

Agenda Report

September 2, 2014 City Council Meeting

September 2, 2014
Item No. 11

ISSUE: Resolution authorizing the issuance of up to \$61,336.41 Capital Loan Notes to be used for capital equipment for the fire department

BACKGROUND:

The City did not receive any written or oral objections to adopt the loan agreement and issuance of \$61,336.41 in Capital Loan Notes for the purchase of fire equipment. This is the final resolution authorizing the issuance of the debt. The interest rate on the loan is 3.49%. The final debt service schedule is attached.

RECOMMENDATION:

Staff recommends the City Council approve the resolution authorizing the issuance of the debt

STAFF CONTACTS:

Jeffrey A. Fiegenschuh, City Administrator
Christopher Cross, Fire Chief

(This Notice to be posted)

NOTICE AND CALL OF PUBLIC MEETING

Governmental Body: The City Council of the City of Windsor Heights, State of Iowa.
Date of Meeting: September 2, 2014.
Time of Meeting: _____ o'clock _____.M.
Place of Meeting: Council Chambers, City Hall, 1133 - 66th Street, Windsor Heights,
Iowa.

PUBLIC NOTICE IS HEREBY GIVEN that the above mentioned governmental body will meet at the date, time and place above set out. The tentative agenda for the meeting is as follows:

\$61,336.41 General Obligation Capital Loan Notes, Series 2014B.

- Approval of Tax Exemption Certificate.
- Resolution approving and authorizing a form of Loan Agreement and authorizing and providing for the issuance of Capital Loan Notes and levying a tax to pay the Notes.

Such additional matters as are set forth on the additional _____ page(s) attached hereto.
(number)

This notice is given at the direction of the Mayor pursuant to Chapter 21, Code of Iowa, and the local rules of the governmental body.

City Clerk, City of Windsor Heights,
State of Iowa

September 2, 2014

The City Council of the City of Windsor Heights, State of Iowa, met in _____ session, in the Council Chambers, City Hall, 1133 - 66th Street, Windsor Heights, Iowa, at _____ o'clock _____.M., on the above date. There were present Mayor _____, in the chair, and the following named Council Members:

Absent: _____

* * * * *

Council Member _____ moved that the form of Tax Exemption Certificate be placed on file and approved. Council Member _____ seconded the motion. The roll was called and the vote was,

AYES: _____

NAYS: _____

Council Member _____ introduced the following Resolution entitled "RESOLUTION APPROVING AND AUTHORIZING A FORM OF LOAN AGREEMENT AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$61,336.41 GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2014B, AND LEVYING A TAX TO PAY THE NOTES" and moved that it be adopted. Council Member _____ seconded the motion to adopt, and the roll being called thereon, the vote was as follows:

AYES: _____

NAYS: _____

Whereupon, the Mayor declared said Resolution duly adopted as follows:

RESOLUTION APPROVING AND AUTHORIZING A FORM OF LOAN AGREEMENT AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$61,336.41 GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2014B, AND LEVYING A TAX TO PAY THE NOTES

WHEREAS, the Issuer is duly incorporated, organized and exists under and by virtue of the laws and Constitution of the State of Iowa; and

WHEREAS, the Issuer is in need of funds to pay costs of the equipping of the fire department, an essential corporate purpose, and it is deemed necessary and advisable that a form

of Loan Agreement be approved and authorized and General Obligation Capital Loan Notes, Series 2014B, in the amount of not to exceed \$70,000 be issued for said purpose; and

WHEREAS, pursuant to notice published as required by Sections 384.24, 384.24A and 384.25 of said Code, this Council has held a public meeting and hearing upon the proposal to institute proceedings for the issuance of said Notes, and the Council is therefore now authorized to proceed with the issuance of \$61,336.41 General Obligation Capital Loan Notes, Series 2014B; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WINDSOR HEIGHTS, 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:

- "Issuer" and "City" shall mean the City of Windsor Heights, State of Iowa.
- "Loan Agreement" shall mean a Loan Agreement between the Issuer and a lender or lenders in substantially the form attached to and approved by this Resolution.
- "Note Fund" shall mean the fund created in Section 4 of this Resolution.
- "Notes" shall mean \$61,336.41 General Obligation Capital Loan Notes, Series 2014B, authorized to be issued by this Resolution.
- "Paying Agent" shall mean the City Clerk, 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.
- "Project" shall mean the equipping of the fire department.
- "Project Fund" shall mean the fund required to be established by this Resolution for the deposit of the proceeds of the Notes.
- "Rebate Fund" shall mean the fund so defined in and established pursuant to the Tax Exemption Certificate.
- "Registrar" shall mean the City Clerk of Windsor Heights, Iowa, 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 Notes. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Notes.
- "Resolution" shall mean this resolution authorizing the Notes.

□ "Tax Exemption Certificate" shall mean the Tax Exemption Certificate executed by the Chief Financial Officer and delivered at the time of issuance and delivery of the Notes.

□ "Treasurer" shall mean the Chief Financial Officer or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Notes issued hereunder.

Section 2. The form of Loan Agreement in substantially the form attached to this Resolution is hereby approved and is authorized to be executed and issued on behalf of the Issuer by the Mayor and attested by the City Clerk.

Section 3. Levy and Certification of Annual Tax; Other Funds to be Used.

