

December 1, 2014

To: Mayor Bemrich and City Council

From: David Fierke, City Manager

**Subject: Community Sewer Initiative –
Phase 1 Improvements**

**Hold Public Hearing for SRF Sewer Revenue Loan & Resolution
taking additional action with respect to a Sewer Revenue Loan
and Disbursement Agreement and authorizing, approving and
securing the payment of a \$2,300,000 Sewer Revenue Loan and
Disbursement Agreement Anticipation Project Note (IFA Interim
Loan and Disbursement Agreement)**



ACTION: For vote Monday, December 8, 2014

Brief History

McClure Engineering is nearing the completion of the SSES program. McClure has identified \$80 million worth of improvements needed to the sanitary sewer system.

Over the last several months Council workshops have been conducted to discuss potential projects and how to fund the improvements. At this time, it is proposed that \$30 million of improvements be constructed to improve the sanitary sewer system. Projects were selected to continue to address the overloaded sanitary sewers, eliminate or greatly reduce the chance of sewage backups into basements, and to eliminate or reduce the need for bypass pumping from the sanitary sewer system into the storm sewer system.

Those projects include:

- East Lawn Lift Station Replacement
- Main Lift Station Replacement
- Hydraulic Capacity Improvements
 - Southeast Area Trunk Sewer (S. 18th St. & 13th Ave. S.)
 - 10th Ave. N. Trunk Sewer
 - Ave. E & C St. Trunk Sewers
- Sewer Rehabilitation – Throughout the Community

On July 14, 2014 Council approved a contract with McClure for engineering services for the Community Sewer Initiative – Phase 1 Improvements. Under this agreement, McClure will provide preliminary design, final design, advertising, bidding, and contract award services. The approved fee was \$2,135,300. Construction administration, observation, and staking services will be negotiated after the final design is complete.

Analysis of Issue

A Public Hearing is needed before entering into an agreement for an SRF Sewer Revenue Loan and Disbursement (See Attachments). This planning and design loan is for \$2,300,000. This amount will then be rolled into the \$30,000,000 construction loan as construction begins on the proposed project improvements.

Budget Impact

This project will be funded through the sanitary sewer fund. A Community Sewer Initiative fee is in the process of Council approval to pay for these improvements (\$30 million). A State Revolving Loan will be sought in order to finance the projects over a 30-year time period.

Strategic Plan Impact

Policy D.4.2: Advanced planning for all infrastructure facilities shall be supported and routinely updated. Facilities benefitted by advanced planning shall include, at a minimum; schools, health care, residential areas, roads, water, sewer, storm water management, parks, recreation and greenways.

Impact on Existing Plans

Implementation of the results from the Sanitary Sewer Evaluation Study.

Subcommittee or Commission Review / Recommendation

N/A

Staff Conclusions / Recommendations

It is the Engineering Department's recommendation to hold the public hearing and approve Resolution taking additional action with respect to a Sewer Revenue Loan and Disbursement Agreement and authorizing, approving and securing the payment of a \$2,300,000 Sewer Revenue Loan and Disbursement Agreement Anticipation Project Note (IFA Interim Loan and Disbursement Agreement).

Alternatives

None

Implementation and Accountability

The Engineering Department and McClure Engineering will be responsible for the loan's administration.

Signed:



Chad W. Schaeffer, P.E.
City Engineer

Approved:



David Fierke
City Manager

(Hearing/Issuance – Sewer Revenue)

419414-94

Fort Dodge, Iowa

December 8, 2014

A meeting of the City Council of Fort Dodge, Iowa, was held on December 8, 2014, at _____ o'clock p.m. at the _____, Fort Dodge, Iowa.

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

Present: _____

Absent: _____.

This being the time and place specified for holding a public hearing and taking action on the proposal to enter into a Sewer Revenue Loan and Disbursement Agreement, the City Clerk announced that no written objections had been placed on file. Whereupon, the Mayor called for any written or oral objections, and there being none, the Mayor declared the public hearing closed.

