interest on the Series 2020 Bonds shall be made to the registered owners 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 by electronic means, check or draft mailed to the registered owners at the addresses shown on such registration books. After the final installment of principal and interest on the Series 2020 Bonds, the Lender shall return the original Series 2020 Bonds to the Paying Agent.

The City reserves the right to prepay principal of the Series 2020 Bonds prior to maturity, in whole but not in part, on any date at a price of par plus accrued interest, and, if prepayment occurs prior to a date 60 months after the date of the Series 2020 Bonds, subject to a 2.00% prepayment premium calculated on the outstanding principal balance at the time of the prepayment.

Notice of such prepayment shall be given by electronic means or mailed by certified mail to the registered owners thereof at the addresses shown on the City's registration books not less than 30 days prior to such prepayment date.

Any notice of prepayment may contain a statement that redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2020 Bonds and that if funds are not available, such prepayment shall be cancelled by written notice to the owners of the Series 2020 Bonds in the same manner as the original prepayment notice was provided, such notice of cancellation to be made at least three days prior to the date fixed for prepayment.

The Series 2020 Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested by the official manual or facsimile signature of the Deputy Clerk, and shall be fully registered bonds without interest coupons. In case any officer whose signature or the facsimile of whose signature shall appear on the Series 2020 Bonds shall cease to be such officer before the delivery of such Series 2020 Bonds, 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 Series 2020 Bonds shall not be valid or become obligatory for any purpose until the Certificate of Authentication thereon shall have been signed by the Bond Registrar.

The Series 2020 Bonds shall be fully registered as to principal and interest in the names of the owners on the registration books of the City kept by the Bond Registrar, and after such registration, payment of the principal and interest thereof shall be made only to the registered owners, their legal representatives or assigns. The Series 2020 Bonds shall be transferable only upon the registration books of the City upon presentation to the Bond Registrar, together with either a written instrument of transfer satisfactory to the Bond 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 the owners of the Series 2020 Bonds may be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 5. Form of Series 2020 Bonds. The Series 2020 Bonds shall be initially issued as a single Series 2020 Bond and shall be in substantially the following form:

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO U.S. PERSONS (AS SUCH TERMS ARE DEFINED UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE BOND IS BEING OFFERED AND SOLD ONLY TO (1) "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND (2) TO A LIMITED NUMBER OF OTHER INSTITUTIONAL "ACCREDITED INVESTORS" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT EXECUTE AND DELIVER A LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS, ANDTHE BOND MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE SERIES 2019 BOND ORDINANCE.

(Form of Series 2020 Bond)

UNITED STATES OF AMERICA
STATE OF IOWA
COUNTY OF SCOTT
CITY OF DAVENPORT

GENERAL OBLIGATION CORPORATE AND REFUNDING BOND, SERIES 2020

No. 1 $40,290,000

INTEREST RATE	MATURITY DATE	BOND DATE
2.04%	January 1, 2035	[Date of Delivery]

The City of Davenport, Scott County, State of Iowa, for value received, promises to pay in the manner hereinafter set out, to:

KEY GOVERNMENT FINANCE, INC.

or registered assigns (the "Lender"), the principal sum of Forty Million, Two Hundred Ninety Thousand Dollars together with interest on the outstanding principal hereof at the Interest Rate from the date of this Bond, or from the most recent payment date on which interest has been paid until the Maturity Date, except as the provisions hereinafter set forth with respect to prepayment prior to maturity may be or become applicable hereto.

Interest on this Bond is payable semi-annually on June 1 and December 1 of each year, commencing on December 1, 2020, and will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Principal of this Bond is payable in annual installments on June 1 of each year, commencing June 1, 2021, in each of the respective years and in the respective installment amounts, and continuing to and including the Maturity Date, subject to earlier prepayment as provided herein:

Year	Principal Amount	Year	Principal Amount
2021	$4,570,000	2029	$1,745,000
2022	$4,505,000	2030	$1,780,000
2023	$4,590,000	2031	$1,820,000
2024	$4,680,000	2032	$1,310,000
2025	$4,780,000	2033	$1,335,000
2026	$3,040,000	2034	$1,360,000
2027	$1,675,000	2035	$1,390,000
2028	$1,710,000		

The City Finance Director is hereby designated as the Bond Registrar and Paying Agent.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Bond Registrar.

