

NOTICE AND CALL OF PUBLIC MEETING *AND* WORK SESSION

Governmental Body: **City Council**
Date of Meeting: **February 11, 2019**
Time of Meeting: **5:30 p.m.**
Place of Meeting: **City Hall Council Chambers**

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 said meeting is as follows:

1. Roll Call
2. Approval of Agenda
3. Pledge of Allegiance
4. **COUNCIL MEMORANDUM:** **Resolution** to fix a date for a public hearing on proposal to enter into an Electric Revenue Refunding Loan Agreement and to borrow money thereunder in a principal amount not to exceed \$13,900,000 *(February 18 5:35 pm)*
5. Adjourn Public meeting

BUDGET WORK SESSION

1. Roll Call
2. Approval of Agenda
3. Budget Work Session
(Operating Budget, Capital Improvement Plan, Capital Equipment Plan)

and any other matters that may come before the Council.

4. Adjourn Work Session

This notice is given at the direction of the City Council pursuant to Chapter 21 Code of Iowa and the local rules of the City of Webster City, Iowa.

Signature: Karyl K. Bonjour

Title: City Clerk

CITY OF WEBSTER CITY



MEMO

TO: Mayor and City Council

FROM: Dodie Wolfgram, Finance Director

DATE: February 7, 2019

RE: Set Public Hearing – Electric Bond Refinancing

SUMMARY: I am asking Council to set a public hearing at 5:35 p.m. on Monday, February 18th to consider a “Parameters” resolution for the intent to enter into a new Electric Revenue Refunding Loan Agreement. This new refunding loan/bond issue would refinance the current Electric Revenue Bond, Series 2012A and achieve future debt service cost savings. The estimated amount of the new Electric Revenue Refunding Loan/Bond will not exceed \$13,900,000 and the net savings will be established to be at least equal to 3.0% of the bonds refunded. Paul Donna from R.W. Baird will be present at the public hearing to present the refinancing plan and answer any questions.

PREVIOUS COUNCIL ACTION: During a closed session on December 3, 2018 council indicated a desire to have a “Parameters” resolution in place to capture the current low interest rates in order to save on the current electric bond. Because the process needed for the City to issue a new refunding loan/bond is lengthy and the interest rates fluctuate frequently, the Parameters resolution will provide the City necessary flexibility to lock in the low interest rates when the market is advantageous for us and achieve a targeted savings level.

It was also understood between the City and Corn Belt that the City would only execute the new refunding loan/bond agreement if the future debt service savings is at least 3.0% of the refunded bonds. Additionally, the City would not incur any cost unless the parameters were met and the refinancing successful.

BACKGROUND/DISCUSSION: The original bond for \$14,915,000 was issued to pay for capital improvement projects to the electric utility system. The loan is part of Webster City’s debt, Webster City makes the monthly payment to U.S. Bank and Corn Belt reimburses Webster City each month.

FINANCIAL IMPLICATIONS: The monthly payment process will remain the same with Corn Belt reimbursing the City in full. Corn Belt will pay for all of the costs associated with the refunding bond.

RECOMMENDATION: I recommend setting the public hearing to be held at 5:35 p.m. on Monday, February 18, 2019 to approve a pre-debt resolution.

CITY MANAGER’S RECOMMENDATION: I support the Finance Director’s recommendation for the City Council to set the public hearing on February 18, 2019 at 5:35 p.m.

RESOLUTION NO. _____

Resolution to fix a date for a public hearing on proposal to enter into an Electric Revenue Refunding Loan Agreement and to borrow money thereunder in a principal amount not to exceed \$13,900,000

WHEREAS, the City of Webster City (the "City"), in Hamilton County, State of Iowa, did heretofore establish a Municipal Electric Utility System (the "Utility") in and for the City which has continuously supplied electric service in and to the City and its inhabitants since its establishment; and

WHEREAS, the City is authorized and empowered by Chapter 384 of the Code of Iowa (the "Act") to borrow money for the Utility and the City has adopted a master bond resolution (the "Master Bond Resolution") authorizing the issuance from time to time of Obligations (as defined in the Master Bond Resolution) to borrow money secured by a lien on the Utility's Net Revenues (as defined in the Master Bond Resolution) as Parity Obligations or Subordinated Obligations (as each is defined in the Master Bond Resolution); and

