

## **ITEMS TO INCLUDE ON AGENDA**

### **CITY OF EARLHAM, IOWA**

\$410,000 Sewer Revenue Capital Loan Notes Anticipation Project Note, Series 2022 (State of Iowa Revolving Fund Loan).

- Resolution approving and authorizing a form of Interim Loan and Disbursement Agreement by and between the City of Earlham, Iowa, and the Iowa Finance Authority, and authorizing and providing for the issuance and securing the payment of \$410,000 Sewer Revenue Capital Loan Notes Anticipation Project Note, Series 2022, of the City of Earlham, Iowa, under the provisions of the Code of Iowa, and providing for a method of payment of said Notes.

NOTICE MUST BE GIVEN PURSUANT TO IOWA CODE  
CHAPTER 21 AND THE LOCAL RULES OF THE CITY.

March 14, 2022

The City Council of the City of Earlham, State of Iowa, met in \_\_\_\_\_  
session, in the Council Chambers, City Hall, 140 Chestnut Avenue, Earlham, Iowa, at  
\_\_\_\_\_ o'clock \_\_\_\_\_.M., on the above date. There were present Mayor  
\_\_\_\_\_, in the chair, and the following named Council Members:

\_\_\_\_\_

Absent: \_\_\_\_\_

Vacant: \_\_\_\_\_

\* \* \* \* \*

Council Member \_\_\_\_\_ introduced the following Resolution entitled "A RESOLUTION APPROVING AND AUTHORIZING A FORM OF INTERIM LOAN AND DISBURSEMENT AGREEMENT BY AND BETWEEN THE CITY OF EARLHAM AND THE IOWA FINANCE AUTHORITY, AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$410,000 SEWER REVENUE CAPITAL LOAN NOTES ANTICIPATION PROJECT NOTE, SERIES 2022, OF THE CITY OF EARLHAM, IOWA, UNDER THE PROVISIONS OF THE CODE OF IOWA, AND PROVIDING FOR A METHOD OF PAYMENT OF SAID NOTE", and moved its adoption. Council Member \_\_\_\_\_ seconded the motion to adopt. The roll was called and the vote was:

AYES: \_\_\_\_\_

\_\_\_\_\_

NAYS: \_\_\_\_\_

Whereupon the Mayor declared the following Resolution duly adopted:

Resolution No. \_\_\_\_\_

A RESOLUTION APPROVING AND AUTHORIZING A FORM OF INTERIM LOAN AND DISBURSEMENT AGREEMENT BY AND BETWEEN THE CITY OF EARLHAM AND THE IOWA FINANCE AUTHORITY, AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$410,000 SEWER REVENUE CAPITAL LOAN NOTES ANTICIPATION PROJECT NOTE, SERIES 2022, OF THE CITY OF EARLHAM, IOWA, UNDER THE PROVISIONS OF THE CODE OF IOWA, AND PROVIDING FOR A METHOD OF PAYMENT OF SAID NOTE

WHEREAS, Issuer proposes to issue its Sewer Revenue Capital Loan Notes Anticipation Project Note, Series 2022, to the extent of \$410,000, for the purpose of defraying the costs of the Project hereinafter described; and, it is deemed necessary and advisable and in the best interests of the City that a form of Interim Loan and Disbursement Agreement by and between the City and the Iowa Finance Authority be approved and authorized; and

WHEREAS, notice of the intention of the Issuer to take action for the issuance of not to exceed not to exceed \$410,000 Sewer Revenue Capital Loan Notes has heretofore been duly published and no objections to such proposed action have been filed, and the Issuer now desires to proceed with the issuance of a project note in the amount of \$410,000.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EARLHAM, IN THE COUNTY OF MADISON, STATE OF IOWA:

Section 1. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

- ◆ "Additional Project Notes" shall mean any project notes or other obligations issued on a parity with the Note in accordance with the provisions of Section 11 hereof;
- ◆ "Agreement" shall mean an Interim Loan and Disbursement Agreement dated as of the Closing between and among the City and the Original Purchaser, relating to the Interim Loan made to the City under the Program;
- ◆ "City Clerk" shall mean the City Clerk or such other officer of the successor Governing Body as shall be charged with substantially the same duties and responsibilities;
- ◆ "Closing" shall mean the date of delivery of the Note to the Original Purchaser and the funding of the Interim Loan;