(a) Levy of Annual Tax. That for the purpose of providing funds to pay the principal and interest of the Notes hereinafter authorized to be issued, there is hereby levied for each future year the following direct annual tax on all of the taxable property in the City of Windsor Heights, State of Iowa, to-wit:

AMOUNT	FISCAL YEAR (JULY 1 TO JUNE 30) YEAR OF COLLECTION
\$12,904 (cash on hand)	2014/2015
\$13,356	2015/2016
\$13,355	2016/2017
\$13,356	2017/2018
\$13,355	2018/2019

(NOTE: For example the levy to be made and certified against the taxable valuations of January 1, 2014, will be collected during the fiscal year commencing July 1, 2015).

(b) Resolution to be Filed With County Auditor. A certified copy of this Resolution shall be filed with the Auditor of Polk County, Iowa and the Auditor is hereby instructed in and for each of the years as provided, to levy and assess the tax hereby authorized in Section 3 of this Resolution, in like manner as other taxes are levied and assessed, and such taxes so levied in and for each of the years aforesaid be collected in like manner as other taxes of the City are collected, and when collected be used for the purpose of paying principal and interest on said Notes issued in anticipation of the tax, and for no other purpose whatsoever.

(c) Additional City Funds Available. Principal and interest coming due at anytime when the proceeds of said tax on hand shall be insufficient to pay the same shall be promptly paid when due from current funds of the City available for that purpose and reimbursement shall be made from such special fund in the amounts thus advanced.

Section 4. Note Fund. Said tax shall be assessed and collected each year at the same time and in the same manner as, and in addition to, all other taxes in and for the City, and when collected they shall be converted into a special fund within the Debt Service Fund to be known as the "GENERAL OBLIGATION CAPITAL LOAN NOTE FUND NO. 3" (the "Note Fund"), which is hereby pledged for and shall be used only for the payment of the principal of and interest on the Notes hereinafter authorized to be issued; and also there shall be apportioned to said fund its proportion of taxes received by the City from property that is centrally assessed by the State of Iowa.

Section 5. Application of Note Proceeds. Proceeds of the Notes other than accrued interest except as may be provided below shall be credited to the Project Fund and expended therefrom for the purposes of the Project. Any amounts on hand in the Project Fund shall be available for the payment of the principal of or interest on the Notes at any time that other funds shall be insufficient to the purpose, in which event such funds shall be repaid to the Project Fund at the earliest opportunity. Any balance on hand in the Project Fund and not immediately required for its purposes may be invested not inconsistent with limitations provided by law or this Resolution. Accrued interest, if any, shall be deposited in the Note Fund.

Section 6. Investments of Note Fund Proceeds. All moneys held in the Note Fund and the Project Fund, shall be invested in investments permitted by Chapter 12B, Code of Iowa, 2013, as amended, or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or its equivalent successor in any one financial institution shall be continuously secured in compliance with Chapter 12C of the Code of Iowa, 2013, as amended, or otherwise by a valid pledge of direct obligations of the United States Government having an equivalent market value. All such interim investments shall mature before the date on which the moneys are required for payment of principal of or interest on the Notes as herein provided.

Section 7. Note Details, Execution and Redemption.

(a) Note Details. General Obligation Capital Loan Notes, Series 2014B, of the City in the total amount of \$61,336.41, shall be issued to evidence the obligations of the Issuer under the Loan Agreement pursuant to the provisions of Sections 384.24, 384.24A, and 384.25 of the City Code of Iowa, as amended, for the aforesaid purpose. The Notes shall be issued in one or more series and shall be on a parity and secured equally and ratably from the sources provided in Section 3 of this Resolution. The Notes shall be designated "GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2014B", be dated September 10, 2014, and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable on December 27, 2014, and annually thereafter on the 27th day of December in each year until maturity at the rates hereinafter provided.

The Notes shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and impressed or printed 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 to the registered owner of the Note. The Notes shall mature and bear interest as follows:

Principal Amount	Interest Rate	Maturity December 27th
\$12,267.69	3.49%	2014
\$11,643.35	3.49%	2015
\$12,049.70	3.49%	2016
\$12,470.23	3.49%	2017
\$12,905.44	3.49%	2018

(b) Redemption. Notes maturing after at any time, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Thirty days' written notice of redemption shall be given to the registered owner of the Note. Failure to give such notice to any registered owner of the Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Notes. All Notes or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

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.

Section 8. Registration of Notes; Appointment of Registrar; Transfer; Ownership; Delivery; and Cancellation.

(a) Registration. The ownership of Notes may be transferred only by the making of an entry upon the books kept for the registration and transfer of ownership of the Notes, and in no other way. The City Clerk is hereby appointed as Registrar under the terms of this Resolution. Registrar shall maintain the books of the Issuer for the registration of ownership of the Notes for the payment of principal of and interest on the Notes as provided in this Resolution. All Notes shall be negotiable as provided in Article 8 of the Uniform Commercial Code subject to the provisions for registration and transfer contained in the Notes and in this Resolution.

(b) Transfer. The ownership of any Note may be transferred only upon the Registration Books kept for the registration and transfer of Notes 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.

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

(d) Ownership. 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 Notes 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.

(e) Cancellation. All Notes which have been redeemed shall not be reissued but shall be cancelled by the Registrar. All Notes which are 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 Notes to the Issuer.

(f) Non-Presentation of Notes. In the event any payment check 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.

(g) Registration and Transfer Fees. The Registrar may furnish to each owner, at the Issuer's expense, one Note for each annual maturity. The Registrar shall furnish additional Notes in lesser denominations (but not less than the minimum denomination) to an owner who so requests.