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

Ayes: _____

Nays: _____.

Whereupon, the Mayor declared the resolution duly adopted as hereinafter set out.

RESOLUTION NO. ____

Resolution taking additional action with respect to a Sewer Revenue Loan and Disbursement Agreement and authorizing, approving and securing the payment of a \$2,300,000 Sewer Revenue Loan and Disbursement Agreement Anticipation Project Note (IFA Interim Loan and Disbursement Agreement)

WHEREAS, the City of Fort Dodge (the “City”), in the County of Webster, 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, pursuant to a prior resolution of the Council, the City has heretofore issued its Sewer Revenue Bond, Series 1999A, dated September 30, 1999 (the “Series 1999A Bond”), in the aggregate principal amount of \$243,597, a portion of which remains outstanding; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Sewer Revenue Bond, Series 1999B, dated September 30, 1999 (the “Series 1999B Bond”), in the aggregate principal amount of \$10,142,403, a portion of which remains outstanding; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Sewer Revenue Bond, Series 2002, dated June 4, 2002 (the “Series 2002 Bond”), in the aggregate principal amount of \$1,331,000, a portion of which remains outstanding; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Sewer Revenue Bond, Series 2002A, dated August 2, 2002 (the “Series 2002A Bond”), in the aggregate principal amount of \$3,705,000, a portion of which remains outstanding; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Sewer Revenue Bond, Series 2014, dated November 16, 2014 (the “Series 2014 Bond”), in the aggregate principal amount of \$23,575,000, a portion of which remains outstanding; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Taxable Sewer Revenue Refunding Bond, Series 2014, dated February 28, 2014 (the “Series 2014 Refunding Bond”), in the aggregate principal amount of \$22,467,000, a portion of which remains outstanding; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Taxable Sewer Revenue Bond, Series 2014, dated June 6, 2014 (the “Series 2014 Bond”), in the aggregate principal amount of \$8,200,000, a portion of which remains outstanding; and

WHEREAS, pursuant to the resolutions authorizing the issuance of the Series 1999A Bond, the Series 1999B Bond, the Series 2002 Bond, the Series 2002A Bond, the Series 2014 Bond, the Series 2014 Refunding Bond and the Series 2014 Bond (hereinafter collectively

referred to as the “Outstanding Bonds”), the City reserved the right to issue additional obligations payable from the net revenues of the Utility and ranking on a parity with the Outstanding Bonds; and

WHEREAS, the City has heretofore proposed to borrow money and enter into a Sewer Revenue Loan and Disbursement Agreement (the “Loan and Disbursement Agreement”) with the Iowa Finance Authority (the “Lender”) and to issue in accordance therewith Sewer Revenue Bonds (the “Bonds”) in a principal amount not to exceed \$2,300,000 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 has published notice of the proposed action and has held a hearing thereon; and

WHEREAS, it is necessary at this time to authorize and approve the issuance of a \$2,300,000 Sewer Revenue Loan and Disbursement Agreement Anticipation Project Note (IFA Interim Loan and Disbursement Agreement) (the “Project Note”) pursuant to the provisions of Section 76.13 of the Code of Iowa in anticipation of the receipt of and payable from the proceeds of the Loan and Disbursement Agreement (the “Loan Proceeds”) in order to pay authorized costs in connection with planning and designing the Project;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Fort Dodge, 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 and Disbursement Agreement and to issue and deliver the Bonds prior to the Maturity Date, as defined in the Project Note, and declares that this resolution constitutes the “additional action” required by Section 384.24A of the Code of Iowa. The Bonds are hereby ordered to be issued at such time as the City enters into the Loan and Disbursement Agreement.

Section 2. The Project Note in the principal amount of \$2,300,000 is hereby authorized to be issued to the Lender. The Project Note shall be dated as of the date of closing, shall mature on the Maturity Date as defined in the Project Note, and shall bear interest at the rate of 0% per annum.