- ◆ "Corporate Seal" shall mean the official seal of Issuer adopted by the Governing Body;
- ◆ "Fiscal Year" shall mean the twelve months' period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Governing Body or by law as the official accounting period of the System; provided, that the requirements of a fiscal year as expressed in this Resolution shall exclude any payment of principal or interest falling due on the first day of the fiscal year and include any payment of principal or interest falling due on the first day of the succeeding fiscal year;
- ◆ "Governing Body" shall mean the Council of the City, or its successor in function with respect to the operation and control of the System;
- ◆ "Interim Loan" shall mean the principal amount allocated by the Original Purchaser and loaned to the City under the Program, equal in amount to the principal amount of the Note;
- ◆ "Issuer" and "City" shall mean the City of Earlham, Iowa;
- ◆ "Note" shall mean Sewer Revenue Capital Loan Notes Anticipation Project Note, Series 2022, authorized to be issued by this Resolution;
- ◆ "Original Purchaser" shall mean the Iowa Finance Authority, as the purchaser of the Note from Issuer at the time of its original issuance;
- ◆ "Paying Agent" shall be the City Clerk/Treasurer, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Notes as the same shall become due;
- ◆ "Permitted Investments" shall mean:
  - direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;
  - cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the above paragraph);
  - obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:
    - Export - Import Bank

- Farm Credit System Financial Assistance Corporation
  - USDA - Rural Development
  - General Services Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - Government National Mortgage Association (GNMA)
  - U.S. Department of Housing & Urban Development (PHA's)
  - Federal Housing Administration
- repurchase agreements whose underlying collateral consists of the investments set out above if the Issuer takes delivery of the collateral either directly or through an authorized custodian. Repurchase agreements do not include reverse repurchase agreements;
  - senior debt obligations rated "AAA" by Standard & Poor's Corporation (S&P) or "Aaa" by Moody's Investors Service Inc. (Moody's) issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;
  - U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P or "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
  - commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P or "P-1" by Moody's and which matures not more than 270 days after the date of purchase;
  - investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;
  - pre-refunded Municipal Obligations, defined as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P or Moody's or any successors thereto; or (b)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the Department of the Treasury of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on

the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

- tax exempt bonds as defined and permitted by section 148 of the Internal Revenue Code and applicable regulations and only if rated within the two highest classifications as established by at least one of the standard rating services approved by the superintendent of banking by rule adopted pursuant to chapter 17A Code of Iowa;

- an investment contract rated within the two highest classifications as established by at least one of the standard rating services approved by the superintendent of banking by rule adopted pursuant to chapter 17A Code of Iowa; and

- Iowa Public Agency Investment Trust.

- ◆ "Program" shall mean the Iowa Water Pollution Control Works Financing Program undertaken by the Original Purchaser;

- ◆ "Project" shall mean the costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Municipal Sewer System, including those costs associated with the construction of a wastewater lagoon;

- ◆ "Project Costs" shall mean all engineering fees, archeological surveys, environmental studies, and fees related to a project plan preparation and submission, and other expenses incidental thereto, and also including the costs of issuance of the Note.

- ◆ "Project Fund" shall mean the Project Fund established by Section 6 of this Resolution.

- ◆ "Registrar" shall be the City Clerk/Treasurer, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein with respect to maintaining a register of the owners of the Note. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Note;

- ◆ "System" shall mean the municipal sewer utility of the Issuer and all properties of every nature hereinafter owned by the Issuer comprising part of or used as a part of the System, including all wastewater treatment facilities, sanitary sewers, force mains, pumping stations and all related property and improvements and extensions made by Issuer while the Note remains outstanding; all real and personal property; and all appurtenances, contracts, leases, franchises and other intangibles;

◆ "Treasurer" shall mean the City Clerk/Treasurer or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Note issued hereunder.

