

(This Notice to be posted)

NOTICE AND CALL OF PUBLIC MEETING

Governmental Body: The City Council of the City of Mount Vernon, State of Iowa.
Date of Meeting: August 4, 2014.
Time of Meeting: 6:30 o'clock P.M.
Place of Meeting: Council Chambers, City Hall, 213 First Street NW, Mount Vernon, 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:

Not To Exceed \$2,700,000 General Obligation Capital Loan Notes, Series 2014.

- Resolution Ratifying, Confirming and Approving Publication of Notice of Public Hearing.
- Public hearing on the authorization of a Loan Agreement and the issuance of Notes to evidence the obligation of the City thereunder.
- Resolution instituting proceedings to take additional action.

Such additional matters as are set forth on the additional 2 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.

Sue Rinke

City Clerk, City of Mount Vernon, State of Iowa

August 4, 2014

The City Council of the City of Mount Vernon, State of Iowa, met in _____
session, in the Council Chambers, City Hall, 213 First Street NW, Mount Vernon, 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 _____ introduced the following Resolution entitled "RESOLUTION RATIFYING, CONFIRMING AND APPROVING PUBLICATION OF NOTICE OF PUBLIC HEARING FOR THE ISSUANCE OF NOT TO EXCEED \$2,700,000 GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2014", and moved that the same be adopted. 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 RATIFYING, CONFIRMING AND
APPROVING PUBLICATION OF NOTICE OF PUBLIC
HEARING FOR THE ISSUANCE OF NOT TO EXCEED
\$2,700,000 GENERAL OBLIGATION CAPITAL LOAN
NOTES, SERIES 2014

WHEREAS, the City of Mount Vernon, State of Iowa, is in need of funds to carry out the purpose of providing funds to pay costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street improvements; the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes, and it is deemed necessary and advisable that the City should authorize a Loan Agreement and issue General Obligation Capital Loan Notes, Series 2014, to the amount of not to exceed \$2,700,000, as authorized by Sections 384.24, 384.24A, and 384.25 of the City Code of Iowa, for the purpose of providing funds to pay costs thereof; and

WHEREAS, before said Notes may be issued, it was necessary to comply with the provisions of said Code, and to publish a notice of the proposal to enter into a Loan Agreement and issue such Notes and of the time and place of the meeting at which it is proposed to take action of the issuance of the Notes.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNT VERNON, STATE OF IOWA:

Section 1. That the action of the Clerk setting a public hearing before the City Council to meet at the Council Chambers, City Hall, 213 First Street NW, Mount Vernon, Iowa, at

_____ o'clock _____.M., today 4th day of August, 2014, for the purpose of taking action on the matter of entering into a Loan Agreement and on the issuance of not to exceed \$2,700,000 General Obligation Capital Loan Notes, Series 2014, of the City, the proceeds of which will be used to provide funds to pay costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street improvements; the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes, is hereby ratified, confirmed and approved.

Section 2. That the Clerk had caused publication to be made of a notice of said meeting, in a legal newspaper, printed wholly in the English language, published at least once weekly, and having general circulation in the City, said publication to be not less than four (4) nor more than twenty (20) clear days before the date of the public meeting on the issuance of the Notes.

Section 3. That the form of notice of public hearing is hereby ratified, confirmed and approved.

PASSED AND APPROVED this 4th day of August, 2014.

Mayor

ATTEST:

City Clerk

The Mayor announced that this was the time and place for the public hearing and meeting on the matter of the authorization of a Loan Agreement and the issuance of not to exceed \$2,700,000 General Obligation Capital Loan Notes, Series 2014, in order to provide funds to pay costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street improvements; the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes, an essential corporate purpose, and that notice of the proposed action by the Council to institute proceedings for the authorization of the Loan Agreement and the issuance of the Notes, had been published pursuant to the provisions of Sections 384.24, 384.24A and 384.25 of the City Code of Iowa, as amended.

The Mayor then asked the Clerk whether any written objections had been filed by any city resident or property owner to the proposal. The Clerk advised the Mayor and the Council that _____ written objections had been filed. The Mayor then called for oral objections to the proposal and _____ were made. Whereupon, the Mayor declared the time for receiving oral and written objections to be closed.

(Attach here a summary of objections received or made, if any)

The Council then considered the proposed action and the extent of objections thereto.

Whereupon, Council Member _____ introduced and delivered to the Clerk the Resolution hereinafter set out entitled "RESOLUTION INSTITUTING PROCEEDINGS TO TAKE ADDITIONAL ACTION FOR THE AUTHORIZATION OF A LOAN AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED \$2,700,000 GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2014", and moved:

- that the Resolution be adopted.
- to ADJOURN and defer action on the Resolution and the proposal to institute proceedings for the issuance of notes to the meeting to be held at _____ o'clock _____.M. on the _____ day of _____, 2014, at this place.

Council Member _____ seconded the motion. The roll was called and the vote was,

AYES: _____

NAYS: _____

Whereupon, the Mayor declared the measure duly adopted.

**RESOLUTION INSTITUTING PROCEEDINGS TO TAKE
ADDITIONAL ACTION FOR THE AUTHORIZATION OF A
LOAN AGREEMENT AND THE ISSUANCE OF NOT TO
EXCEED \$2,700,000 GENERAL OBLIGATION CAPITAL
LOAN NOTES, SERIES 2014**

WHEREAS, pursuant to notice published as required by law, this Council has held a public meeting and hearing upon the proposal to institute proceedings for the authorization of a Loan Agreement and the issuance of not to exceed \$2,700,000 General Obligation Capital Loan Notes, Series 2014, for the purpose of paying costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street improvements; the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes, and has considered the extent of objections received from residents or property owners as to the proposal and, accordingly the following action is now considered to be in the best interests of the City and residents thereof:

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNT VERNON, STATE OF IOWA:

Section 1. That this Council does hereby institute proceedings and take additional action for the authorization of a Loan Agreement and issuance in the manner required by law of not to exceed \$2,700,000 General Obligation Capital Loan Notes, Series 2014, to evidence the obligation thereof for the foregoing purpose.

Section 2. This Resolution shall serve as a declaration of official intent under Treasury Regulation 1.150-2 and shall be maintained on file as a public record of such intent. It is reasonably expected that moneys may be advanced from time to time for capital expenditures which are to be paid from the proceeds of the above loan agreement. The amounts so advanced shall be reimbursed from the proceeds of the Loan Agreement not later than eighteen months after the initial payment of the capital expenditures or eighteen months after the property is placed in service. Such advancements shall not exceed the loan amount authorized in this Resolution unless the same are for preliminary expenditures or unless another declaration of intention is adopted.

PASSED AND APPROVED this 4th day of August, 2014.

Mayor

ATTEST:

City Clerk

CERTIFICATE

STATE OF IOWA

)

) SS

COUNTY OF LINN

)

I, the undersigned City Clerk of the City of Mount Vernon, 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 Mount Vernon, State of Iowa

(SEAL)

ORIGINAL

(This Notice to be posted)

NOTICE AND CALL OF PUBLIC MEETING

Governmental Body: The City Council of the City of Mount Vernon, State of Iowa.
Date of Meeting: August 4, 2014.
Time of Meeting: 6:30 o'clock P.M.
Place of Meeting: Council Chambers, City Hall, 213 First Street NW, Mount Vernon, 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:

\$2,700,000 (Dollar Amount Subject To Change) General Obligation Capital Loan Notes, Series 2014.

- Resolution directing the advertisement for sale and approving electronic bidding procedures and Official Statement.

Such additional matters as are set forth on the additional 2 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 Mount Vernon, State of Iowa

August 4, 2014

The City Council of the City of Mount Vernon, State of Iowa, met in _____ session, in the Council Chambers, City Hall, 213 First Street NW, Mount Vernon, 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 _____ introduced the following Resolution entitled "RESOLUTION DIRECTING THE ADVERTISEMENT FOR SALE OF \$2,700,000 (DOLLAR AMOUNT SUBJECT TO CHANGE) GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2014, AND APPROVING ELECTRONIC BIDDING PROCEDURES AND OFFICIAL STATEMENT" and moved its adoption. Council Member _____ seconded the Resolution to adopt. The roll was called and the vote was,

AYES: _____

NAYS: _____

Whereupon, the Mayor declared the resolution duly adopted as follows:

RESOLUTION DIRECTING THE ADVERTISEMENT FOR SALE OF \$2,700,000 (DOLLAR AMOUNT SUBJECT TO CHANGE) GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2014, AND APPROVING ELECTRONIC BIDDING PROCEDURES AND OFFICIAL STATEMENT

WHEREAS, the City of Mount Vernon, State of Iowa, is in need of funds to pay costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street improvements; the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes, an essential corporate purpose project, and it is deemed necessary and advisable that a form of Loan Agreement be approved and authorized and that the City issue General Obligation Capital Loan Notes for such purpose to the amount of not to exceed \$2,700,000 as authorized by Sections 384.24, 384.24A and 384.25 of the City Code of Iowa; and

WHEREAS, pursuant to notice published as required by Sections 384.24, 384.24A and 384.25 this Council has held a public meeting and hearing on July 21, 2014, upon the proposal to institute proceedings for the issuance of the Notes, and all objections, if any, to such Council action made by any resident or property owner of the City were received and considered by the Council; and it is the decision of the Council that additional action be taken for the issuance of not to exceed \$2,700,000 General Obligation Capital Loan Notes, and that such action is considered to be in the best interests of the City and the residents thereof; and

WHEREAS, the City of Mount Vernon, State of Iowa, is in need of funds to pay costs of aiding in the planning, undertaking and carrying out of urban renewal projects, including improvements at the swimming pool, traffic control devices and crosswalks, an essential corporate purpose, and it is deemed necessary and advisable that General Obligation Capital Loan Notes to the amount of not to exceed \$400,000 be authorized for said purpose; and

WHEREAS, pursuant to notice published as required by Sections 384.24 (3)(q), 384.24A and 384.25 of said Code, this Council has held a public meeting and hearing on July 21, 2014, upon the proposal to institute proceedings for the issuance of said Notes, and no petitions for referendum having been received, the Council is therefore now authorized to proceed with the issuance of not to exceed \$400,000 General Obligation Capital Loan Notes; and that such action is considered to be in the best interests of the City and the residents thereof; and

WHEREAS, in conjunction with its financial advisor, Speer Financial, Inc., the City has caused a Preliminary Official Statement to be prepared outlining the details of the proposed sale of the Note.