The Project 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 instrument without interest coupons. In case any officer whose signature or the facsimile of whose signature appears on the Project Note shall cease to be such officer before the delivery of the Project 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 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 the Maturity Date, as defined in the Project Note, at a prepayment price equal to the principal amount thereof prepaid.

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 shall 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 3. The Project Note shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF IOWA
COUNTY OF WEBSTER
CITY OF FORT DODGE

SEWER REVENUE LOAN AND DISBURSEMENT AGREEMENT ANTICIPATION PROJECT NOTE
(IFA INTERIM LOAN AND DISBURSEMENT AGREEMENT)

No. 1

MAXIMUM PRINCIPAL AMOUNT: \$2,300,000

INTEREST RATE

0%

PROJECT NOTE DATE

_____, 2014

This Sewer Revenue Loan and Disbursement Agreement Anticipation Project Note (IFA Interim Loan and Disbursement Agreement) (the “Project Note”) is issued to the Iowa Finance Authority (the “Lender”) by the City of Fort Dodge, Iowa (the “City”), as of the Project Note Date. The Lender shall loan to the City an interim amount not to exceed \$2,300,000.

The City has adopted a resolution (the “Resolution”) authorizing and approving this Project Note pursuant to the provisions of Sections 76.13 and 384.24A of the Code of Iowa, 2013, as amended, and providing for the issuance and securing the payment of this Project Note, and reference is made to the Resolution for a more complete statement as to the source of payment of this Project Note and the rights of the owners of this Project Note. This Project Note, together with any additional obligations as may be hereafter issued and outstanding from time to time under the conditions set forth in the Resolution, shall be payable solely and only from the proceeds (the “Loan Proceeds”) of an authorized Loan and Disbursement Agreement and the corresponding future issuance of Sewer Revenue Bonds, a sufficient portion of which have been appropriated to the payment hereof.

The proceeds of this Project Note shall be used for the purposes set forth in the Resolution and shall be made available to the City in the form of one or more periodic disbursements.

This Project Note shall be executed and delivered to the Lender in evidence of the City’s obligation to repay the amounts payable hereunder and shall bear interest at 0%. This Project Note shall be payable as to principal in full on the Maturity Date (hereinafter defined) and in the total aggregate amount drawn by the City pursuant to this Project Note, shall be subject to prepayment in whole or in part on any date at a prepayment price equal to the principal amount hereof prepaid, and shall contain such other terms and provisions as provided in the Resolution.

This Project Note is payable as to principal three years from the Project Note Date (the “Maturity Date”). If the City enters into a Loan and Disbursement Agreement with the Lender pursuant to the Iowa Water Pollution Control Works and Drinking Water Facilities Financing Program by the Maturity Date, the Lender may provide for the repayment in full of this Project Note pursuant to the terms of such Loan and Disbursement Agreement and the resolution authorizing the Loan and Disbursement Agreement.

This Project Note is executed pursuant to the provisions of Sections 76.13 and 384.24A of the Code of Iowa and shall be read and construed as conforming to all provisions and requirements of the statute.

In the event of any inconsistency or conflict between the terms and conditions of the Resolution and this Project Note, the parties acknowledge and agree that the terms of this Project Note shall take precedence over any such terms of the Resolution.

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 Project Note were and have been properly existent, had, done and performed in regular and due form and time; and that the issuance of this Project Note does not exceed any constitutional or statutory limitations.

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

CITY OF FORT DODGE, IOWA

By: _____
Mayor

Attest:

City Clerk

IOWA FINANCE AUTHORITY

By: _____
David D. Jamison
Executive Director

Section 4. The Project 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, upon receipt of the Project Note proceeds.

Section 5. The Loan Proceeds 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.