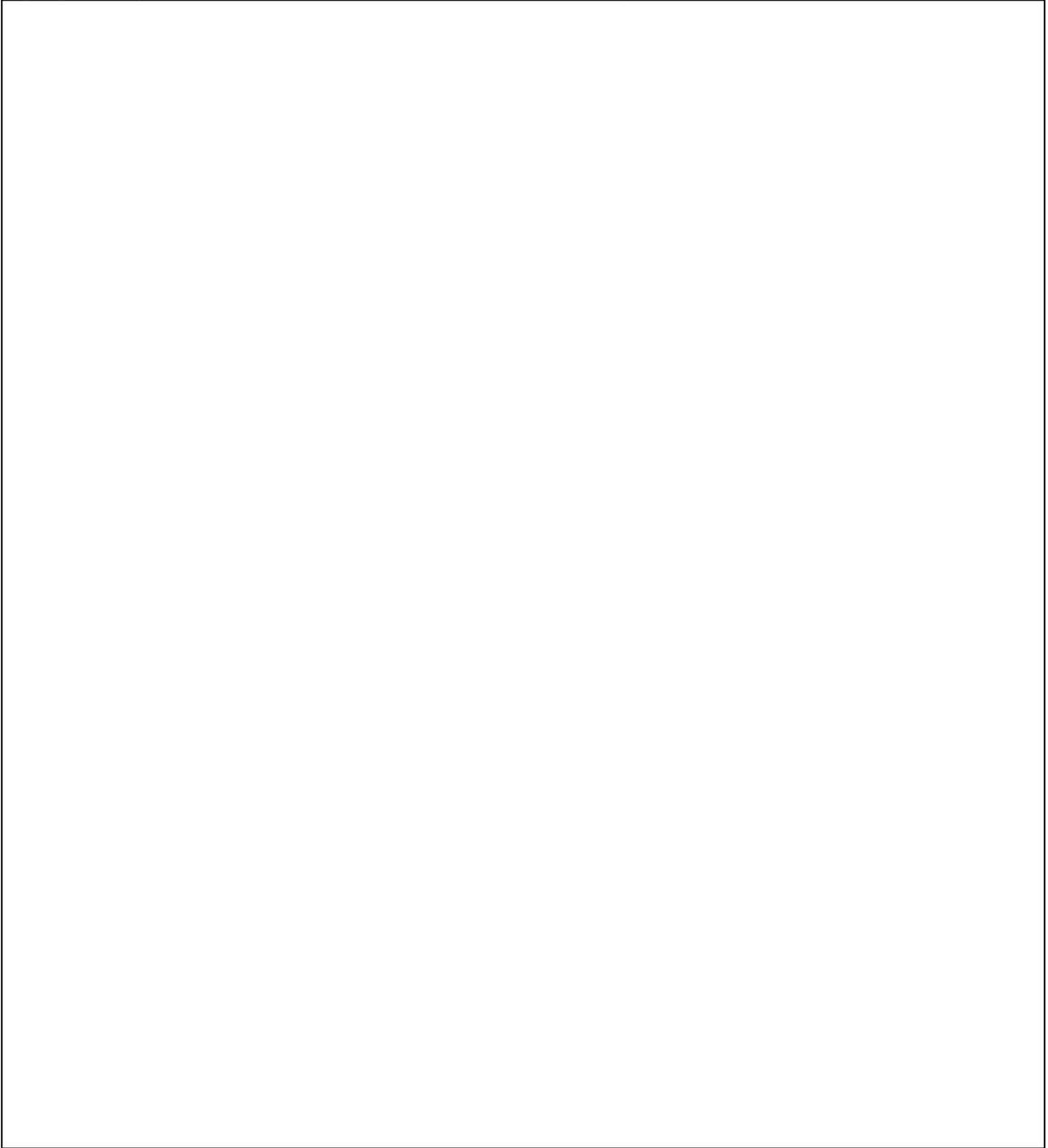
Section 9. Reissuance of Mutilated, Destroyed, Stolen or Lost Notes. In case any outstanding Note shall become mutilated or be destroyed, stolen or lost, the Issuer shall at the request of Registrar authenticate and deliver a new Note of like tenor and amount as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note to Registrar, upon surrender of such mutilated Note, or in lieu of and substitution for the Note destroyed, stolen or lost, upon filing with the Registrar evidence satisfactory to the Registrar and Issuer that such Note has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Registrar and Issuer with satisfactory indemnity and complying with such other reasonable regulations as the Issuer or its agent may prescribe and paying such expenses as the Issuer may incur in connection therewith.