WHEREAS, the Council has received information from its Financial Consultant evaluating and recommending the procedure hereinafter described for electronic, facsimile and internet bidding to maintain the integrity and security of the competitive bidding process and to facilitate the delivery of bids by interested parties; and

WHEREAS, the Council deems it in the best interests of the City and the residents thereof to receive bids to purchase such Notes by means of both sealed and electronic internet communication.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MOUNT VERNON, STATE OF IOWA:

Section 1. That the receipt of electronic bids by facsimile machine and through the SpeerAuction Competitive Bidding System described in the Notice of Sale are hereby found and determined to provide reasonable security and to maintain the integrity of the competitive bidding process, and to facilitate the delivery of bids by interested parties in connection with the offering at public sale.

Section 2. That the preliminary Official Statement in the form presented to this meeting be and the same hereby is approved as to form and deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, subject to such revisions, corrections or modifications as the Mayor and City Clerk, upon the advice of bond counsel and the City's Financial Advisor, shall determine to be appropriate, and is authorized to be distributed in connection with the offering of the Notes for sale.

Section 3. Bids for the sale of General Obligation Capital Loan Notes, Series 2014, of the City of Mount Vernon, State of Iowa, will be received at the office of the City Clerk, City Hall, 213 First Street NW, Mount Vernon, Iowa 52314; Telephone: 319-895-8742 (the "Issuer") until 11:00 o'clock A.M., on the 18th day of August, 2014. The bids will then be publicly

opened and referred for action to the meeting of the City Council in conformity with the TERMS OF OFFERING.

The notes to be offered are the following:

GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2014, in the amount of \$2,700,000*, to be dated September 22, 2014 (the "Notes")

* Subject to principal adjustment pursuant to official terms of offering.

Section 4. Open bids will not be received. Bids will be received in any of the following methods:

- Sealed Bidding: Sealed bids may be submitted and will be received at the office of the City Clerk at City Hall, 213 First Street NW, Mount Vernon, Iowa 52314.
- Electronic Internet Bidding: Electronic internet bids will be received at the office of the City Clerk at City Hall, 213 First Street NW, Mount Vernon, Iowa 52314. The bids must be submitted through the SPEERAUCTION competitive bidding system.
- Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the City Clerk at City Hall, 213 First Street NW, Mount Vernon, Iowa 52314 (facsimile number: 319-895-6108) or Speer Financial, Inc. 531 Commercial Street, Suite 608, Waterloo, Iowa (facsimile number 319-291-8628). Electronic facsimile bids will be sealed and treated as sealed bids.

Section 5. After the time for receipt of bids has passed, the close of sealed bids will be announced. Sealed bids will then be publicly opened and announced. Finally, electronic internet bids will be accessed and announced.

Section 6. The sale and award of the Notes will be held at the Council Chambers, City Hall, 213 First Street NW, Mount Vernon, Iowa at a meeting of the City Council on the above date at 6:30 o'clock P.M.

Section 7. The Issuer has issued an Official Statement of information pertaining to the Notes to be offered, including a statement of the Terms of Offering and an Official Bid Form, which is incorporated by reference as a part of this notice. The Official Statement may be obtained by request addressed to the City Clerk, City Hall, 213 First Street NW, Mount Vernon, Iowa 52314; Telephone: 319-895-8742 or the Issuer's Financial Consultant, Speer Financial, Inc., 531 Commercial Street, Ste. 608, Waterloo, Iowa, 50701, Telephone: 319-291-2077, or One North La Salle Street, Suite 4100, Chicago, Illinois, 60602; Telephone: 312-346-3700.

Section 8. All bids shall be in conformity with and the sale shall be in accord with the Terms of Offering as set forth in the Official Statement.

Section 9. The notes will be sold subject to the opinion of Ahlers & Cooney, P.C., Attorneys of Des Moines, Iowa, as to the legality and their opinion will be furnished together with the printed notes without cost to the purchaser and all bids will be so conditioned. Except to the extent necessary to issue their opinion as to the legality of the notes, the attorneys will not examine or review or express any opinion with respect to the accuracy or completeness of documents, materials or statements made or furnished in connection with the sale, issuance or marketing of the bonds.

Section 10. The right is reserved to reject any or all bids, and to waive any irregularities as deemed to be in the best interests of the public.

PASSED AND APPROVED this 4th day of August, 2014.

Mayor

ATTEST:

City Clerk

New Issue
 Date of Sale: Monday, August 18, 2014
 10:30 - 11:00 A.M., C.D.T. (Internet Sale)
 11:00 AM C.D.T. (Sealed Bids)
 (Alternative Bid Methods)

Investment Rating:
 Standard & Poor's...
 (Rating Requested)

OFFICIAL STATEMENT

Subject to the City's compliance with certain covenants, under present law, in the opinion of Bond Counsel, interest on the Notes is excluded from gross income for federal income tax purposes and interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations. The interest on the Notes is not exempt from present Iowa income taxes. See "TAX MATTERS" herein.



\$2,700,000*
CITY OF MOUNT VERNON
Linn County, Iowa
General Obligation Capital Loan Notes, Series 2014

Dated Date of Delivery Bank Qualified Book-Entry Due Serially June 1, 2016 - 2029

The \$2,700,000* General Obligation Capital Loan Notes, Series 2014 (the "Notes") are being issued by the City of Mount Vernon, Linn County, Iowa (the "City"). Interest on the Notes is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2014. The Notes will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The ownership of one fully registered Note for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Notes will be made to purchasers. The Notes will mature on June 1 as described herein. See "NOTE ISSUE SUMMARY" herein.

AMOUNTS*, MATURITIES, INTEREST RATES AND PRICES OR YIELDS

<u>Principal Amount</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Principal Amount</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
\$175,000	2016	_____ %	_____ %	\$190,000	2023	_____ %	_____ %
175,000	2017	_____ %	_____ %	195,000	2024	_____ %	_____ %
175,000	2018	_____ %	_____ %	200,000	2025	_____ %	_____ %
180,000	2019	_____ %	_____ %	205,000	2026	_____ %	_____ %
180,000	2020	_____ %	_____ %	210,000	2027	_____ %	_____ %
185,000	2021	_____ %	_____ %	215,000	2028	_____ %	_____ %
190,000	2022	_____ %	_____ %	225,000	2029	_____ %	_____ %

Any consecutive maturities may be aggregated into term notes at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

Notes due June 1, 2016 - 2022, inclusive, are non-callable. Notes due June 1, 2023 - 2029, inclusive, are callable in whole or in part on any date on or after June 1, 2022, at a price of par and accrued interest. If less than all the Notes are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

The Note proceeds will be used to: (i) finance the cost of various essential corporate purpose capital improvements; (ii) finance the costs of aiding in the planning, undertaking and carrying out of urban renewal projects; and (iii) pay the costs of issuance of the Notes. See "THE PROJECT" herein.

In the opinion of Bond Counsel, Ahlers & Cooney, P.C., Des Moines, Iowa, the Notes will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

This Official Statement is dated August 4, 2014, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Official Statement Sales Calendar". Additional copies may be obtained from Mr. Michael Beimer, City Administrator/Clerk, City of Mount Vernon, 213 First Street N.W., Mount Vernon, Iowa 52314-9998, or from the Independent Public Finance Consultants to the City:

Established 1954
Speer Financial, Inc.
 INDEPENDENT PUBLIC FINANCE CONSULTANTS
 ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602
 Telephone: (312) 346-3700; Facsimile: (312) 346-8833
 531 COMMERCIAL STREET, SUITE 608 • WATERLOO, IOWA 50701
 Telephone: (319) 291-2077; Facsimile: (319) 291-8628
www.speerfinancial.com



*Subject to principal adjustment in accordance with the Official Terms of Offering.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the Notes described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the City.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Notes, together with any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Notes, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Notes and other information may be included in a separate document entitled "Final Official Statement" rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Notes other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

TABLE OF CONTENTS

NOTE ISSUE SUMMARY	1
THE CITY	2
General.....	2
Government	2
Transportation.....	3
Education	3
Recent Development.....	3
SOCIOECONOMIC INFORMATION	4
Population	4
Employment.....	4
Housing	6
Income	6
Agriculture	7
Local Option Sales Tax	7
Retail Sales	8
THE PROJECT	8
DEBT INFORMATION	9
PROPERTY TAX INFORMATION	11
Property Tax Assessment	11
Property Tax Collection.....	12
Property Tax Rates	13
Utility Property Tax Replacement	14
Tax Increment Financing	14
Legislation	15
FINANCIAL INFORMATION	16
Investment Policy	16
Financial Reports	16
No Consent or Updated Information Requested of the Auditor	16
Summary Financial Information	17
EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS	18
Pensions	18
Other Post-Employment Benefits (OPEB)	19
REGISTRATION, TRANSFER AND EXCHANGE	20
TAX MATTERS	20
Tax Exemption	20
Tax Accounting Treatment of Discount and Premium on Certain Notes	21
Other Tax Advice	21
Related Tax Matters.....	21
Opinions.....	22
Qualified Tax-Exempt Obligations.....	22
CONTINUING DISCLOSURE	22
OPTIONAL REDEMPTION	23
LITIGATION	23
LEGAL MATTERS	23
OFFICIAL STATEMENT AUTHORIZATION	23
INVESTMENT RATING	24
UNDERWRITING	24
FINANCIAL ADVISOR	24
CERTIFICATION	24
APPENDIX A: Excerpts From the Audited Financial Statements for the Fiscal Year Ended June 30, 2013	
APPENDIX B: Describing Book-Entry Only Issuance	
APPENDIX C: Draft Form of Legal Opinion	
APPENDIX D: Draft Continuing Disclosure Certificate	
Official Bid Form	
Official Terms of Offering	

NOTE ISSUE SUMMARY

This Note Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Form, which are provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