This Bond is one of a duly authorized series of General Obligation Corporate and Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), issued by the City in the aggregate principal amount of $40,290,000, pursuant to and in strict compliance with the laws of the State of Iowa and the special Charter of the City, and all laws amendatory thereof and supplementary thereto, and in conformity with an ordinance (the "Ordinance") adopted by the City Council of the City providing for the issuance of the Series 2020 Bonds and for the levy of taxes to pay the same for the purpose of paying the cost in connection with various improvements and projects in the City and refunding the outstanding balances of the City's General Obligation Corporate Bonds, Series 2012 and General Obligation Refunding Bonds, Series 2012D, and reference is hereby made to the Ordinance for a more complete statement as to the source of payment of the Bonds and the rights of the Lender. Capitalized terms used but undefined herein shall have the respective meanings ascribed to such terms in the Ordinance.

Upon the occurrence of a Determination of Taxability (as defined hereinafter), the Interest Rate on this Bond shall be automatically increased, effective as of the Date of Taxability (as defined hereinafter), to a rate of 2.58% per annum (the "Taxable Rate"). In such case, the City agrees also to pay to the Lender forthwith an amount equal to the aggregate difference between (i) the amount of interest paid on this Bond during the period in which all or a portion of the interest on this Bond was not excludable from the gross income of the holder (including without limitation any former holder) hereof for federal income tax purposes (the "Taxable Period") and (ii) the amount of interest that would have been payable on this Bond during the Taxable Period had the interest rate on this Bond been the Taxable Rate, together with an additional amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Internal Revenue Code of 1986, as amended) owed by the holder (including without limitation any former holder) hereof as a result of the occurrence of a Determination of Taxability. The provisions of this paragraph shall survive the payment of this Bond and the termination of the Ordinance.

A "Determination of Taxability" shall mean that all or a portion of the interest paid or payable on all or any portion of the Bonds is not excludable from the gross income of the holder (or any former holder) thereof for federal income tax purposes, as determined by such holder (or former holder).

The "Date of Taxability" shall mean the date as of which the interest paid or payable on the Bonds is includable in the gross income of the holder thereof for federal income tax purposes.

Payments of principal and interest not paid when due shall bear interest at the rate of 3.00% above the Interest Rate then in effect with respect to this Bond. In the event a payment of principal or interest is not made on or before 90 days of its due date, the rate of interest on all outstanding principal shall be at the rate of 3.00% above the Interest Rate then in effect with respect to this Bond until the payment default has been cured, at which time the interest rate will revert back to the rate otherwise then in effect.

The City reserves the right to prepay principal of this Bond prior to maturity, in whole but not in part, on any date at a price of par plus accrued interest, and, if prepayment occurs prior to a date 60 months after the date of this Bond, subject to a 2.00% prepayment premium calculated on the outstanding principal balance at the time of the prepayment.

Notice of such prepayment shall be given by electronic means or mailed by certified mail to the registered owners thereof at the addresses shown on the City's registration books not less than 30 days prior to such prepayment date.

Any notice of prepayment may contain a statement that redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of this Bond and that if funds are not available, such prepayment shall be cancelled by written notice to the Lender in the same manner as the original prepayment notice was provided, such notice of cancellation to be made at least three days prior to the date fixed for prepayment.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the names of the owners on the books of the City, in the office of the Bond Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Bond Registrar, together with either a written instrument of transfer satisfactory to the Bond Registrar, or the assignment form hereon completed and duly executed by the Lender or the duly authorized attorney for such Lender.