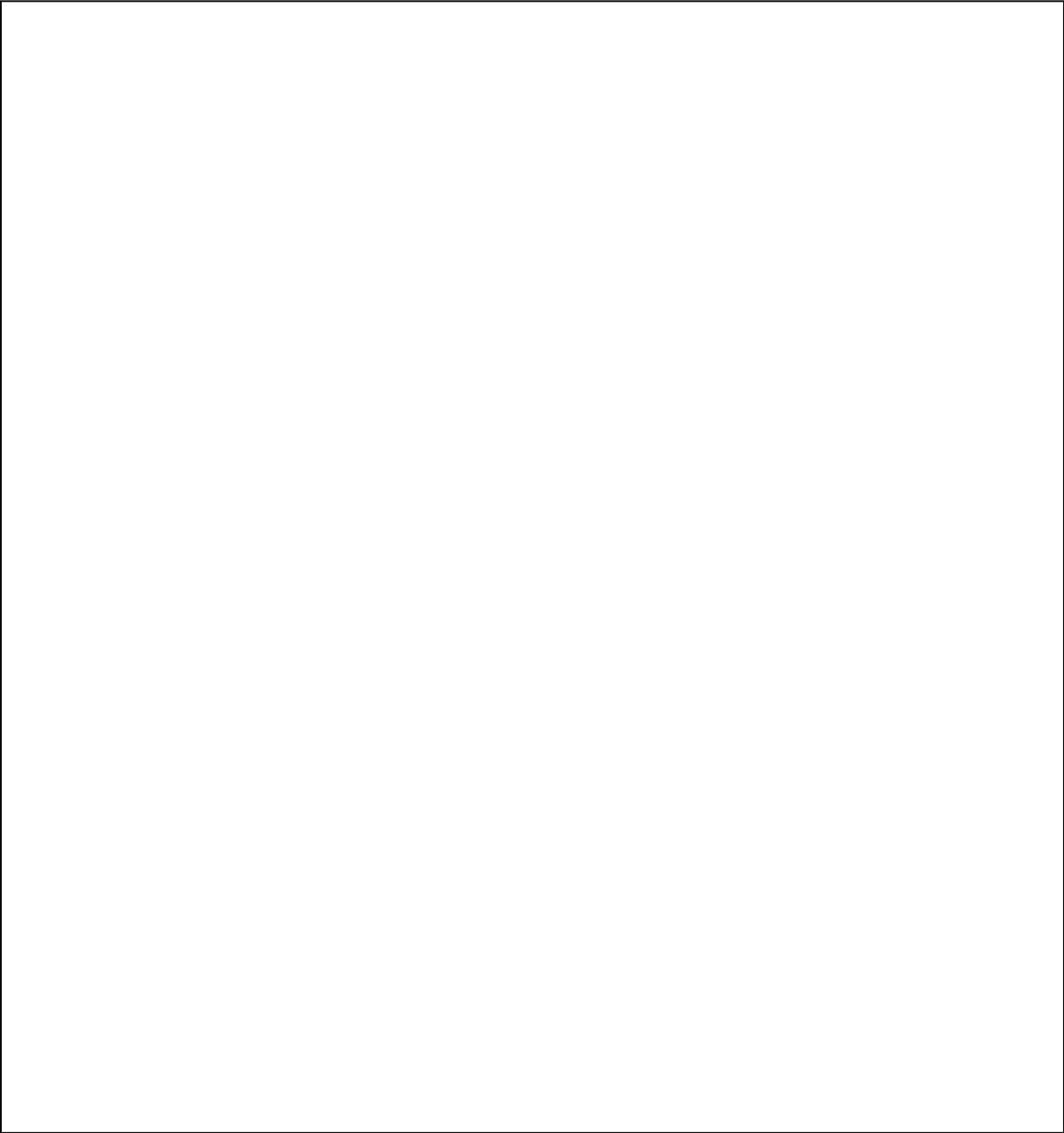
Section 10. Record Date. Payments of principal and interest, otherwise than upon full redemption, made in respect of any Note, shall be made to the registered holder thereof or to their designated Agent as the same appear on the books of the Registrar on the 15th day of the month preceding the payment date. All such payments shall fully discharge the obligations of the Issuer in respect of such Notes to the extent of the payments so made. Payment of principal shall only be made upon surrender of the Note to the Paying Agent.

Section 11. Execution, Authentication and Delivery of the Notes. The Mayor and Clerk shall execute and deliver the Notes to the Registrar, who shall authenticate the Notes and deliver the same to or upon order of the Purchaser. No Note shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless the Registrar shall duly endorse and execute on such Note a Certificate of Authentication substantially in the form of the Certificate herein set forth. Such Certificate upon any Note executed on behalf of the Issuer shall be conclusive evidence that the Note so authenticated has been duly issued under this Resolution and that the holder thereof is entitled to the benefits of this Resolution.

Section 12. Right to Name Substitute Paying Agent or Registrar. Issuer reserves the right to name a substitute, successor Registrar or Paying Agent upon giving prompt written notice to each registered noteholder.

Section 13. Form of Note. Notes shall be printed in substantial compliance with standards proposed by the American Standards Institute substantially in the form as follows:





The text of the Notes to be located thereon at the item numbers shown shall be as follows:

Item 1, figure 1= "STATE OF IOWA"
"COUNTY OF POLK"
"CITY OF WINDSOR HEIGHTS"
"GENERAL OBLIGATION CAPITAL LOAN NOTE"
"SERIES 2014B"
"ESSENTIAL CORPORATE PURPOSE"

Item 2, figure 1= Rate: _____
Item 3, figure 1= Maturity: _____
Item 4, figure 1= Note Date: _____
Item 5, figure 1= CUSIP No.: _____
Item 6, figure 1= "Registered"
Item 7, figure 1= Certificate No. _____
Item 8, figure 1= Principal Amount: \$_____

Item 9, figure 1= The City of Windsor Heights, State of 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, on the maturity date indicated above, to

Item 9A, figure 1 = (Registration panel to be completed by Registrar or Printer with name of Registered Owner).