Issuer:	City of Mount Vernon, Linn County, Iowa.
Issue:	\$2,700,000* General Obligation Capital Loan Notes, Series 2014.
Dated Date:	Date of delivery (expected to be on or about September 22, 2014).
Interest Due:	Each June 1 and December 1, commencing December 1, 2014.
Principal Due:	Serially each June 1, commencing June 1, 2016 through 2029, as detailed on the front page of this Official Statement.
Optional Redemption:	Notes maturing on or after June 1, 2023, are callable at the option of the City on any date on or after June 1, 2022, at a price of par plus accrued interest. See “OPTIONAL REDEMPTION” herein.
Authorization:	The Notes are being issued pursuant to authority established in the Code of Iowa, Chapter 384 and all laws amendatory thereof and supplementary thereto, and in conformity with resolutions of the City Council duly passed and approved.
Security:	The Notes are valid and legally binding general obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.
Investment Rating:	An investment rating for the Bonds has been requested from Standard & Poor’s Investors Service, New York, New York. See “INVESTMENT RATING” herein.
Purpose:	The Note proceeds will be used to: (i) finance the cost of various essential corporate purpose capital improvements; (ii) finance the costs of aiding in the planning, undertaking and carrying out of urban renewal projects; and (iii) pay the costs of issuance of the Notes. See “THE PROJECT” herein.
Tax Matters:	Ahlers & Cooney, P.C., Des Moines, Iowa, will provide an opinion as to the tax exemption of the Notes as discussed under “TAX MATTERS” in this Official Statement. Interest on the Notes is not exempt from present State of Iowa income taxes. See APPENDIX C for a draft form of legal opinion for the Notes.
Registrar/Paying Agent:	Bankers Trust Company, of Des Moines, Iowa.
Book-Entry Form:	The Notes will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Notes. See APPENDIX B herein.
Bank Qualified:	The City intends to designate the Notes as “qualified tax-exempt obligations”.
Delivery Date:	The Notes are expected to be delivered on or about September 22, 2014.
Denomination:	\$5,000 or integral multiples thereof.
Financial Advisor:	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

**Subject to principal adjustment in accordance with the Official Terms of Offering.*

CITY OF MOUNT VERNON

Linn County, Iowa

James Moore
Mayor

Council Members

Jamie Hampton

Bill Niemi

Eric Roudabush

Marianne Taylor

Francesca Thompson

Officials

Michael R. Beimer
City Administrator/Treasurer

Sue Ripke
Assistant City Administrator/Clerk

Robert Hatala, Esq.
City Attorney

THE CITY

General

The City is located in east central Iowa, approximately 13 miles southeast of Cedar Rapids, the County Seat of Linn County, and 22 miles north of Iowa City. The population as reported by the 2010 Census was 4,506, which is a 18% increase over the 2000 Census population of 3,806. Cornell College is located in the City, with an approximate 110 acre campus and enrollment of approximately 1,100 students. The entire campus is listed in the National Historic Register, the first and only college campus in the United States to have such a designation for the entire campus.

The City was founded in the 1830's, and initially the small settlement was named Pinhook. In 1847 a town was platted and the name changed to Mount Vernon to reflect the name of George Washington's home. It was not until 1869 that the town was formally incorporated as a city with an elected government. The City has a largely residential character and serves as a "bedroom" community for many residents employed in Iowa City, Cedar Rapids and the surrounding area. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer, and solid waste utilities for its citizens.

Government

The City operates under the Mayor-Council form of government. Five council members are elected at large for staggered four-year terms. The mayor is elected for a two-year term. A City Administrator/Treasurer, Assistant City Administrator/Clerk, and City Attorney are appointed by the Council. The City is served by a police force comprised of a police chief, five full-time officers, and four reserve officers. In addition, the City has a 28 person volunteer fire department work from a state of the art fire station constructed in 2013 with no increase to the levy rate. The Lisbon-Mount Vernon Ambulance Service is available for medical emergency situations.

The City employs approximately 21 full-time and 60 part-time or seasonal employees. Various City employees are members of two collective bargaining units. The Chauffeurs, Teamster and Helpers Local Union 238 represents members for both bargaining units. Contracts for the two units will expire June 30, 2015.

Recreation programs and planning for the City's seven parks, complete renovated outdoor swimming pool, dog park and skate park is overseen by a Parks and Recreation Commission which is appointed by the Mayor and Council. The City employs a full-time Parks and Recreation Director and a full-time Marketing and Tourism Director. A Historic Preservation Commission, also appointed by the Mayor and Council, is active in seeking grants and recommending local structures to be included in the National Historic Register. The Tree Committee is comprised of a mix of City employees and citizens to oversee the care and planting of trees in the community. The City also employs a full time Main Street Director and already had its status approved again as a designated "Main Street USA" city. Solid waste is contracted out and a five year contract was approved July 1, 2012. The City also contracts with Linn County to provide access to full-time building inspection for permits.

Transportation

The City is located at the intersection of the east-west U.S. Highway 30 and north-south State Highway 1. U.S. Interstate 80 is 19 miles south of the City, and U.S. Interstate 380 is 15 miles west. Commercial rail transportation is provided by the Union Pacific Railroad. The Eastern Iowa Airport in Cedar Rapids is served by five airlines and provides City residents with access to commercial air transportation.

Education

The Mount Vernon Community School District provides public education for City and area residents. The District has an enrollment of approximately 1,360 students in grades EC-12. Washington Elementary School has grades EC-4, Mount Vernon Middle School has grades 5-8, and Mount Vernon High School has grades 9-12. A wide variety of activities in Fine Arts, Academics, and Athletics allow students to develop their skills and talents. A new high school was recently completed and the District is now planning to add a fourth K-2 building.

Cornell College has been located in the City since its founding in 1853 as a private Methodist liberal arts college. The College has an enrollment of approximately 1,100 undergraduate students, and employs approximately 250 full-time and 80 part-time instructors and support staff. The College has plans to increase student enrollment by 400 students. The College is known for its One-Course-At-A-Time approach, where students concentrate on one course over a three and a half week term, of which nine short terms make up a regular school year.

The University of Iowa is located in Iowa City, approximately 22 miles south of the City. Established in 1847, the University of Iowa is the largest of Iowa's three public universities. Current enrollment is approximately 31,000. The University operates the University of Iowa Hospitals and Clinics, the country's largest university-based teaching hospital. Total University employment is approximately 35,500.

Recent Development

The City has active development in a business park located along U.S. Highway 30 and Iowa Highway 1. Several businesses have already opened in the business park, including two banks, two medical centers, an eye clinic, a Subway, a Dairy Queen, a Mexican food restaurant, a Hardee's, a Sleep Inn hotel, an accounting firm, an insurance office, car wash and a Chinese restaurant is planning to open soon. In addition, two major subdivisions are in progress. A major 120 acre subdivision, Stonebrook, was approved in November 2001. Approximately 95 homes have been added thus far. Upon completion, the subdivision will add approximately 330 new housing units. REM Cares, a facility dedicated to provide quality housing for approximately 50 individuals that are mentally and physically challenged, was completed in 2005. The facility employs a staff of approximately 40, with an adjacent "day hab" center that was fully renovated to provide jobs for staff personnel and to help integrate persons with disabilities into the community.

A second medical clinic recently opened in the City. Mercy Care is located in the same area as the Mount Vernon Family Medical. A gift of 5.49 acres adjacent to the Stonebrook addition was given to the City. Initial plans are being contemplated for the expansion of the City's park system. Additionally in the planning stages is a new community wellness center.

A roundabout and accompanying corridor improvements along U.S. Highway 30 were constructed and completed in 2013 with the City paying a portion of the entire project (\$1.2 million) with the balance of approximately \$2.4 million being paid for with State and Federal funding. There was no increase to property taxes.

Major improvements to the City's water distribution and sewer collection systems were completed between 2006 and 2010. A new water treatment plant was completed in 2010 with the addition of two new wells. Three wells have been drilled in the last ten years exceeding demand by a large margin. The City performs yearly hydrant flushing, cleaning, and maintenance on its sanitary sewer system. The sewage treatment plant was completed in 2001 and is expected to be able to treat waste from growth for at least 20 years and beyond.

SOCIOECONOMIC INFORMATION

The following demographic information is for the City. Additional comparisons are made with Linn County (the "County") and the State of Iowa (the "State").

Population

The following table reflects population trends for the City, the County and the State.

Population Comparison(1)

Year	City Population	Percent Change	The County	Percent Change	The State	Percent Change
1990	3,657	n/a	168,767	(0.59%)	2,776,785	(4.70%)
2000	3,806	4.07%	191,701	13.59%	2,926,324	5.39%
2005	4,171(2)	9.59%	n/a	n/a	n/a	n/a
2010	4,506	8.03%	211,226	10.19%	3,046,355	4.10%

Notes: (1) Source: U.S. Bureau of the Census and the City.
 (2) Based on a special census in 2005.

Employment

List of major area employers are shown below. The area list shows the diversity of the employers located within 50 miles of the City.

Major Area Employers(1)

Location	Name	Business or Product	Approximate Employment(2)
Iowa City	University of Iowa	Education	27,419
Cedar Rapids	Rockwell-Collins, Inc.	Communications Instruments	9,240
Iowa City	University of Iowa Hospitals & Clinics	Health Care	8,139
Cedar Rapids	Hy-Vee Food Stores	Groceries	4,350
Cedar Rapids, Iowa City	Mercy Medical Center	Health Care	4,123
Cedar Rapids	Transamerica Insurance Group	Insurance	3,780
Cedar Rapids	Unity Point Health/St. Luke's Hospital	Health Care	3,563
Cedar Rapids	Cedar Rapids Community Schools	Education	2,956
Cedar Rapids	Nordstrom Direct	Distribution	2,100
Cedar Rapids	Wal-Mart Stores, Inc.	Retail	1,800
Iowa City	Iowa City Community School District	Education	1,722
Cedar Rapids	Kirkwood Community College	Education	1,600
Iowa City	Pearson	Semiconductor Manufacturing	1,600
Iowa City	Veterans Health Administration	Health Care	1,474
Cedar Rapids	City of Cedar Rapids	Government	1,253
Iowa City	ACT, Inc.	Education Programs	1,250
Iowa City	Alliant Energy	Utility	1,200

Notes: (1) Source: Areas Chamber of Commerce, selected telephone surveys, *Corridor Business Journal* 2014 and the 2014 Iowa Manufacturers Directory.
 (2) Includes full and part-time as well as seasonal employees.

The following tables show employment by industry and by occupation for the City, the County and the State as reported by the 2008 - 2012 American Community Survey 5-Year Estimates from the U.S. Bureau of the Census.