The City, the Bond Registrar and the Paying Agent may deem and treat the Lender 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 Bond 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 Bond 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 Bond as the same will respectively become due; and that the total indebtedness of the City, including this Bond, does not exceed any constitutional, statutory or Charter limitations or provisions.

IN TESTIMONY WHEREOF, the City of Davenport, Iowa, by its City Council, has caused this Bond to be executed with the duly authorized facsimile signature of its Mayor and attested with the duly authorized facsimile signature of its Deputy City Clerk, all as of May 1, 2020.

CITY OF DAVENPORT, IOWA

By (DO NOT SIGN) ______________________
Mayor

Attest:

(DO NOT SIGN) ______________________
Deputy City Clerk

Registration Date: (Registration Date)

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2020 Bonds described in the within-mentioned Ordinance.

By (DO NOT SIGN) ________________________

Finance Director

ABBREVIATIONS

The following abbreviations, when used in this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UTMA ________________________
TEN ENT	-	as tenants by the entireties	As Custodian for ________________________
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 Bond 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 Bonds 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 Bond in every particular, without alteration or enlargement or any change whatever.

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 interest on the Series 2020 Bonds as it falls due on December 1, 2020, and on each interest payment date thereafter to maturity, and also to pay and discharge the principal thereof at maturity, there is hereby ordered levied on all the taxable property in the City in each of the years while the Series 2020 Bonds or any of them are outstanding, a tax sufficient for that purpose, and in furtherance of this provision, but not in limitation thereof, there is hereby levied on all the taxable property in the City the following direct annual tax for collection in each of the following fiscal years, to-wit:

For collection in the fiscal year beginning July 1, 2020,

sufficient to produce the net annual sum of $5,460,409

For collection in the fiscal year beginning July 1, 2021,

sufficient to produce the net annual sum of $5,233,688;

For collection in the fiscal year beginning July 1, 2022,

sufficient to produce the net annual sum of $5,226,786;

For collection in the fiscal year beginning July 1, 2023,

sufficient to produce the net annual sum of $5,223,150;

For collection in the fiscal year beginning July 1, 2024,

sufficient to produce the net annual sum of $5,227,678;

For collection in the fiscal year beginning July 1, 2025,

sufficient to produce the net annual sum of $3,390,166;

For collection in the fiscal year beginning July 1, 2026,

sufficient to produce the net annual sum of $1,963,150;

For collection in the fiscal year beginning July 1, 2027,

sufficient to produce the net annual sum of $1,963,980;

For collection in the fiscal year beginning July 1, 2028,

sufficient to produce the net annual sum of $1,964,096;

For collection in the fiscal year beginning July 1, 2029, sufficient to produce the net annual sum of $1,963,498;

For collection in the fiscal year beginning July 1, 2030,

sufficient to produce the net annual sum of $1,967,186;

For collection in the fiscal year beginning July 1, 2031,

sufficient to produce the net annual sum of $1,420,058;

For collection in the fiscal year beginning July 1, 2032,

sufficient to produce the net annual sum of $1,418,334;

For collection in the fiscal year beginning July 1, 2033,

sufficient to produce the net annual sum of $1,416,100;

For collection in the fiscal year beginning July 1, 2034,

sufficient to produce the net annual sum of $1,418,356.

Section 7. A certified copy of this ordinance shall be filed with the County Auditor of Scott 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 Series 2020 Bonds hereby authorized and for no other purposes whatsoever. The amounts received by the City as accrued interest shall be deposited into such special account and used to pay interest due on the Series 2020 Bonds on the first interest payment date.

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 in the sum thus advanced.

Section 9. The Callable Series 2012 Bonds, the Callable Series 2012D Bonds and the Callable Taxable Series 2012B Bonds are hereby called for redemption as of June 1, 2020 (the "Redemption Date"), and the City Finance Director is hereby authorized and directed to take all action necessary to call the Callable Series 2012 Bonds, the Callable Series 2012D Bonds and the Callable Taxable Series 2012B Bonds for redemption as of the Redemption Date, including giving notice of such redemption to each of the registered owners of any of such Callable Bonds to be redeemed, at the addresses shown in the City's registration records, not less than 30 days prior to the Redemption Date.