Section 2. Authority. The Agreement and the Note authorized by this Resolution shall be issued pursuant to Section 76.13 of the Code of Iowa, and in compliance with all applicable provisions of the Constitution and laws of the State of Iowa. The Agreement shall be substantially in the form attached to this Resolution and is authorized to be executed and issued on behalf of the Issuer by the Mayor and attested by the City Clerk.

Section 3. Note Details, Execution, Redemption and Registration.

- a. Note Details. The Note shall be designated a Sewer Revenue Capital Loan Notes Anticipation Project Note, be dated the date of delivery, in the denomination of \$1,000 or multiples thereof, and shall at the request of the Original Purchaser be initially issued as a single Note in the denomination of \$410,000 and numbered R-1. The Note shall not bear interest (0%), and shall mature three years from issuance. The City Council hereby finds and determines that it is necessary and advisable to issue said Note pursuant to Section 76.13 of the Code of Iowa, as authorized by the Agreement and this Resolution.
- b. Execution. The Note shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and impressed or imprinted with the seal of the City and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any, shall be payable at the office of the Paying Agent by mailing of a check, wire transfer or automated clearing house system transfer to the registered owner of the Note.
- c. Redemption. The Note may be called for redemption by the Issuer and paid before maturity on any date, from any funds regardless of source, in whole or from time to time in part, in order of maturity and within an annual maturity by lot.

Notice of redemption shall be given by U.S. mail to the Original Purchaser (or any other registered owner of the Note). The terms of redemption shall be par, plus accrued interest to date of call. Failure to give such notice by mail to any registered owner or any defect therein shall not affect the validity of any proceedings for the redemption of the Note. The Note is also subject to mandatory redemption to the extent not fully drawn upon.

- d. Registration. The Note may be registered as to principal and interest on the books of the Note Registrar in the name of the holder and such registration noted on the Note after which no transfer shall be valid until the making of an entry upon the books kept for the registration and transfer of ownership of the Note, and in no



other way. The City Clerk/Treasurer is hereby appointed as Note Registrar under the terms of this Resolution. Registrar shall maintain the books of the Issuer for the registration of ownership of the Note for the payment of principal of and interest on the Note as provided in this Resolution. The Note shall be negotiable as provided in Article 8 of the Uniform Commercial Code subject to the provisions for registration and transfer contained in the Note and in this Resolution.

The ownership of any Note may be transferred only upon the Registration Books kept for the registration and transfer of the Note and only upon surrender thereof at the office of the Registrar together with an assignment duly executed by the holder or his duly authorized attorney in fact in such form as shall be satisfactory to the Registrar, along with the address and social security number or federal employer identification number of such transferee (or, if registration is to be made in the name of multiple individuals, of all such transferees). In the event that the address of the registered owner of a Note (other than a registered owner which is the nominee of the broker or dealer in question) is that of a broker or dealer, there must be disclosed on the Registration Books the information pertaining to the registered owner required above. Upon the transfer of any such Note, a new fully registered Note, of any denomination or denominations permitted by this Resolution in aggregate principal amount equal to the unmatured and unredeemed principal amount of such transferred fully registered Note, and bearing interest at the same rate and maturing on the same date or dates shall be delivered by the Registrar.

In all cases of the transfer of the Note, the Registrar shall register, at the earliest practicable time, on the Registration Books, the Note, in accordance with the provisions of this Resolution.

As to any Note, the person in whose name the ownership of the same shall be registered on the Registration Books of the Registrar shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Note and the premium, if any, and interest thereon shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note, including the interest thereon, to the extent of the sum or sums so paid.

A Note which has been redeemed shall not be reissued but shall be cancelled by the Registrar. A Note which is cancelled by the Registrar shall be destroyed and a Certificate of the destruction thereof shall be furnished promptly to the Issuer; provided that if the Issuer shall so direct, the Registrar shall forward the cancelled Note to the Issuer.