Employment By Industry(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	0	0.0%	1,123	1.0%	62,188	4.0%
Construction.....	99	4.0%	6,494	5.8%	95,581	6.1%
Manufacturing.....	255	10.2%	19,407	17.4%	229,557	14.7%
Wholesale trade.....	59	2.4%	3,351	3.0%	46,372	3.0%
Retail trade.....	236	9.5%	13,874	12.4%	181,666	11.7%
Transportation and warehousing, and utilities.....	86	3.5%	5,231	4.7%	73,661	4.7%
Information.....	39	1.6%	3,538	3.2%	30,862	2.0%
Finance, insurance, real estate and rental and leasing.....	137	5.5%	8,757	7.8%	119,357	7.7%
Professional, scientific, management, administrative, and Waste management services.....	187	7.5%	10,177	9.1%	106,174	6.8%
Education, health and social services.....	1,156	46.4%	24,383	21.8%	372,756	23.9%
Arts, entertainment, recreation, accommodation and food services.....	117	4.7%	7,970	7.1%	118,557	7.6%
Other services.....	116	4.7%	4,578	4.1%	68,747	4.4%
Public administration.....	3	0.1%	2,827	2.5%	51,853	3.3%
Total.....	2,490	100.0%	111,710	100.0%	1,557,331	100.0%

Note: (1) Source: U. S. Bureau of the Census. American Community Survey 5-Year Estimates from 2008 - 2012.

Employment By Occupation(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, professional, and related occupations.....	1,186	47.6%	42,075	37.7%	524,386	33.7%
Service occupations.....	277	11.1%	16,650	14.9%	258,756	16.6%
Sales and office occupations.....	755	30.3%	29,130	26.1%	374,917	24.1%
Natural Resources, construction, and maintenance occupations.....	98	3.9%	8,888	8.0%	148,358	9.5%
Production, transportation, and material moving occupations.....	174	7.0%	14,967	13.4%	250,914	16.1%
Total.....	1,163	100.0%	111,710	100.0%	1,557,331	100.0%

Note: (1) Source: U. S. Bureau of the Census. American Community Survey 5-Year Estimates from 2008 - 2012.

The following shows the annual average unemployment rates for the County, the State and the United States.

Annual Average Unemployment Rates(1)

Calendar Year	The County	The State	United States
2004.....	4.8%	4.7%	5.4%
2005.....	4.3%	4.3%	5.1%
2006.....	3.7%	3.7%	4.6%
2007.....	3.8%	3.8%	4.6%
2008.....	3.9%	4.0%	5.8%
2009.....	5.7%	6.2%	9.3%
2010.....	6.0%	6.3%	9.6%
2011.....	6.0%	5.9%	8.9%
2012.....	5.3%	5.2%	8.1%
2013.....	4.8%	4.7%	7.4%
2014(2).....	4.7%	4.4%	6.5%

Notes: (1) Source: Iowa Workforce Development.
 (2) As of May 2014.

**Cedar Rapids MSA Non-Agricultural Labor Force
 By Place of Work(1)**
(Includes Benton, Jones, and Linn Counties)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014(2)</u>
Goods Producing.....	27,800	28,100	26,900	28,000	26,600
Service Producing.....	93,400	94,500	96,000	97,100	96,600
Government.....	16,400	16,500	16,500	15,900	16,500
Total.....	137,600	139,100	139,400	141,000	139,700

Notes: (1) Source: Iowa Workforce Development. Place of Work concept counts an individual in the area where he or she works regardless of where that person lives.
 (2) As of May 2014.

Housing

According to the 2008 - 2012 American Community Survey 5-Year Estimates from the U.S. Bureau of the Census, the median value of the City's owner-occupied homes was \$180,700. This compares to \$142,300 for the County and \$123,000 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2008 - 2012 American Community Survey.

Specified Owner-Occupied Units(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000.....	81	8.0%	4,346	6.9%	104,084	11.7%
\$ 50,000 to \$ 99,999.....	38	3.8%	9,792	15.6%	232,703	26.2%
\$100,000 to \$149,999.....	227	22.5%	20,170	32.2%	210,299	23.7%
\$150,000 to \$199,999.....	270	26.7%	12,016	19.2%	147,270	16.6%
\$200,000 to \$299,999.....	335	33.1%	10,774	17.2%	124,457	14.0%
\$300,000 to \$499,999.....	60	5.9%	4,338	6.9%	51,530	5.8%
\$500,000 to \$999,999.....	0	0.0%	840	1.3%	13,946	1.6%
\$1,000,000 or more.....	0	0.0%	316	0.5%	4,042	0.5%
Total.....	1,011	100.0%	62,592	100.0%	888,331	100.0%

Mortgage Status	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage.....	718	71.0%	43,610	69.7%	556,168	62.6%
Housing Units without a Mortgage.....	293	29.0%	18,982	30.3%	332,163	37.4%
Total.....	1,011	100.0%	62,592	100.0%	888,331	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2008 - 2012.

Income

According to the 2008 - 2012 American Community Survey 5-Year Estimates from the U.S. Bureau of the Census, the City had a median household income of \$89,667. This compares to \$74,343 for the County and \$64,772 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2008 - 2012 American Community Survey.

Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000.....	71	8.6%	1,423	2.7%	26,558	3.3%
\$ 10,000 to \$ 14,999.....	18	2.2%	1,053	2.0%	20,138	2.5%
\$ 15,000 to \$ 24,999.....	0	0.0%	2,936	5.5%	55,218	6.9%
\$ 25,000 to \$ 34,999.....	26	3.1%	3,453	6.4%	70,435	8.8%
\$ 35,000 to \$ 49,999.....	14	1.7%	6,769	12.6%	114,673	14.4%
\$ 50,000 to \$ 74,999.....	172	20.8%	11,480	21.4%	182,323	22.9%
\$ 75,000 to \$ 99,999.....	158	19.1%	9,815	18.3%	136,519	17.2%
\$100,000 to \$149,999.....	261	31.6%	10,744	20.0%	125,787	15.8%
\$150,000 to \$199,999.....	92	11.1%	3,478	6.5%	35,401	4.4%
\$200,000 or more.....	14	1.7%	2,453	4.6%	28,846	3.6%
Total.....	826	100.0%	53,604	100.0%	795,898	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2008 - 2012.

Agriculture

Shown below is information on the agricultural values of the County and certain data comparing the County with statewide averages:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Average Value Per Acre(1)(2):					
The County.....	\$5,201	\$5,676	\$7,672	\$9,189	\$10,175
The State.....	4,371	5,064	6,708	8,296	8,716

- Notes: (1) Most current data available as of February 2014 and is subject to revision.
 (2) Source: Cooperative Extension Service - Iowa State University.

Local Option Sales Tax

The City approved a 1% local option sales and service tax (“Local Option Tax”) at a special referendum in 2009. The Local Option Tax for the City became effective July 1, 2009 with actual tax monies received in the City’s 2010 fiscal year. The Local Option Tax was to expire in April 2014; however, the City re-authorized the Local Option Tax in May 2011 to be effective from July 1, 2014 until June 30, 2034. The City’s Local Option Tax referendum question stated that proceeds of such tax would be designated 100% for infrastructure improvements to include water/sewer/street/storm water improvements, and any other lawful purpose.

Once approved, a Local Option Tax can only be repealed through a public referendum at which a majority voting approve the repeal or tax rate change. Contiguous municipalities are one unit for this purpose. If a Local Option Tax is not imposed county-wide, then the question of repeal is voted upon only by voters in such areas of a county where the tax has been imposed. A Local Option Tax may not be repealed within one year of the effective date.

The State of Iowa Department of Revenue (the “Department”) administers collection and disbursement of all local option sales and services taxes in conjunction with administration of the State-wide sales, services and use tax presently assessed at 6%. The Department is required by statute to remit at least 95% of the estimated tax receipts to a county board of supervisors (for taxes imposed in unincorporated areas) and to each incorporated city. Such remittances are on a monthly basis. Once a year the Department reconciles its monthly estimated payments and makes an adjustment payment or debit at the November 10 payment date. Remittance of collections within a county are based upon the following statutory formula for county-wide collections:

- 75 percent: Based on a pro rata share of population (the most recent certified federal census) of those incorporated or unincorporated areas in a county which have approved a Local Option Tax.
- 25 percent: Based on a pro rata share of total property tax dollars levied during the three year period beginning July 1, 1982, through June 30, 1985, for those incorporated or unincorporated areas of a county which have approved a Local Option Tax.

Local Option Taxes are based on the same sales currently taxed by the state-wide 6% sales and services tax, with the present statutory exceptions of use taxes, lottery tickets, motor fuel and special fuels, certain farm machinery, industrial equipment, and the sale of automobiles, room rental already subject to a hotel/motel tax, or natural gas or electricity already subject to a city or county franchise fee or user fee.

The following table shows the trend of City sales tax receipts.

Local Option Tax Receipts(1)

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Local</u> <u>Option Tax</u> <u>Receipts(2)</u>	<u>Percent</u> <u>Change</u>
2010.....	\$508,637	N/A
2011.....	576,470	13.34%
2012.....	537,828	(6.70%)
2013.....	547,971	1.89%
2014.....	545,648(3)	(0.42%)

- Notes: (1) Source: Iowa Department of Revenue.
 (2) Includes a makeup payment in November attributable to the previous fiscal year.
 (3) Collections received or expected to be received not including any allowance for the reconciliation payment.

Retail Sales

The Department of Revenue of the State of Iowa provides retail sales figures based on sales tax reports for years ending June 30. The Department of Revenue figures provide recent data to confirm trends in retail sales activity in the City.

Retail Taxable Sales(1)

<u>Fiscal Year</u> <u>Ending June 30th</u>	<u>Taxable</u> <u>Sales</u>	<u>Annual Percent</u> <u>Change + (-)</u>
2004(2).....	\$32,370,556	N/A
2005(2).....	32,118,467	(0.78%)
2006(2).....	34,509,781	7.45%
2007(2).....	34,620,853	0.32%
2008(2).....	34,526,251	(0.27%)
2009.....	37,969,381	9.97%
2010.....	37,908,223	(0.16%)
2011.....	34,847,825	(8.07%)
2012.....	33,099,722	(5.02%)
2013.....	33,911,588	2.45%

- Notes: (1) Source: Iowa Department of Revenue.
 (2) Fiscal Years 2004 - 2008 annual reports cover the period ending March 31st.

THE PROJECT

Note proceeds will be used to: (i) finance the cost of various essential corporate purpose capital improvements; (ii) finance the costs of aiding in the planning, undertaking and carrying out of urban renewal projects (the "Project"); and (iii) pay the costs of issuance of the Notes. The Project includes work relating to the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street improvements; the acquisition, installation, and repair of sidewalks, storm sewers, water service lines and traffic control devices; the acquisition of any real estate needed for any of the foregoing purposes; and improvements at the swimming pool and crosswalks.