WHEREAS, pursuant to a prior resolution (the "2012A Series Bond Resolution") of the Council and an Indenture of Trust dated May 1, 2012 (the "Indenture"), the City has previously issued its \$14,915,000 Taxable Electric Revenue Bonds, Series 2012A, dated May 17, 2012 (the "Series 2012A Bonds"), which are secured solely and only from the Net Revenues as Parity Obligations under the Master Bond Resolution and the funds and accounts established under the Indenture and pledged to the payment thereof, and a portion of the Series 2012A Bonds currently remain outstanding, maturing on November 1 in each of the years and in such amounts and bearing interest at such rates as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2019	\$465,000	3.50%	2024	\$570,000	4.75%
2020	\$480,000	3.75%	2028	\$2,570,000	5.15%
2021	\$500,000	4.00%	2032	\$3,160,000	5.65%
2022	\$520,000	4.35%	2034	\$1,865,000	5.90%
2023	\$545,000	4.60%	2033	\$2,090,000	6.00%

WHEREAS, pursuant to the Indenture and the Series 2012A Bond Resolution, the City reserved the right to call the portion of the Series 2012A Bonds maturing in the years 2022 to 2033 (the "Callable Series 2012A Bonds"), inclusive, for early redemption on any date on or after November 1, 2021, subject to the provisions of the Indenture, the Series 2012A Bond Resolution and the Series 2012A Bonds; and

WHEREAS, pursuant to the Master Bond Resolution, the Indenture and the Series 2012A Bond Resolution, the City reserved the right to issue Parity Obligations or Subordinated Obligations, subject to the provisions and restrictions set forth therein; and

WHEREAS, pursuant to a prior resolution (the "2016 Note Resolution") the City has previously issued its \$1,000,000 Promissory Note, dated July 25, 2016 (the "2016 Note") a portion of which remains outstanding and is a Subordinated Obligation; and

WHEREAS, pursuant to a prior resolution (the "2017 Note Resolution") the City has previously issued its \$1,000,000 Promissory Note, dated December 17, 2017 (the "2017 Note") a portion of which remains outstanding and is a Subordinated Obligation; and

WHEREAS, the City now proposes to enter into an electric revenue refunding loan agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$13,900,000 pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the cost, to that extent, of refunding the outstanding balance of the City's Callable Series 2012A Bonds, and it is now necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Loan Agreement and to give notice thereof as required by such law;

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

Section 1. This City Council shall meet on February 18, 2019, at the City Hall Council Chambers, in the City, at 5:35 o'clock p.m., at which time and place a hearing will be held and proceedings will be instituted and action taken to enter into the Loan Agreement.

Section 2. The City Clerk is hereby directed to give notice of the proposed action on the Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than four (4) and not more than twenty (20) days before the date of said meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

**NOTICE OF PROPOSED ACTION TO INSTITUTE PROCEEDINGS TO
ENTER INTO A LOAN AGREEMENT AND TO BORROW MONEY
THEREUNDER IN A PRINCIPAL AMOUNT NOT TO EXCEED \$13,900,000**

(ELECTRIC REVENUE)

The City Council of the City of Webster City, Iowa, will meet on February 18, 2019, at the City Hall Council Chambers, in the City, at 5:35 o'clock p.m., for the purpose of instituting proceedings and taking action to enter into a loan agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$13,900,000, for the purpose of paying the cost, to that extent, of refunding all or a portion of the City's Taxable Electric Revenue Bonds, Series 2012A, dated May 17, 2012 (the "Series 2012A Bonds").

The Loan Agreement will not constitute a general obligation of the City, nor will it be payable in any manner by taxation but, together with any of the City's outstanding Series 2012A Bonds, and any additional obligations of the City as may be hereafter issued and outstanding from time to time ranking on a parity therewith, will be payable solely and only from the Net Revenues of the Municipal Electric Utility System of the City.

At the aforementioned time and place, oral or written objections may be filed or made to the proposal to enter into the Loan Agreement. After receiving objections, the City may determine to enter into the Loan Agreement, in which case, the decision will be final unless appealed to the District Court within fifteen (15) days thereafter.

By order of the City Council of the City of Webster City, Iowa.

Karyl Bonjour
City Clerk

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved this February 4, 2019.

Mayor

Attest:

City Clerk