Section 10. The City has heretofore determined that certain revenues from special funds shall be available for retirement of that portion of the Series 2020 Bonds utilized to defray the costs of certain projects related to such funds. Therefore, such funds may be employed and used to the extent available from year to year for the payment of that portion of the principal of and interest on the Series 2020 Bonds which is applicable to that portion of the total Series 2020 Bond issue applicable to such fund. Each year while any of said Series 2020 Bonds remain outstanding and unpaid, such of said available funds in amounts sufficient to meet the interest on that portion of the Series 2020 Bonds applicable to such fund and to pay the principal becoming due on such portion of the Series 2020 Bonds during each year may be used for that purpose, in accordance with the Series 2020 Bond Financing Plan on file with the City Finance Director, and in that event, the tax hereinbefore provided for the payment of such interest and principal may be reduced by the amount so used. The Deputy City Clerk is hereby authorized and directed to certify to the County Auditor of Scott County as to the remission or reduction of said ad valorem tax so that said tax, to the extent such fund is actually available and set aside for such purpose, shall not be extended or entered upon the tax rolls for collection.

It is hereby declared to be the purpose and intent of the City to issue the Series 2020 Bonds hereby authorized as general municipal obligations, but at the same time permitting the use of such funds for the payment of the principal and interest of that portion of the Series 2020 Bonds issued with respect to such funds.

Section 11. All funds held in any fund or account created or required to be maintained under the terms of this ordinance shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public funds, or as may be otherwise required to comply with the rebate provisions of the Internal Revenue Code.

All interest received by the City as a result of investments under this section in excess of the amount, if any, required to be paid to the United States Government in order to comply with the rebate provisions of the Internal Revenue Code, shall be deposited into or transferred to the Debt Service Fund subaccount referred to herein and used solely and only for the purpose of paying principal of and/or interest on the Series 2020 Bonds. The City hereby covenants and agrees that no such investment shall ever be made so as to cause the interest on the Series 2020 Bonds to become taxable as "arbitrage bonds" pursuant to the provisions of Section 148 of the Internal Revenue Code.

Section 12. Deposit of Bond Proceeds; Executions of Documents. The Series 2020 Bonds shall be executed as herein provided as soon after the adoption of this Ordinance as may be possible and thereupon they shall be delivered to the Bond Registrar for registration, authentication and delivery to the Lender, upon receipt of the purchase price thereof, and all action heretofore taken in connection with the issuance of the Series 2020 Bonds is hereby ratified and confirmed in all respects.

The officers of the City are hereby authorized and directed to do all acts and things as may be necessary in connection with the issuance and delivery of the Series 2020 Bonds and to carry out the intent and purposes of this Ordinance.

Section 13. Covenants of the City The City hereby represents, warrants, covenants and agrees with the owner or owners of the Series 2020 Bonds, or any of them, that, as soon as available but not later than 270 days after the end of each fiscal year, commencing with the report for the fiscal year ending June 30, 2020, the City shall provide to each owner of the Bonds an electronic copy of its audited annual financial statements (the "Annual Report") and, within 60 days after the end of each fiscal year, the City shall provide an electronic copy of the operating budget for the next fiscal year. If the City is unable to provide an Annual Report within 270 days of the end of the City's fiscal year, the City shall send a notice to the Lender stating (1) that there has been a failure to provide such information on or before the deadline above-specified and (2) the date by which the City will be able to provide the required information. The City shall provide the Lender such other financial reports as the Lender may reasonably request.

Section 14. Remedies of Bondholders. Except as herein expressly limited, the holder or holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa, and of the United States of America, for the enforcement of payment of their Bonds and interest thereon.