DEBT INFORMATION

After issuance of the Notes, the City will have outstanding approximately \$9,875,000* principal amount of general obligation debt. The City does not have any outstanding tax increment financing rebate agreements. The City has a general obligation legal debt limit equal to 5% of Actual Valuation. For the January 1, 2013 Actual Valuation of \$245,263,450 (including tax increment valuation and excluding military exemption valuation) applied to fiscal year 2014/15, the total limit is \$12,263,172.50. Including the Notes the principal amount of bonded indebtedness applicable to this limit is \$9,875,000*. Applying such bonded and non-bonded indebtedness to the legal debt limitation, the City will have a remaining legal debt margin of \$2,388,172.50*.

The City does not intend to issue additional general obligation debt in 2014.

General Obligation Debt Summary(1)
 (Principal Only)

Series 2007.....	\$2,180,000
Series 2009A.....	195,000
Series 2009B.....	2,950,000
Series 2010A.....	280,000
Series 2010B.....	80,000
Series 2012.....	290,000
Series 2013.....	1,200,000
The Notes(2).....	<u>2,700,000</u>
Total.....	<u>\$9,875,000</u>

- Notes: (1) Source: the City.
 (2) Subject to change.

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*Subject to principal adjustment in accordance with the Official Terms of Offering.

General Obligation Bonded Debt(1)
 (Principal Only)

Fiscal Year Ending June 30	Outstanding Bonds										Total Outstanding	The Notes(2)	Total General Obligation Debt(2)	Cumulative Retirement Amount(2)	Retirement Percent(2)
	Series 2007	Series 2009A	Series 2009B	Series 2010A	Series 2010B	Series 2012	Series 2013	Series 2014		Series 2015					
2015	\$ 365,000	\$ 45,000	\$ 145,000	\$ 45,000	\$ 25,000	\$ 145,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 845,000	\$ 0	\$ 845,000	\$ 845,000	8.56%
2016	380,000	50,000	155,000	45,000	25,000	145,000	75,000	75,000	75,000	75,000	875,000	175,000	1,050,000	1,895,000	19.19%
2017	395,000	50,000	155,000	45,000	30,000	0	80,000	80,000	80,000	80,000	755,000	175,000	930,000	2,825,000	28.61%
2018	190,000	50,000	160,000	45,000	0	0	80,000	80,000	80,000	80,000	525,000	175,000	700,000	3,525,000	35.70%
2019	200,000	0	170,000	50,000	0	0	80,000	80,000	80,000	80,000	500,000	180,000	680,000	4,205,000	42.58%
2020	210,000	0	175,000	50,000	0	0	85,000	85,000	85,000	85,000	515,000	180,000	695,000	4,900,000	49.62%
2021	215,000	0	180,000	0	0	0	85,000	85,000	85,000	85,000	480,000	185,000	665,000	5,565,000	56.35%
2022	225,000	0	190,000	0	0	0	90,000	90,000	90,000	90,000	500,000	190,000	690,000	6,255,000	63.34%
2023	0	0	195,000	0	0	0	90,000	90,000	90,000	90,000	300,000	195,000	495,000	7,730,000	68.15%
2024	0	0	210,000	0	0	0	90,000	90,000	90,000	90,000	300,000	200,000	505,000	7,730,000	73.16%
2025	0	0	215,000	0	0	0	95,000	95,000	95,000	95,000	305,000	205,000	530,000	8,260,000	78.28%
2026	0	0	230,000	0	0	0	95,000	95,000	95,000	95,000	325,000	210,000	550,000	8,260,000	83.65%
2027	0	0	245,000	0	0	0	100,000	100,000	100,000	100,000	340,000	215,000	575,000	8,810,000	89.22%
2028	0	0	260,000	0	0	0	0	0	0	0	360,000	225,000	585,000	9,385,000	95.04%
2029	0	0	265,000	0	0	0	0	0	0	0	265,000	225,000	490,000	9,875,000	100.00%
Total	\$2,180,000	\$195,000	\$2,950,000	\$280,000	\$80,000	\$290,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$7,175,000	\$2,700,000	\$9,875,000		

Notes: (1) Source: The City.
 (2) Subject to change.

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Statement of Bonded Indebtedness(1)(2)

City Actual Valuation, January 1, 2013	\$245,263,450
City Taxable Valuation, January 1, 2013.....	\$148,357,982

	Total	Applicable		Ratio to City Actual	Ratio to City Taxable	Per Capita (2010 Pop. 4,506)
		Percent	Amount			
Direct Debt(3)	\$ 9,875,000	100.00%	\$ 9,875,000	4.03%	6.66%	\$2,191.52
Less: Direct Debt Paid From TIF Revenue(3) ..	(2,540,000)	(100.00%)	(2,540,000)	(1.04%)	(1.71%)	(563.69)
Total Direct Debt(3)	\$ 7,335,000	100.00%	\$ 7,335,000	2.99%	4.94%	\$1,627.83
Overlapping Debt:						
Mount Vernon Community School District.....	\$ 10,925,000	51.19%	\$ 5,592,507	2.28%	3.77%	\$1,241.12
Kirkwood Community College(4).....	105,164,672	0.65%	683,570	0.28%	0.46%	151.70
Linn County	18,525,000	1.43%	264,907	0.11%	0.18%	58.79
Total Net Direct and Overlapping Debt(3)			\$13,875,984	5.66%	9.35%	\$3,079.45

Per Capita Actual Value	\$54,430.42
Per Capita Taxable Value.....	\$32,924.54

- Notes: (1) Source: the City, Audited Financial Statements and EMMA for the County, Mount Vernon CSD, and Kirkwood Community College.
 (2) As of date of issuance of the Notes for Direct Debt and July 10, 2014 for overlapping debt.
 (3) Subject to change.
 (4) Excludes \$30,775,000 of Industrial New Jobs Training Certificates paid from withholding taxes.

PROPERTY TAX INFORMATION

Property Tax Assessment

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Taxable Valuation. Such rollback percentages may be changed in future years. Certain historical rollback percentages for residential valuation are as follows:

Residential Rollback Percentages for Taxable Valuation(1)

<u>Fiscal Year</u>	<u>Percentage</u>
2005/06	47.9642%
2006/07	45.9960%
2007/08	45.5596%
2008/09	44.0803%
2009/10	45.5893%
2010/11	46.9094%
2011/12	48.5299%
2012/13	50.7518%
2013/14	52.8166%
2014/15	54.4002%

Note: (1) Source: the Iowa Department of Revenue.

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following tax year. For example, the assessments finalized on January 1, 2013, are used to calculate tax liability for the tax year starting July 1, 2014 through June 30, 2015.

Property Tax Collection

Each county is required by State law to collect all tax levies within its jurisdiction and remit, before the fifteenth of each month, the amount collected through the last day of the preceding month to underlying units of government, including the City. Property tax payments are made at the office of each county treasurer in full or one-half by September 30 and March 31, pursuant to the Code of Iowa, Sections 445.36 and 445.37. Where the first half of any property tax has not been paid by October 1, such installment becomes delinquent. If the second installment is not paid, it becomes delinquent on April 1. Delinquent taxes and special assessments are subject to a penalty at the rate of one and one-half percent per month, to a maximum of eighteen percent per annum.

If taxes are not paid when due, the property may be offered at the regular tax sale on the third Tuesday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property, and funds so received are applied to the payment of taxes. A property owner may redeem from the regular tax sale, but failing redemption within two years, the tax sale purchaser is entitled to a deed which in general conveys the title free and clear of all liens except future installments of taxes.

Actual (100%) Valuations for the City(1)(2)

Property Class	Fiscal Year:	2010/11	2011/12	2012/13	2013/14	2014/15
	Levy Year January 1:	2009	2010	2011	2012	2013
Residential		\$168,999,980	\$173,031,339	\$174,670,867	\$177,907,387	\$196,308,300
Agricultural		1,725,170	1,709,859	2,027,200	2,028,900	3,024,200
Commercial		35,471,721	36,068,994	35,620,827	37,295,700	37,060,500
Industrial		587,851	587,851	587,851	740,800	740,800
Railroad		715,192	777,014	993,461	1,148,751	1,205,325
Utilities without Gas and Electric(3)		1,210,569	1,254,297	1,260,733	1,262,983	1,119,841
Gas and Electric Utilities(3)		4,536,269	5,192,595	5,461,555	5,667,702	6,039,688
Less: Military Exemption		(253,724)	(257,428)	(251,872)	(242,612)	(235,204)
Total		\$212,993,028	\$218,364,521	\$220,370,622	\$225,809,611	\$245,263,450
Percent Change +(-)		3.98%(4)	2.52%	0.92%	2.47%	8.62%

- Notes: (1) Source: The Iowa Department of Management.
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2009	2010	2011	2012	2013
TIF Valuation	\$23,859,571	\$19,465,125	\$21,295,126	\$22,059,395	\$22,332,359

- (3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.
 (4) Based on 2008 Actual Valuation of \$204,840,189.

For the January 1, 2013 levy year, the City's Taxable Valuation was comprised of approximately 72% residential, 24% commercial, 2% utilities, and 2% railroads, industrial and agricultural less military exemption.

Taxable ("Rollback") Valuations for the City(1)(2)

Property Class	Fiscal Year:	2010/11	2011/12	2012/13	2013/14	2014/15
	Levy Year January 1:	2009	2010	2011	2012	2013
Residential		\$ 79,276,844	\$ 83,971,925	\$ 88,648,643	\$ 93,964,688	\$106,792,070
Agricultural		1,143,295	1,180,064	1,166,474	1,215,990	1,312,497
Commercial		35,471,721	36,068,994	35,620,827	37,295,700	35,207,475
Industrial		587,851	587,851	587,851	740,800	627,626
Railroad		715,192	777,014	993,461	1,148,751	1,145,059
Utilities without Gas and Electric(3)		1,210,569	1,254,297	1,260,733	1,262,983	1,119,841
Gas and Electric Utilities(3)		2,206,704	2,251,368	2,318,554	2,235,863	2,312,484
Less: Military Exemption		(253,724)	(257,428)	(251,872)	(242,612)	(235,204)
Total		\$120,358,452	\$125,834,085	\$130,344,671	\$137,622,163	\$148,357,982
Percent Change +(-)		6.27%(4)	4.55%	3.58%	5.58%	7.80%

- Notes: (1) Source: the Iowa Department of Management.
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2009	2010	2011	2012	2013
TIF Valuation	\$23,859,571	\$19,465,125	\$15,387,595	\$22,059,395	\$22,332,359

- (3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.
 (4) Based on 2008 Taxable Valuation of \$113,254,365.