Item 10, figure 1 = or registered assigns, the principal sum of (principal amount written out) THOUSAND DOLLARS in lawful money of the United States of America, on the maturity date shown above, only upon presentation and surrender hereof at the office of the City Clerk, Paying Agent of this issue, or its successor, with interest on said sum from the date hereof until paid at the rate per annum specified above, payable on December 27, 2014, and annually thereafter on the 27th day of December in each year.

Interest and principal shall be paid to the registered holder of the Note as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Note is issued pursuant to the provisions of Sections 384.24, 384.24A, and 384.25 of the City Code of Iowa, for the purpose of paying costs of the equipping of the fire department, and in order to evidence the obligations of the Issuer under a certain Loan Agreement dated September 10, 2014, in conformity to a Resolution of the Council of the Issuer duly passed and approved. For a complete statement of the revenues and funds from which and the conditions under which this Note is payable, a statement of the conditions under which additional Notes of

equal standing may be issued, and the general covenants and provisions pursuant to which this Note is issued, reference is made to the above described Loan Agreement and Resolution.

Notes maturing after at any time, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Thirty days' written notice of redemption shall be given to the registered owner of the Note. Failure to give such notice to any registered owner of the Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Notes. All notes or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

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.

Ownership of this Note may be transferred only by transfer upon the books kept for such purpose by City Clerk, the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Note at the office of the Registrar as designated below, 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 Note 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; that provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the territory of the Issuer for the payment of the principal and interest of this Note as the same will respectively become due; that the faith, credit, revenues and resources and all the real and personal property of the Issuer are irrevocably pledged for the prompt payment hereof, both principal and interest, and the total indebtedness of the Issuer including this Note, does not exceed the constitutional or statutory limitations.

This Note is a "qualified tax-exempt obligation" designated by the City for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

IN TESTIMONY WHEREOF, the Issuer by its Council, has caused this Note to be signed by the manual signature of its Mayor and attested by the manual signature of its City Clerk, with the seal of said City impressed hereon, and to be authenticated by the manual signature of an authorized representative of the Registrar, City Clerk, Windsor Heights, Iowa.

- Item 11, figure 1 = Date of authentication:
- Item 12, figure 1 = This is one of the Notes described in the within mentioned Resolution, as registered by the City Clerk

CITY CLERK, Registrar

By: _____
 Authorized Signature

- Item 13, figure 1 = Registrar and Transfer Agent: City Clerk
- Paying Agent: City Clerk

SEE REVERSE FOR CERTAIN DEFINITIONS

- Item 14, figure 1 = (Seal)
- Item 15, figure 1 = (Signature Block)

CITY OF WINDSOR HEIGHTS, STATE OF IOWA

By: _____ (manual signature)
 Mayor

ATTEST:

By: _____ (manual signature)
 City Clerk

- Item 16, figure 1 = (Assignment Block)
- (Information Required for Registration)

ASSIGNMENT

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

Dated this _____ day of _____, 2014.

SIGNATURE)
GUARANTEED)

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

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.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) _____
Address of Transferee(s) _____
Social Security or Tax Identification _____
Number of Transferee(s) _____
Transferee is a(n):
Individual* _____ Corporation _____
Partnership _____ Trust _____

*If the Note is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with rights of survivorship and not as tenants in common
- IA UNIF TRANS MIN ACT - Custodian
(Cust) (Minor)
Under Iowa Uniform Transfers to Minors Act.....
(State)

**ADDITIONAL ABBREVIATIONS MAY BE ALSO
USED THOUGH NOT IN THE ABOVE LIST**

Section 14. Contract Between Issuer and Purchaser. This Resolution shall constitute a contract between said City and the purchaser of the Notes.

Section 15. Non-Arbitrage Covenants. The Issuer reasonably expects and covenants that no use will be made of the proceeds from the issuance and sale of the Notes issued hereunder which will cause any of the Notes to be classified as arbitrage notes within the meaning of Sections 148(a) and (b) of the Internal Revenue Code of the United States, as amended, and that throughout the term of the Notes it will comply with the requirements of statutes and regulations issued thereunder.

To the best knowledge and belief of the Issuer, there are no facts or circumstances that would materially change the foregoing statements or the conclusion that it is not expected that the proceeds of the Notes will be used in a manner that would cause the Notes to be arbitrage notes. Without limiting the generality of the foregoing, the Issuer hereby agrees to comply with the provisions of the Tax Exemption Certificate and the provisions of the Tax Exemption Certificate are hereby incorporated by reference as part of this Resolution. The Treasurer is hereby directed to make and insert all calculations and determinations necessary to complete the Tax Exemption Certificate in all respects and to execute and deliver the Tax Exemption Certificate at issuance of the Notes to certify as to the reasonable expectations and covenants of the Issuer at that date.

Section 16. 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 17. Additional Covenants, Representations and Warranties of the Issuer. The Issuer certifies and covenants with the purchasers and holders of the Notes from time to time outstanding that the Issuer through its officers, (a) will make such further specific covenants, representations and assurances as may be necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Exemption Certificate, which Tax Exemption Certificate shall constitute a part of the contract between the Issuer and the owners of the Notes; (c) consult with bond counsel (as defined in the Tax Exemption Certificate); (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Notes; (e) 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, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Issuer in such compliance.

Section 18. Amendment of Resolution to Maintain Tax Exemption. This Resolution may be amended without the consent of any owner of the Notes if, in the opinion of bond counsel, such amendment is necessary to maintain tax exemption with respect to the Notes under applicable Federal law or regulations.