Upon an occurrence of a Determination of Taxability, the City shall, with respect to future interest payments, begin making payments relating to the Bonds calculated at the Taxable Rate. As set forth in the Bonds, the City shall make immediately a payment to the Lender forthwith an amount equal to the aggregate difference between (i) the amount of interest paid on the Series 2020 Bonds during the period in which all or a portion of the interest on Series 2020 Bonds was not excludable from the gross income of the holder (including without limitation any former holder) of the Series 2020 Bonds for federal income tax purposes (the "Taxable Period") and (ii) the amount of interest that would have been payable on the Series 2020 Bonds during the Taxable Period had the interest rate on the Series 2020 Bonds been the Taxable Rate, together with an additional amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Internal Revenue Code of 1986, as amended) owed by the holder (including without limitation any former holder) of the Series 2020 Bonds as a result of the occurrence of a Determination of Taxability. The provisions of this paragraph shall survive the payment of the Series 2020 Bonds and the termination of this Ordinance.

Payments of principal and interest not paid when due shall bear interest at the rate of 3.00% above the Interest Rate then in effect with respect to the Series 2020 Bonds. In the event a payment of principal or interest is not made on or before 90 days of its due date, the rate of interest on all outstanding principal shall be at the rate of 3.00% above the Interest Rate then in effect with respect to the Series 2020 Bonds until the payment default has been cured, at which time the interest rate will revert back to the rate otherwise then in effect.

Section 15. Tax Exemption. It is the intention of the City that interest on the Series 2020 Bonds 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 applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Series 2020 Bonds 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 does not designate the Series 2020 Bonds as "Qualified Tax Exempt Obligations" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 16. No Continuing Disclosure. The Securities and Exchange Commission (the "SEC") has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule") that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of $1,000,000 or more unless, before submitting a bid or entering into a purchase contract for the bonds, it has reasonably determined that the issuer or an obligated person has undertaken in writing for the benefit of the bondholders to provide certain disclosure information to prescribed information repositories on a continuing basis or unless and to the extent the offering is exempt from the requirements of the Rule because the issue is issuable in minimum denominations of $100,000 (subject to certain qualifications regarding deep discount securities) and (i) are sold in a limited private placement; or (ii) have a maturity of nine months or less; or (iii) are subject to tender at par at the option of the holder at least every nine months.

The Series 2020 Bonds are being issued in minimum denominations of $100,000 and are being sold in a limited private placement. Consequently, the City hereby finds that the Rule is inapplicable to the Series 2020 Bonds.

Section 17. Disposition of Bond Proceeds; Arbitrage Not Permitted. The City certifies and covenants with the holders of the Series 2020 Bonds from time to time outstanding that the City, through its officers, (a) will make such further specific covenants, representations and assurances as may be necessary or advisable; (b) will comply with all representations, covenants and assurances contained in the tax certificate, which tax certificate shall constitute a part of the contract between the City and the owners of the Series 2020 Bonds; (c) will consult with bond counsel as necessary to comply with the provisions of this Ordnance; (d) will pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Series 2020 Bonds; (e) will file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, will employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the City in such compliance.

Section 18. Execution of Documents. The Mayor and Deputy City Clerk (or their designee) are hereby authorized to execute and deliver any and all agreements, documents and instruments required related to the issuance of the Series 2020 Bonds and to carry out the purposes set forth in this ordinance, including but not limited to any tax certificates, closing certificates and purchase agreements.

Section 19. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 20. Conflicting Ordinances. All ordinances and orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Ordinance or the Series 2020 Bonds shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

Section 21. Effective Date. This Ordinance shall be in full force and effect immediately upon its adoption, approval and publication, as provided by law.

Passed and approved March 26, 2020; Mike Matson, Mayor; Attest: Brian Krup, Deputy City Clerk

V. Adjourn **4:08 p.m.**

Brian J. Krup

Brian J. Krup
Deputy City Clerk