The following shows the trend in the City's tax extensions and collections.

Tax Extensions and Collections(1)

Levy Year	Collection Year	Amount Levied	Amount Collected(2)	Percent Collected
2006	2007-2008	\$1,177,023	\$1,243,018	105.61%
2007	2008-2009	1,031,631	1,024,251	99.28%
2008	2009-2010	1,185,236	1,180,633	99.61%
2009	2010-2011	1,259,809	1,360,793	108.02%
2010	2011-2012	1,383,592	1,398,352	101.07%
2011	2012-2013	1,405,661	1,400,135	99.60%
2012	2013-2014	1,489,821	1,498,025	100.55%
2013	2014-2015	1,625,193	--In Collection--	

- Notes: (1) Source: the State of Iowa Department of Management and the City. Includes amounts for Utility Replacement. Does not include levies and collections for the City's tax increment finance district.
 (2) Includes delinquent taxes.

Principal Taxpayers(1)

Taxpayer Name	Business/Service	January 1, 2013 Taxable Valuation(2)
Lynch Properties LC	Auto Dealership	\$ 2,284,180
Interstate Power	Utility	2,170,569
ABCM Corporation/Hallmark Care Center	Health Care	1,685,870
Mari LC	Auto/Implement Service	1,557,715
Mount Vernon Hotel, LLC	Hotel	1,496,915
Mount Vernon Bank & Trust	Financial Services	1,328,126
Hills Bank	Financial Services	1,305,585
Mercy Physician Services, Inc.	Health Care	1,274,900
Union Pacific Railroad	Railroad	1,145,058
CenturyLink, f.n.a. Qwest Communication	Telecommunications	1,009,874
Total		\$15,258,792
Ten Largest Taxpayers as Percent of City's 2013 Taxable Valuation (\$148,357,982)		10.28%

- Notes: (1) Source: The County.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

Property Tax Rates

Normal municipal operations and maintenance costs are generally funded through the corporate property tax levy. Iowa State Code does not allow the municipal general fund to be taxed above \$8.10 per thousand dollars of taxable value in any one year. In addition to the General Fund, there are several other tax funds that the City can create and use for specific purposes.

The property tax rates for the City from levy year 2009 through levy year 2013 are shown below:

Property Tax Rates: Levy Years 2009 - 2013(1)(2)
 (Per \$1,000 Actual Valuation)

Fiscal Year: Levy Year:	2010/11 <u>2009</u>	2011/12 <u>2010</u>	2012/13 <u>2011</u>	2013/14 <u>2012</u>	2014/15 <u>2013</u>
The City:					
General Fund.....	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000
Debt Service	0.71400	0.66295	0.00000	0.00000	0.00000
Employee Benefits	2.07664	2.06842	2.66240	2.41393	2.52218
Capital Improvements	0.67500	0.67499	0.67500	0.67500	0.67500
Other	<u>1.43139</u>	<u>1.49067</u>	<u>1.55962</u>	<u>1.80810</u>	<u>1.70266</u>
Total City Rate	\$12.99703	\$12.99703	\$12.99702	\$12.99703	\$12.99984
Others:					
Linn County.....	\$ 6.06829	\$ 6.11191	\$ 6.11191	\$ 6.11191	\$ 6.14191
Mount Vernon Community School District	19.25608	18.98120	17.72268	17.37978	17.97286
Community College and Other	<u>1.4979</u>	<u>1.58958</u>	<u>1.64296</u>	<u>1.32167</u>	<u>1.47869</u>
Total City Tax Rate	\$39.81930	\$39.67972	\$38.47457	\$37.81039	\$38.59330

- Notes: (1) Source: the State of Iowa Department of Management
 (2) Includes the aggregate tax rate for a resident of the City. Does not include the tax rate for agriculture.

Utility Property Tax Replacement

Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing districts by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

The utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing districts (including the City) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the general obligation debt capacity of the City could be adjudicated to be proportionately reduced in future years if utility property were determined to be other than "taxable property" for purposes of computing the City's debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the City can issue or (ii) adversely affect the City's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Notes. Approximately 2% of the City's tax base currently is utility property. Notwithstanding the foregoing, the City has the obligation to levy taxes against all the taxable property in the City sufficient to pay principal of and interest on the Notes.

Tax Increment Financing

The Code of Iowa currently authorizes the use of two types of tax increment financing by local taxing districts in the State of Iowa. The first type allows local governments to establish TIF districts to be established for the purposes of financing capital improvements constructed within the defined area which contribute to the urban redevelopment and economic development of the immediate area. The total actual valuation of this type of TIF district in the City in levy year 2013 was \$22,332,359.

The second type of tax increment financing was authorized by state legislative action in the mid-1980's. The area community colleges can establish TIF districts by contract with specific local businesses and industries to provide jobs training programming for new employees of existing expanding businesses or employees of new businesses. The revenues from these job training TIF districts then retires the debt incurred from the issuance of jobs training certificates which finance the cost of jobs training programming over a maximum of ten years. Upon payment of all jobs training certificates, the district dissolves and the incremental value from the new or expanded business reverts to the general tax base. There is no current valuation for this second type of TIF district.

Legislation

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on the future tax collections of the City. Purchasers of the Notes should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Notes and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, (ii) assigns a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, (iii) creates a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) that begins in the 2015 assessment year, and assigns a declining rollback percentage to such properties for each subsequent year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempts a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to fiscal year 2018, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2018 the standing appropriation cannot exceed the actual 2017 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act's provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for multi-residential properties from the commercial rollback percentage (100% of market value) to the residential rollback percentage (currently 53% of market value), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State's discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the Act on the City's future property tax collections is uncertain and the City has not attempted to quantify the financial impact of the Act's provisions on the City's future operations. It has been projected by Moody's Investor Service that local governments in Iowa are likely to experience modest reductions in property tax revenues starting in fiscal 2015 as a result of the Act, with sizeable reductions possible starting in fiscal 2018¹. According to Moody's, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of multi-residential developments (such as college towns), or significant amounts of telecommunications property.

¹ US Public Finance Weekly Credit Outlook, May 30, 2013, Moody's Investors Service.

Notwithstanding any decrease in property tax revenues that may result from the Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds, “[t]he governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.”

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Final Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the City.

FINANCIAL INFORMATION

Investment Policy

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and the Iowa Public Agency Investment Trust.

The City typically invests in obligations of the United States government or its agencies and in collateralized or insured certificates of deposit. The City has a written investment policy, which states that its primary objectives, in order of priority, are safety and preservation of principal, maintaining necessary liquidity and obtaining a reasonable return.

Financial Reports

The City’s financial statements are audited annually by certified public accountants. The City’s financial statements are completed on a basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the “Excerpted Financial Information”) contained in this “**FINANCIAL INFORMATION**” section and in **APPENDIX A** are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended June 30, 2013 (the “2013 Audit”). The 2013 Audit has been prepared by Clifton Larson Allen, LLP, Certified Public Accountants, Cedar Rapids, Iowa (the “Auditor”), and approved by formal action of the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2013 Audit. The inclusion of the Excerpted Financial Information in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2013 Audit. Questions or inquiries relating to financial information of the City since the date of the 2013 Audit should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See APPENDIX A for excerpts of the City's 2013 fiscal year audit. The City ended fiscal year 2014 with an increase in cash balance in the General Fund over fiscal year 2013. The City passed a fiscal year 2015 budget with a slight increase to the General Fund.

**Cash Basis Statement of Activities and Net Position
 Governmental Activities(1)**

	Audited as of and for the Fiscal Year Ended June 30				
	2009	2010	2011	2012	2013
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Public Safety	\$ (629,620)	\$ (620,064)	\$ (709,973)	\$ (607,041)	\$ (841,160)
Public Works	(33,759)	(16,372)	52,231	447	(1,692)
Culture and Recreation.....	(228,659)	(244,217)	(286,901)	(328,565)	(294,739)
Community and Economic Development	(69,516)	(67,948)	(52,829)	(69,388)	(83,419)
General Government.....	(262,663)	(293,080)	(314,219)	(379,933)	(297,938)
Debt Service.....	(602,659)	(1,595,321)	(1,145,441)	(1,063,749)	(982,360)
Capital Projects	<u>(2,110,990)</u>	<u>(1,067,010)</u>	<u>(1,254,752)</u>	<u>(3,708,097)</u>	<u>(1,600,781)</u>
Total Governmental Activities	<u>\$(3,937,866)</u>	<u>\$(3,904,012)</u>	<u>\$(3,711,884)</u>	<u>\$(6,156,326)</u>	<u>\$(4,102,089)</u>
GENERAL RECEIPTS AND TRANSFERS:					
Property and Other City Tax Levied For:					
General Purposes.....	\$ 1,036,786	\$ 1,109,691	\$ 1,170,676	\$ 1,314,900	\$ 1,399,704
Debt Service.....	0	67,993	84,520	83,452	661
Tax Increment Financing	899,722	759,472	812,338	676,858	724,854
Local Option Sales Tax.....	49,784	533,571	544,545	569,638	524,293
Hotel/Motel Taxes.....	64,562	53,716	49,978	57,837	57,658
Grants and Contributions Not Restricted.....	8,215	10,144	6,161	4,618	5,823
Unrestricted Interest on Investments	37,972	37,127	32,115	16,872	7,983
Bond Proceeds.....	385,000	3,970,000	558,600	0	570,000
Payment of Refunded Bonds	0	0	0	0	(545,000)
Bond Discount.....	0	0	0	0	(2,565)
Miscellaneous.....	78,441	94,451	169,422	79,720	102,192
Sale of Capital Assets	0	0	0	0	2,325
Transfers In (Out).....	<u>85,616</u>	<u>344,828</u>	<u>413,631</u>	<u>380,129</u>	<u>384,334</u>
Total General Revenues, and Transfers	<u>\$ 2,646,098</u>	<u>\$ 6,980,993</u>	<u>\$ 3,841,986</u>	<u>\$ 3,184,024</u>	<u>\$ 3,232,262</u>
CHANGE IN CASH BASIS NET POSITION.....	<u>\$(1,291,768)</u>	<u>\$ 3,076,981</u>	<u>\$ 130,102</u>	<u>\$(2,972,302)</u>	<u>\$ (869,827)</u>
CASH BASIS NET POSITION, BEGINNING OF YEAR	<u>\$ 4,607,132</u>	<u>\$ 3,315,363</u>	<u>\$ 6,392,344</u>	<u>\$ 6,522,446</u>	<u>\$ 3,550,144</u>
CASH BASIS NET POSITION, END OF YEAR	<u>\$ 3,315,364</u>	<u>\$ 6,392,344</u>	<u>\$ 6,522,446</u>	<u>\$ 3,550,144</u>	<u>\$ 2,680,317</u>
CASH BASIS NET POSITION					
Restricted:					
Nonexpendable:					
Cemetery Perpetual Care	\$ 75,595	\$ 77,535	\$ 79,585	\$ 80,575	\$ 82,465
Expendable:					
Urban Renewal Purposes.....	168,084	347,114	394,477	420,622	307,580
Maintenance and Improvements.....	179,468	0	0	0	0
Debt Service.....	3,858	0	52,984	54,421	62,308
Streets.....	750,862	481,570	146,056	147,796	161,554
Other Purposes	1,675,372	4,869,866	2,806,682	1,228,983	872,787
Unrestricted	<u>462,125</u>	<u>616,259</u>	<u>3,042,662</u>	<u>1,617,747</u>	<u>1,193,623</u>
Total Cash Basis Net Position	<u>\$ 3,315,364</u>	<u>\$ 6,392,344</u>	<u>\$ 6,522,446</u>	<u>\$ 3,550,144</u>	<u>\$ 2,680,317</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2009 - 2013.