Section 19. Qualified Tax-Exempt Obligations. For the sole purpose of qualifying the Notes as "Qualified Tax Exempt Obligations" pursuant to the Internal Revenue Code of the

United States, the Issuer designates the Notes as qualified tax-exempt obligations and represents that the reasonably anticipated amount of tax exempt governmental obligations which will be issued during the current calendar year will not exceed Ten (10) Million Dollars.

Section 20. Repeal of Conflicting Resolutions or Ordinances. All ordinances and resolutions and parts of ordinances and resolutions in conflict herewith are hereby repealed.

PASSED AND APPROVED this 2nd day of September, 2014.

Mayor

ATTEST:

City Clerk

CERTIFICATE

STATE OF IOWA)
) SS
COUNTY OF POLK)

I, the undersigned City Clerk of the City of Windsor Heights, State of Iowa, do hereby certify that attached is a true and complete copy of the portion of the corporate records of the City showing proceedings of the City Council, and the same is a true and complete copy of the action taken by the Council with respect to the matter at the meeting held on the date indicated in the attachment, which proceedings remain in full force and effect, and have not been amended or rescinded in any way; that meeting and all action thereat was duly and publicly held in accordance with a notice of public hearing and tentative agenda, a copy of which was timely served on each member of the Council and posted on a bulletin board or other prominent place easily accessible to the public and clearly designated for that purpose at the principal office of the Council (a copy of the face sheet of the agenda being attached hereto) pursuant to the local rules of the Council and the provisions of Chapter 21, Code of Iowa, upon reasonable advance notice to the public and media at least twenty-four hours prior to the commencement of the meeting as required by law and with members of the public present in attendance; I further certify that the individuals named therein were on the date thereof duly and lawfully possessed of their respective City offices as indicated therein, that no Council vacancy existed except as may be stated in the proceedings, and that no controversy or litigation is pending, prayed or threatened involving the incorporation, organization, existence or boundaries of the City or the right of the individuals named therein as officers to their respective positions.

WITNESS my hand and the seal of the City hereto affixed this _____ day of _____, 2014.

City Clerk, City of Windsor Heights, State of Iowa

(SEAL)

AHLERS & COONEY, P.C.

100 COURT AVENUE, SUITE 600
DES MOINES, IOWA 50309-2231
FAX: 515-243-2149
WWW.AHLERSLAW.COM

R. Mark Cory
RCory@ahlerslaw.com

Direct Dial:
515.246.0378

August 27, 2014

Via E-mail and King Delivery

Jeff Fiegenschuh
City Administrator
1133 66th Street
Windsor Heights, Iowa 50324

RE: City of Windsor Heights, State of Iowa - \$61,336.41 General Obligation Capital
Loan Notes, Series 2014B

Dear Jeff:

Enclosed are documents to complete Council action in connection with the authorization for the issuance of the above notes.

A. The Council procedure consists of the following:

1. Resolution authorizing the issuance of the Notes. The resolution also incorporates by reference the form of the Tax Exemption Certificate.

There are blank spaces appearing in the form of Note set out in the resolution. These need not be completed but may be left blank as a guide since different amounts, dates and percents will be inserted within the blank spaces.

The resolution must be adopted by an affirmative vote equal to a majority of the full Council membership.

2. Tax Exemption Certificate. The Tax Exemption Certificate sets out in detail a number of facts, promises and obligations which must be met and agreed to by the City in order to maintain these Notes as tax exempt. This Certificate may contain some blank spaces relating to matters of information dependent upon the resale price of the Notes which are not known and available at this time. The information will be calculated and added to this certificate prior to closing and completed copies of pages with blank spaces will be provided to you. This certificate should be SIGNED BUT NOT DATED. Please execute and return all copies to us. An executed copy will be provided to you after closing.

B. Closing Certificates and Documents:

1. Loan Agreement. Please execute all copies and return the same to our office. Please return all copies to us prior to closing.
2. Original Note. The Note is enclosed to be executed by the Mayor and the Clerk in the spaces provided and impressed with the City's seal. Tabs are attached to the Note showing where signatures, seals and dates should appear. Please return the Note to us prior to closing.
3. Delivery Certificate. This certificate also should be signed, BUT NOT DATED. Please confirm the financial data on page 2, execute and return all copies to us. An executed copy will be provided to you after closing.
4. Transcript Certificate. This certificate is to be executed and sealed in the manner indicated on the second page and may be dated at the time of completion. A notary attestation for all official signatures is required. Please execute and return all copies to us. An executed copy will be provided to you after closing.
5. County Auditor's Certificate. A true copy of the authorizing resolution as adopted is to be certified and filed with the Auditor of Polk County. The Auditor is asked to certify to such filing on the lower portion of the certificate. Please return the "Complete and Return" copy to my attention prior to closing.
6. Form 8038-GC -- Information Return for Tax Exempt Governmental Obligations. Please review, and if correct, sign, BUT DO NOT DATE, and return the form to us prior to closing. We will file this with the IRS and provide a copy after closing.
7. Purchaser's Agreement. A copy of this agreement is enclosed along with two signature pages to be executed by you. Please execute the signature pages and return all copies to us. We will obtain the Bank's signature and provide you with a fully executed copy at the time of closing.