In the event any payment check, wire, or electronic transfer of funds representing payment of principal of or interest on the Notes is returned to the Paying Agent or

if any note is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such principal of or interest on Notes shall have been made available to the Paying Agent for the benefit of the owner thereof, all liability of the Issuer to the owner thereof for such interest or payment of such Notes shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the owner of such Notes who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or on, or with respect to, such interest or Notes. The Paying Agent's obligation to hold such funds shall continue for a period equal to two years and six months following the date on which such interest or principal became due, whether at maturity, or at the date fixed for redemption thereof, or otherwise, at which time the Paying Agent shall surrender any remaining funds so held to the Issuer, whereupon any claim under this Resolution by the Owners of such interest or Notes of whatever nature shall be made upon the Issuer.

Section 4. Form of Note. The form of Note shall be substantially as follows:

REGISTERED  
No. R-1

REGISTERED  
\$410,000

UNITED STATES OF AMERICA  
STATE OF IOWA  
COUNTY OF MADISON  
CITY OF EARLHAM, IOWA  
SEWER REVENUE CAPITAL LOAN NOTES  
ANTICIPATION PROJECT NOTE  
SERIES 2022

<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Dated Date</u>
0.00%	April 8, 2025	April 8, 2022

The City of Earlham, Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, to

**IOWA FINANCE AUTHORITY**

or registered assigns, the principal sum of (principal amount written out) in lawful money of the United States of America, at maturity on April 8, 2025, without interest (0%). Payment of this Note shall at all times conform to the rules of the Iowa Water Pollution Control Works Financing Program. Issuer pledges the Project Fund to which there has been appropriated the anticipated receipts of certain funds held or to be received by the Issuer as well as the proceeds of certain Capital Loan Notes to be issued.

This Note is payable solely from said Project Fund.

This Note is issued pursuant to an Interim Loan and Disbursement Agreement and the Resolution, duly adopted and under and in substantial compliance with the Constitution and statutes of the state of Iowa, including specifically Section 76.13 of the Code of Iowa, as amended, for the purpose of defraying part of the cost of acquiring the Project. For a complete statement of the revenues and funds from which, and the conditions, under which this Note is payable, a statement of conditions under which additional notes of equal standing may hereafter be issued, and the general covenants and provisions pursuant to which this Note is issued, reference is made to the above described Resolution and Interim Loan and Disbursement Agreement. This Note is not payable in any manner by taxation and under no circumstances shall the City be in any manner liable by reason of the failure of said Project Fund to be sufficient for the payment hereof.

The Note may be called for redemption by the Issuer and paid before maturity on any date, from any funds regardless of source, in whole or from time to time in part, in order of maturity and within an annual maturity by lot.

Notice of redemption shall be given by ordinary mail to the Original Purchaser (or any other registered owner of the Note). The terms of redemption shall be par, plus accrued interest to date of call. Failure to give such notice by mail to any registered owner or any defect therein shall not affect the validity of any proceedings for the redemption of the Note. The Note is also subject to mandatory redemption to the extent not fully drawn upon.

If selection by lot within a maturity is required, the Registrar shall designate the Notes to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Notes to be called has been reached.

The Note may be registered as to principal and interest on the books of the City Clerk/Treasurer in the name of the holder after which no transfer shall be valid until the making of an entry upon the books kept for the registration and transfer of ownership of the Note, and in no other way. Registrar shall maintain the books of the Issuer for the registration of ownership of the Note for the payment of principal of and interest on the Note as provided in the Resolution.

Ownership of this Note may be transferred only by transfer upon the books kept for such purpose by the City Clerk/Treasurer, City of Earlham, Iowa, the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Note at the office of the Registrar, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered Noteholders of such change. All Notes shall be negotiable as provided in Article 8 of the Uniform Commercial Code and subject to the provisions for registration and transfer contained in the Resolution.

And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Note, have been existent, had, done and performed as required by law.