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General Fund
Statement of Cash Receipts, Disbursements and Changes in Cash Balances(1)

	Audited as of and for the Fiscal Year Ended June 30				
	2009	2010	2011	2012	2013
RECEIPTS:					
Property Taxes	\$ 657,458	\$ 737,412	\$ 778,721	\$ 873,809	\$ 883,798
Other City Taxes	76,343	75,929	70,100	78,893	79,215
Licenses and Permits	84,542	58,929	71,759	72,490	79,764
Use of Money and Property	27,885	31,002	37,816	38,888	54,122
Intergovernmental	23,240	17,619	18,275	12,297	21,802
Charges for Service	95,746	119,055	135,642	146,794	141,688
Miscellaneous	57,928	49,117	105,946	97,096	72,330
Total Receipts	<u>\$1,023,142</u>	<u>\$1,089,063</u>	<u>\$1,218,259</u>	<u>\$1,319,267</u>	<u>\$1,332,719</u>
DISBURSEMENTS:					
Operating:					
Public Safety	\$ 623,113	\$ 632,578	\$ 727,507	\$ 635,662	\$ 876,131
Culture and Recreation	321,058	320,168	418,667	472,897	428,942
Community and Economic Development	69,516	67,948	52,829	69,388	83,419
General Government	283,779	267,585	309,602	364,540	294,607
Total Disbursements	<u>\$1,297,466</u>	<u>\$1,288,279</u>	<u>\$1,508,605</u>	<u>\$1,542,487</u>	<u>\$1,683,099</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ (274,324)	\$ (199,216)	\$ (290,346)	\$ (223,220)	\$ (350,380)
OTHER FINANCING SOURCES (USES):					
Sale of Capital Assets	\$ 535	\$ 0	\$ 0	\$ 0	\$ 2,325
Operating Transfers (Net)	250,181	265,778	211,010	297,298	516,028
Interfund Loans Paid	0	0	0	10,000	0
Total Other Financing Sources (Uses)	<u>\$ 250,716</u>	<u>\$ 265,778</u>	<u>\$ 211,010</u>	<u>\$ 307,298</u>	<u>\$ 518,353</u>
NET CHANGE IN CASH BALANCES	\$ (23,608)	\$ 66,562	\$ (79,336)	\$ 84,078	\$ 167,973
CASH BALANCES BEGINNING OF YEAR	\$ 485,733	\$ 462,124	\$ 528,686	\$ 449,350	\$ 533,428
CASH BALANCES END OF YEAR	<u>\$ 462,125</u>	<u>\$ 528,686</u>	<u>\$ 449,350</u>	<u>\$ 533,428</u>	<u>\$ 701,401</u>
CASH BASIS FUND BALANCES					
Unassigned	\$ 462,125	\$ 528,686	\$ 449,350	\$ 533,428	\$ 701,401
Total Cash Basis Fund Balance	<u>\$ 462,125</u>	<u>\$ 528,686</u>	<u>\$ 449,350</u>	<u>\$ 533,428</u>	<u>\$ 701,401</u>

Note: (1) Source: The City's audited financial statements for fiscal years ending June 30, 2009 - 2013.

EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

Pensions

The City contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the City are required to participate in IPERS. Employees who retire at age 65 (or anytime after age 58 with 30 or more years of service) are entitled to full monthly benefits. IPERS offers five options for distribution of retirement benefits. Prior to July 1, 2012, benefits become fully vested after completing four years of service or after attaining age 55 and after July 1, 2012 benefits become fully vested after completing seven years of service or after attaining age 65.

IPERS plan members are required to contribute a percentage of their annual salary, in addition to the City being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The City's share, payable from the applicable funds of the City, is provided by an annual levy of taxes without limit or restriction as to rate or amount against all the taxable property of the City. All contributions are on a current basis. See "APPENDIX A" for additional information on IPERS.

The following table sets forth the contributions made by the City and employees to IPERS for the period indicated. The City has always made their full statutorily required contributions to IPERS. The City cannot predict the levels of funding that will be required in the future.

Fiscal Year	% of Payroll Paid by the City	% of Payroll Paid by Employee
2010	6.65%	4.30%
2011	6.95%	4.50%
2012	8.07%	5.38%
2013	8.67%	5.78%
2014	8.93%	5.95%

The IPERS fund is administered by the State with administration costs paid from income derived from invested funds. IPERS has an unfunded actuarial liability and unrecognized actuarial loss. The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial report of IPERS for fiscal year 2013 (the "IPERS CAFR"). A complete copy of the IPERS CAFR can be obtained by visiting IPERS website at: <http://www.ipers.org/publications/misc/pdf/financial/cafr/cafr.pdf> or by writing to IPERS at P.O. Box 9117, Des Moines, Iowa 50306-9117. According to IPERS, as of the end of fiscal year 2013, there were approximately 342,652 total members participating in IPERS, including College employees. IPERS does not break out the funding status for each participating entity, therefore, it is not possible to determine the College's allocable share of the funding status of IPERS.

Fiscal Year Ending June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability [b]	Unfunded Actuarial Accrued Liability (Actuarial Value) [b]-[a]	Funded Ratio (Actuarial Value) [a]/[b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [(b-a)/[c]]
2009	\$21,123,979,941	\$26,018,593,823	\$4,894,613,882	81.19%	\$6,438,643,124	76.02%
2010	21,537,458,560	26,468,419,650	4,930,961,090	81.37%	6,571,182,005	75.04%
2011	22,575,309,199	28,257,080,114	5,681,770,915	79.89%	6,574,872,719	86.42%
2012	23,530,094,461	29,446,197,486	5,916,103,025	79.91%	6,786,158,720	87.18%
2013	24,711,096,187	30,498,342,320	5,787,246,133	81.02%	6,880,131,134	84.12%

Source: IPERS Comprehensive Annual Financial Report (Fiscal Year 2013).

When calculating the funding status of IPERS for fiscal year 2013, the following assumptions were used: (1) the amortization period for the total unfunded actuarial liability is 30 years (which is consistent with the maximum acceptable amortization period set forth by the Governmental Accounting Standards Board ("GASB") in GASB Statement No. 25); (2) the rate of return on investments is assumed to be 7.5%; (3) salaries are projected to increase 4.0-17% for IPERS depending on year of service; and (4) the rate of inflation is assumed to be 3.25% for prices and 4.0% for wages.

Bond Counsel, the City and the Financial Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the IPERS website.

Other Post-Employment Benefits (OPEB)

In June 2004, the Governmental Accounting Standards Board ("GASB") issued GASB 45, which address how state and local governments are required to account for and report their costs and obligations related to other post-employment benefits ("OPEB"), defined to include post-retirement healthcare benefits. GASB 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension establishes financial reporting standards designed to measure, recognize and display OPEB costs. OPEB costs would become measurable on an accrual basis of accounting, and contribution rates (actuarially determined) would be prescribed for funding such costs. The provisions of GASB 45 do not require governments to fund their OPEBs. The City may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however the unfunded actuarial liability is required to be amortized over future periods.

See APPENDIX A – Notes (4) herein for further discussion of the City's employee retirement benefit obligations.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B, BOOK-ENTRY SYSTEM** for information on registration, transfer and exchange of book-entry bonds. The Notes will be initially issued as book-entry notes.

The City shall cause books (the "Note Register") for the registration and for the transfer of the Notes to be kept at the principal corporate trust office of the Registrar in Des Moines, Iowa. The City will authorize to be prepared, and the Registrar shall keep custody of, multiple note blanks executed by the City for use in the transfer and exchange of Notes.

Any Note may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Note Resolution. Upon surrender for transfer or exchange of any Note at the principal corporate trust office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the City shall execute and the Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Note or Notes of the same maturity, series and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Note shall constitute full and due authorization of such Note, and the Registrar shall thereby be authorized to authenticate, date and deliver such Note, provided, however, the principal amount of outstanding Notes of each maturity authenticated by the Registrar shall not exceed the authorized principal amount of Notes for such maturity less Notes previously paid.

The Registrar shall not be required to transfer or exchange any Note following the close of business on the 15th day of the month next preceding any interest payment date on such Note, nor to transfer or exchange any Note after notice calling such Note for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Notes.

The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Notes shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Notes, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes.

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Note proceeds and facilities financed with Note proceeds, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Notes is excluded from gross income for federal income tax purposes and interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations.

The interest on the Notes is not exempt from present Iowa income taxes. Ownership of the Notes may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes may be less than the amount payable on such Notes at maturity (“Discount Notes”). Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Notes may be greater than the amount of such Notes at maturity (“Premium Notes”). Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Other Tax Advice

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Notes. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues herein covered by the opinion and with respect to the various state tax consequences of an investment in Notes.