Tax Exemption

The Tax Exemption Certificate is an important document and contains important information concerning the calculated yield on the Notes and a number of covenants and obligations on the part of the City. This certificate should be retained along with all of your records regarding the use of proceeds, expenditure dates and investment information needed to comply with IRS guidelines. I will not attempt to summarize all of the matters which are included in this certificate but I do want to point out some important ones.

Tax exemption is based in part upon the fact that the use of the facilities to be acquired by the City with the proceeds will be for the benefit of the public and will not be used in the private trade or business of any business or non-tax-exempt entity. The properties acquired with the

August 27, 2014

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Note proceeds must not be sold or diverted to any private or nonpublic use unless the significance of that action is reviewed by bond counsel.

The Tax Exemption Certificate sets forth the best knowledge and belief which you have as of today concerning the timely expenditure of the proceeds as the City reasonably expects expenditures to occur. If for any reason the City finds it will be prevented from expending the Note proceeds fully within three years, that matter should be referred to us.

These Notes are also issued under the expectation that you will be exempt from the requirement to rebate arbitrage earnings to the United States Government, because you will issue \$5,000,000 or less of notes or any similar obligations for public purposes during the calendar year. (This excludes Industrial Development Revenue notes.) If for any reason you should need to exceed that amount of note issuance, the matter should be brought to our attention immediately. For this purpose, "notes " generally includes any debt obligation including warrants, lease-purchase contracts, contracts to purchase, bonds and others.

These Notes are also issued under the expectation that you will be exempt from the requirement to rebate arbitrage earnings to the United States Government, because you will spend the gross proceeds of the Notes within six months of the date of issue. If for any reason it appears you will not meet this spending requirement, the matter should be brought to our attention immediately.

Also, these Notes are designated as qualified tax-exempt obligations, making them desirable for certain banks as investments and making possible a more favorable interest rate. For this designation to be proper, it is necessary that the City reasonably expects to issue \$10,000,000 or less of notes or other obligations in the course of this calendar year. If that amount should be exceeded, it would be necessary to review the situation immediately.

There are a number of other general promises and commitments by the City to take or refrain from action, which are necessary to maintain the tax exemption of these Notes. You should recognize that these promises and commitments are required of the City on an ongoing basis and that the possibility of some additional future action does exist.

Closing Matters.

As you know, closing of this issue is scheduled to occur on or about September 10, 2014. At the time of closing, the "Purchaser's" copies of the above items and the original Notes will be delivered to the Purchaser of the Notes in exchange for the agreed purchase price. Our legal opinion also will be delivered to the Purchaser at that time.

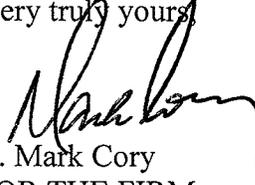
Please return all executed documents to us, as soon as possible, but no later than September 5, 2014.

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Should you have any questions, or if we can be of any assistance in completing the enclosed items, please don't hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Mark Cory". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

R. Mark Cory
FOR THE FIRM

RMC:js

Enclosures

cc: Emily Evans (via e-mail)

01046740-1\11366-044

EXHIBIT B

PAYMENT SCHEDULE

RE: Government Obligation Contract dated as of June 27, 2014, between Kansas State Bank of Manhattan (Obligee) and City of Windsor Heights, Iowa (Obligor)

Date of First Payment: December 27, 2014
 Original Balance: \$61,336.41
 Total Number of Payments: Five (5)
 Number of Payments Per Year: One (1)

Pmt No.	Due Date	Contract Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
1	27-Dec-14	\$12,903.94	\$641.38	\$12,262.56	\$50,099.45
2	27-Dec-15	\$13,355.85	\$1,710.52	\$11,645.33	\$38,056.21
3	27-Dec-16	\$13,355.85	\$1,304.61	\$12,051.24	\$25,697.43
4	27-Dec-17	\$13,355.85	\$884.55	\$12,471.30	\$13,014.85
5	27-Dec-18	\$13,355.85	\$449.87	\$12,905.98	\$0.00

City of Windsor Heights, Iowa

Signature

Printed Name and Title

*Assumes all Contract Payments due to date are paid

Please list the Source of Funds (Fund Item in Budget) for the Contract Payments that come due under Exhibit B of this Contract.

Source of Funds : General Fund

PREFERRED

*As an additional payment option for Obligor, we are now providing the option of ACH (Automatic Clearing House). By completing this form, Obligor is authorizing Obligee to withdraw said payment amount on said date.

DEBIT AUTHORIZATION

I hereby authorize Kansas State Bank Government Finance Department to initiate debit entries, and, if necessary, to reinstate returned entries up to two additional times, to the account indicated below at the financial institution named below and to debit the same to such account for:

Contract Number 3346781	Payment Amount 1 @ \$12,903.94; 2-5 @ \$13,355.85	Frequency of Payments Annual
Beginning _____ Month Year	Day of Month (please choose one) 1 st <input type="checkbox"/> 5 th <input type="checkbox"/> 15 th <input type="checkbox"/> 20 th <input type="checkbox"/>	

I acknowledge that the origination of ACH transactions to this account must comply with the provisions of U.S. law.

Financial Institution Name		Branch	
Address	City	State	Zip
Routing Number		Account Number	

Type of Account Checking Savings

This authority is to remain in full force and effect until Kansas State Bank has received written notification from any authorized signer of the account of its termination in such time and manner as to afford Kansas State Bank a reasonable opportunity to act on it.

Obligor Name on Contract City of Windsor Heights, Iowa	
Signature	Printed Name and Title
Tax ID Number 42-6004577	Date

PLEASE ATTACH COPY OF A VOIDED CHECK TO THIS FORM!