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. Upon a breach or default of a term of the Project Note or any Parity Obligations and this resolution, a proceeding may be brought in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required under the terms of this resolution and Section 76.13 of the Code of Iowa.

Section 7. The City reserves the right to issue additional obligations (the "Parity Obligations") payable from the Loan Proceeds, and ranking on a parity with, the Project Note. The Project Note or any Parity Obligations shall not be entitled to priority or preference one over the other in the application of the Loan Proceeds regardless of the time or times of the issuance of such Project Note or Parity Obligations, it being the intention of the City that there shall be no priority among the Project Note or Parity Obligations, regardless of the fact that they may have been actually issued and delivered at different times.

Section 8. The provisions of this resolution shall constitute a contract between the City and the owners of the Project Note and Parity Obligations as may from time to time be outstanding, and after the issuance of the Project Note, no change, variation or alteration of any kind of the provisions of this resolution shall be made without prior consent of the Lender which will adversely affect the owners of the Project Note or Parity Obligations until the Project Note and Parity Obligations and the interest thereon shall have been paid in full.

Section 9. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 10. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 11. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved December 8, 2014.

Mayor

Attest:

City Clerk

• • • •

On motion and vote, the meeting adjourned.

Mayor

Attest:

City Clerk

STATE OF IOWA
COUNTY OF WEBSTER SS:
CITY OF FORT DODGE

I, the undersigned, do hereby certify that I have in my possession or have access to the complete corporate records of the aforesaid City and of its Council and officers and that I have carefully compared the transcript hereto attached with the aforesaid corporate records and that the transcript hereto attached is a true, correct and complete copy of all the corporate records in relation to the authorization and approval of a certain Sewer Revenue Loan and Disbursement Agreement (the "Agreement") and of a certain \$2,300,000 Sewer Revenue Loan and Disbursement Agreement Anticipation Project Note (IFA Interim Loan and Disbursement Agreement) (the "Project Note") and that the transcript hereto attached contains a true, correct and complete statement of all the measures adopted and proceedings, acts and things had, done and performed up to the present time with respect thereto.

I further certify that no objections were filed in my office and no objections of any kind were made to the matter of entering into the Agreement or issuing such Project Note at the time and place set for hearing thereon, and that no petition of protest or objections of any kind have been filed or made, nor has any appeal been taken to the District Court from the decision of the City Council to enter into the Agreement or to issue the Project Note.

WITNESS MY HAND this _____ day of _____, 2014.

City Clerk

December 1, 2014

VIA EMAIL

Jeff Nemmers
City Clerk/City Hall
Fort Dodge, Iowa

Re: Fort Dodge, Iowa
\$2,300,000 SRF Planning and Design Loan
File No. 419414-94

Dear Jeff:

We have prepared and attach proceedings to be used at the December 8, 2014 City Council meeting to enable the Council to hold the hearing on and authorize the Sewer Revenue Loan and Disbursement Agreement (the "Agreement") to be entered into in the future. These proceedings will also facilitate the City borrowing the Planning and Design Loan money through the issuance of a Project Note. The proceedings attached include the following items:

1. Minutes of the December 8, 2014 meeting reflecting the hearing and providing for the adoption of a resolution (the "Resolution") authorizing and approving the Agreement and providing for the issuance of the Project Note.
2. Certificate attesting to the transcript.
3. The Project Note. Please have the Project Note executed as indicated, and return it to us.

On December 8, 2014, the City Council should meet as scheduled and conduct the hearing. The minutes as drafted assume that no objections will be filed or made. The City Council may then proceed with the adoption of the attached Resolution. All members of the City Council present should vote upon the adoption of the Resolution, and the vote of each member should be called and recorded by name.

Please return one executed copy of these proceedings to our office as soon as possible.

Please call Jessica Wells, Amy Bjork or me if you have questions.

Very truly yours,

John P. Danos

Attachments

cc via email: David Fierke
Tracy Scebold
Derick Anderson
Jon Burmeister