IN TESTIMONY WHEREOF, said City by its City Council has caused this Note to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, with the seal of said City impressed hereon, and authenticated by the manual or facsimile signature of an authorized representative of the Registrar, the City Clerk of the City of Earlham, Iowa, all as of the \_\_\_\_\_ day of \_\_\_\_\_, 2022

Date of authentication: \_\_\_\_\_ CITY OF EARLHAM, STATE OF IOWA

This is one of the Notes described in the within mentioned Resolution, as registered by the City Clerk By: \_\_\_\_\_  
Mayor

CITY CLERK ATTEST:

By: \_\_\_\_\_ By: \_\_\_\_\_  
Registrar City Clerk

(SEAL)

Registrar and Transfer Agent: City Clerk  
Paying Agent: City Clerk

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Social Security or Tax Identification No. \_\_\_\_\_) the within Note and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney in fact to transfer the said Note on the books kept for registration of the within Note, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Person(s) executing this Assignment sign(s) here)

SIGNATURE )  
GUARANTEED ) \_\_\_\_\_

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the Certificate(s) or Note(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signature to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.



Section 7. Application of Project Fund. The proceeds of the sale of the Note shall be deposited in the Project Fund for application to payment of Project Costs and the costs of issuance of the Note or to pay the principal of the Note when due and for no other purpose.

Disbursements for the payment of Project Costs shall be made by the City Clerk upon receipt of vouchers approved by the Governing Body.

After completion of the Project, any moneys remaining in the Project Fund shall be held for the retirement of Note. When the Note is paid or payment is provided for, remaining moneys in the Project Fund may be withdrawn and used for any lawful purpose.

Section 8. Investments. Moneys in the Project Fund shall at all times be invested, to the extent practicable in Permitted Investments maturing at such times and in such amounts as will make cash available for the purposes of such Project Fund as needed.

Section 9. Covenants with Noteholders. Issuer covenants and agrees, so long as any Notes herein authorized remain unpaid, that it:

- a. Will proceed to complete with all practicable dispatch the construction and acquisition of the Project;
- b. Will not make or cause or permit to be made any application of the proceeds of the Note or of any moneys held in the Project Fund, except in accordance with the provisions of this Resolution;
- c. Will from time to time increase the amount of the appropriations to the Project Fund, to the extent necessary to assure that the expected receipts thereafter forthcoming, together with the funds appropriated and held in trust for the purpose, will be sufficient to pay when due the Note as to both principal and interest.
- d. Will obtain the collection of funds and the proceeds of the sale of sewer revenue capital loan notes anticipated to be received in the Project Fund and, if not paid from other sources, apply the same to the payment of the Note and interest thereon; and
- e. For the prompt and full performance of the terms and provisions of this Resolution and contract with the noteholders, the Issuer pledges its full faith and diligence and the exercise of its lawful powers.

Section 10. Contract Between Issuer and Purchaser. This Resolution constitutes a contract between the Issuer and the purchaser of the Note.

Section 11. Additional Notes. The Issuer may issue Additional Project Notes of equal standing and parity of lien with the Note for the purpose of paying Project Costs to the extent that funds appropriated to the Project Fund are adequate to pay all notes so issued and interest thereon.

The holder or holders of the Notes shall have all other rights and remedies given by law for the payment and enforcement of the Notes and the security therefor.

Section 12. Severability Clause. If any section, paragraph, clause or provision of this Resolution be held invalid, such invalidity shall not affect any of the remaining provisions hereof, and this Resolution shall become effective immediately upon its passage and approval.

Section 13. Repeal of Conflicting Resolutions or Ordinances. All ordinances and resolutions and parts of ordinances and resolutions in conflict herewith are hereby repealed.

Section 14. Paragraph Headings. The paragraph headings in this Resolution are furnished for convenience of reference only and shall not be considered to be a part of this Resolution.

Section 15. Rule of Construction. This Resolution and the terms and conditions of the Notes authorized hereby shall be construed whenever possible so as not to conflict with the terms and conditions of the Interim Loan and Disbursement Agreement. In the event such construction is not possible, or in the event of any conflict or inconsistency between the terms hereof and those of the Interim Loan and Disbursement Agreement, the terms of the Interim Loan and Disbursement Agreement shall prevail and be given effect to the extent necessary to resolve any such conflict or inconsistency.

PASSED AND APPROVED this 14<sup>th</sup> day of March, 2022.

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Mayor

ATTEST:

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City Clerk