USA Patriot Act
USA Patriot Act requires identity verification for all new accounts. This means that we may require information from you to allow us to make a proper identification.



INVOICE

BILL TO:

City of Windsor Heights, Iowa
Attn: Accounts Payable
1133 66th Street
Windsor Heights, Iowa 50324

INVOICE DATE:	August 27, 2014
CONTRACT NUMBER:	3346781
PAYMENT AMOUNT:	\$12,903.94
PAYMENT DUE DATE:	December 27, 2014

DESCRIPTION	AMOUNT
Contract Payment	\$12,903.94
Government Obligation Contract Dated as of June 27, 2014 for One (1) 2014 Command Tahoe, VIN: 1GNSK2E09ER207942 and One (1) Air Compressor	
<i>Additional interest will be assessed on any payment received after the due date.</i>	
	\$12,903.94
	TOTAL DUE

Please remit payment to: Kansas State Bank
Government Finance Dept.
P.O. Box 69
Manhattan, KS 66505-0069

For inquiries: (877) 587-4054

8038 REVIEW FORM

The 8038 form attached hereto is an important part of the documentation package and must be properly filled out and submitted to the Department of the Treasury in order for you to receive the lower tax-exempt rate. Unless you instruct us otherwise, we have engaged a Paid Preparer to assist in the filling out of this form. The Paid Preparer has filled out the relevant portions of this form based on the current understanding of what is required by the Department of the Treasury. The responses on this 8038 form are based on the dates and amounts which you have requested (structure of the transaction) and which are on the Payment Schedule.

1. Please review our responses for accuracy. If anything is inaccurate, please contact our office so that we can make proper revisions.
2. If the information provided to you on this form is accurate, please sign where indicated and return with the document package.
3. If there are any changes to the structure of the transaction that occur prior to funding which require a change to the 8038 form, we will make such changes and provide notification to you.
4. We will return to you a copy of the 8038 form that was mailed to the Department of the Treasury.

For additional guidance on this 8038 form, you can refer to the Documentation Instructions located on the following government website: <http://www.irs.gov/app/picklist/list/formsInstructions.html>, or contact your local IRS office.

Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales

Department of the Treasury
Internal Revenue Service

▶ **Under Internal Revenue Code section 149(e)**
Caution: If the issue price is \$100,000 or more, use Form 8038-G.

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>
1 Issuer's name City of Windsor Heights, Iowa		2 Issuer's employer identification number (EIN) 42 6004577
3 Number and street (or P.O. box if mail is not delivered to street address) 1133 66th Street		Room/suite
4 City, town, or post office, state, and ZIP code Windsor Heights, Iowa 50324		5 Report number (For IRS Use Only) <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
6 Name and title of officer or other employee issuer or designated contact person whom the IRS may call for more information		7 Telephone number of officer or legal representative

Part II Description of Obligations Check one: a single issue <input checked="" type="checkbox"/> or a consolidated return <input type="checkbox"/>			
8a Issue price of obligation(s) (see instructions)	8a	61,936	41
b Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ▶ 09/10/2014			
9 Amount of the reported obligation(s) on line 8a that is:			
a For leases for vehicles	9a		
b For leases for office equipment	9b		
c For leases for real property	9c		
d For leases for other (see instructions)	9d	61,936	41
e For bank loans for vehicles	9e		
f For bank loans for office equipment	9f		
g For bank loans for real property	9g		
h For bank loans for other (see instructions)	9h		
i Used to refund prior issue(s)	9i		
j Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank)	9j		
k Other	9k		
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box <input checked="" type="checkbox"/>			
11 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions) <input type="checkbox"/>			
12 Vendor's or bank's name: Kansas State Bank of Manhattan			
13 Vendor's or bank's employer identification number: 48 0760380			

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature and Consent

Signature of issuer's authorized representative _____ Date _____ Type or print name and title _____

Paid Preparer Use Only	Print/Type preparer's name H. Evan Howe	Preparer's signature	Date 08/27/2014	Check <input type="checkbox"/> if self-employed	PTIN P01438994
	Firm's Name ▶ Baystone Financial LLC	Firm's EIN ▶ 48-1223987			
	Firm's Address ▶ 5350 College Blvd., Overland Park, KS 66211	Phone no. (800) 752-3562			

<p>General Instructions</p> <p>Section references are to the Internal Revenue Code unless otherwise noted.</p> <p>What's New</p> <p>The IRS has created a page on IRS.gov for information about the Form 8038 series and its instructions, at www.irs.gov/form8038. Information about any future developments affecting the Form 8038 series (such as legislation enacted after we release it) will be posted on that page.</p> <p>Purpose of Form</p> <p>Form 8038-GC is used by the issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.</p>	<p>Who Must File</p> <p>Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.</p> <p>Issuers of a tax-exempt governmental obligation with an issue price of \$100,000 or more must file Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.</p> <p>Filing a separate return for a single issue.</p> <p>Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.</p> <p>An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that an election was made to</p>	<p>pay a penalty in lieu of arbitrage rebate (see the line 11 instructions).</p> <p>Filing a consolidated return for multiple issues. For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return including all such issues issued within the calendar year.</p> <p>Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, if the issue is a construction issue, a separate Form 8038-GC must be filed to give the IRS notice of the election to pay a penalty in lieu of arbitrage rebate.</p>
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