Related Tax Matters

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

There are or may be pending in the Congress of the United States, legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to in this section or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Notes issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

Opinions

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise. See "APPENDIX C" for forms of Bond Counsel opinions for the Notes.

Qualified Tax-Exempt Obligations

The City will designate the Notes as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

CONTINUING DISCLOSURE

The City will enter into continuing disclosure undertakings (together, the "Undertaking") for the benefit of the beneficial owners of the Notes to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in **APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE**.

The City failed to file its required annual financial information and audited financial statements on time for fiscal years June 30, 2009 – June 30, 2012 relating to the City's Series 2009B Notes. However, the City has taken action to remedy its aforementioned failure to file, and at the time of this Official Statement, the City has filed the required information for all prior fiscal years mentioned above in order to bring to date the prior undertakings. In the future years, the City will continue to take steps to satisfy its continuing disclosure undertaking and annual financial audits filed on a timely basis. A failure by the City to comply with the Undertaking will not constitute a default under the Note Resolution and beneficial owners of the Notes are limited to the remedies described in the Undertaking. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

OPTIONAL REDEMPTION

Notes due June 1, 2016 - 2022, inclusive, are non-callable. Notes due June 1, 2023 - 2029, inclusive, are callable in whole or in part on any date on or after June 1, 2022, at a price of par and accrued interest. If less than all the Notes are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

The Note Registrar will give written notice of redemption, identifying the Notes (or portions thereof) to be redeemed, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Note (or portion thereof) to be redeemed. Unless moneys sufficient to pay the redemption price of the Notes to be redeemed are received by the Note Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Note Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Notes, and the Note Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Notes will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Note Registrar an amount of money sufficient to pay the redemption price of all the Notes or portions of Notes which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Note Resolution, the Notes or portions of Notes so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Notes or portions of Notes shall cease to bear interest. Upon surrender of such Notes for redemption in accordance with said notice, such Notes will be paid by the Note Registrar at the redemption price.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any proceedings of the City taken with respect to the issuance or sale thereof.

The City is not aware of any threatened or pending litigation affecting the validity of the Notes, or any other litigation which could have a material adverse affect on the City's ability to meet its financial obligations.

LEGAL MATTERS

The Notes are subject to approval as to certain legal matters by Ahlers & Cooney, P.C., Des Moines, Iowa, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the sub-section regarding "**TAX MATTERS - Tax Exemption**", and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Notes. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such. The auditors have not performed any additional review and have not consented to the inclusion of the excerpts from the financial statements shown in **APPENDIX A**.

INVESTMENT RATING

The City has supplied certain information and material concerning the Notes and the City to the rating service shown on the cover page as part of its application for investment rating on the Notes. Generally, such rating service bases its ratings on such information and material, and also on such investigations, studies and assumptions that they may undertake independently. There is no assurance that the rating for the Notes will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in their judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Notes. An explanation of the significance of the investment rating may be obtained from the rating agency: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041, telephone 212-438-2000.

UNDERWRITING

The Notes were offered for sale by the City at a public, competitive sale on Monday, August 18, 2014. The best bid submitted at the sale was submitted by _____ (the "Underwriter"). The City awarded the contract for sale of the Notes to the Underwriter at a price of \$ _____. The Underwriter has represented to the City that the Notes have been subsequently re-offered to the public initially at the yields or prices set forth in an addendum to this Official Statement.

FINANCIAL ADVISOR

The City has engaged Speer Financial, Inc. as financial advisor (the "Financial Advisor") in connection with the issuance and sale of the Notes. The Financial Advisor will not participate in the underwriting of the Notes. The Financial Advisor is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Board (the "MSRB"). The financial information included in the Final Official Statement has been compiled by the Financial Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Financial Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Series 2014A Notes. The Financial Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Final Official Statement, nor is the Financial Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated August 4, 2014, for the \$2,700,000* General Obligation Capital Loan Notes, Series 2014, and, to the best of our knowledge and information, believe it to be true and correct and will provide to the purchaser of the Notes at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Notes and, including any addenda thereto, was at the time of delivery of the Notes true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **MICHAEL R. BEIMER**
Administrator/Clerk
CITY OF MOUNT VERNON
Linn County, Iowa

/s/ **JAMES MOORE**
Mayor
CITY OF MOUNT VERNON
Linn County, Iowa

APPENDIX A

**CITY OF MOUNT VERNON
LINN COUNTY, IOWA**

**EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING
JUNE 30, 2013**

CITY OF MOUNT VERNON
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2013

Functions/Programs:	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Position	
	Disbursements	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Total
Governmental activities:					
Public safety	876,131	18,892	16,079		(841,160)
Public works	438,613	-	437,921		(1,692)
Culture and recreation	428,842	134,203			(294,739)
Community and economic development	83,419	-			(83,419)
General government	412,819	114,881			(297,938)
Debt service	1,035,875	-	53,515		(982,360)
Capital projects	1,619,211	-		19,430	(1,600,781)
Total governmental activities	4,896,010	267,976	507,515	18,430	(4,102,089)
Business type activities:					
Storm water	101,031	57,103			(63,928)
Water	388,005	675,916			287,911
Sewer	476,435	809,661			333,226
Solid waste	358,808	302,230			(56,578)
Total business type activities	1,324,079	1,824,910	-	-	500,831
Total	6,220,089	2,092,886	507,515	18,430	(3,601,259)

General Receipts and Transfers:	Net (Disbursements) Receipts and Changes in Cash Basis Net Position	
	Governmental Activities	Business Type Activities
Property and other city tax levied for general purposes	1,399,704	1,389,704
Debt service	661	661
Tax increment financing	724,854	724,854
Local option sales tax	524,293	524,293
Hotel/motel taxes	57,658	57,658
Grants and contributions not restricted to specific purposes	5,823	5,823
Unrestricted interest on investments	7,983	13,147
Bond proceeds	570,000	570,000
Payment of refunded bonds	(545,000)	(545,000)
Bond discount	(2,565)	(2,565)
Miscellaneous	102,182	132,974
Sale of capital assets	2,325	2,325
Transfers	384,334	(384,334)
Total general receipts and transfers	3,232,262	(246,199)
CHANGE IN CASH BASIS NET POSITION	(659,827)	254,635
CASH BASIS NET POSITION, BEGINNING OF YEAR	3,550,144	485,357
CASH BASIS NET POSITION, END OF YEAR	2,890,317	739,992
CASH BASIS NET POSITION	2,890,317	739,992

Restricted:	Net (Disbursements) Receipts and Changes in Cash Basis Net Position	
	Governmental Activities	Business Type Activities
Nonexpendable:		
Cemetery perpetual care	82,465	-
Expendable:		
Urban renewal purposes	307,580	-
Debt service	62,308	-
Streets	161,554	-
Other purposes	873,787	-
Unrestricted	1,193,623	739,992
TOTAL CASH BASIS NET POSITION	2,890,317	739,992

CITY OF MOUNT VERNON
 Statement of Cash Receipts, Disbursements
 and Changes in Cash Balances - Governmental Funds
 As of and for the year ended June 30, 2013

	Special Revenue					Capital Projects			Total
	General	Road Use Tax	Urban Renewal Tax Increment	Local Option Sales Tax	Debt Service	2009 Sanitary Sewer	Highway 30 Corridor Improvements	Nonmajor	
RECEIPTS:									
Property tax	\$ 883,798	\$ -	\$ -	\$ -	\$ 660				1,378,806
Tax increment financing	-	-	724,854	-	-			494,348	724,854
Other city tax	79,215	-	-	524,293	-			-	603,508
Licenses and permits	79,764	-	-	-	-			-	79,764
Use of money and property	54,122	-	978	1,357	-			-	57,515
Intergovernmental	21,802	431,521	-	-	53,515	1,058	18,430	-	525,268
Charges for service	141,688	-	-	-	-	-	-	-	141,688
Miscellaneous	72,330	7,466	-	-	-	-	24,000	1,890	105,686
Total receipts	1,332,719	439,987	725,832	525,650	54,175	1,058	42,430	496,238	3,617,089
DISBURSEMENTS:									
Operating:									
Public safety	876,131	-	-	-	-				876,131
Public works	-	439,613	-	-	-				439,613
Culture and recreation	428,942	-	-	-	-				428,942
Community and economic development	83,419	-	-	-	-				83,419
General government	294,607	-	-	-	-			118,212	412,819
Debt service	-	-	-	-	1,035,875				1,035,875
Capital projects	-	-	-	808,470	-	139,884	522,895	147,952	1,619,211
Total disbursements	1,683,099	439,613	-	808,470	1,035,875	139,884	522,895	266,174	4,686,010
Excess (deficiency) of receipts over (under) disbursements	(350,380)	(626)	725,832	(282,820)	(981,700)	(138,826)	(480,465)	230,064	(1,278,921)
OTHER FINANCING SOURCES (USES):									
Bond proceeds	-	-	-	-	570,000				570,000
Payment of refunded bonds	-	-	-	-	(545,000)				(545,000)
Bond discount	-	-	-	-	(2,565)				(2,565)
Sale of capital assets	2,325	-	-	-	-				2,325
Transfers in	580,220	14,384	(838,874)	32,000	967,152		208,021	202,864	1,984,641
Transfers out	(44,192)	-	-	(208,021)	-		-	(909,220)	(1,600,307)
Interfund loans paid	-	-	-	98,853	-			(98,853)	-
Total other financing sources (uses)	518,353	14,384	(838,874)	(77,168)	989,887	-	208,021	(405,209)	408,094
NET CHANGE IN CASH BALANCES	167,973	13,758	(113,042)	(359,968)	7,867	(138,826)	(272,444)	(175,145)	(969,827)
CASH BALANCES, BEGINNING OF YEAR	533,428	147,796	420,622	1,214,891	54,421	568,872	-	610,414	3,550,144
CASH BALANCES, END OF YEAR	\$ 701,401	\$ 161,554	\$ 307,580	\$ 854,903	\$ 62,308	\$ 429,746	\$ (272,444)	\$ 435,269	\$ 2,680,317

City of Mount Vernon, Linn County, Iowa
 \$2,700,000* General Obligation Capital Loan Notes, Series 2014

CITY OF MOUNT VERNON
 Statement of Cash Receipts, Disbursements
 and Changes in Cash Balances - Governmental Funds
 As of and for the year ended June 30, 2013

	Special Revenue					Capital Projects			Total
	General	Road Use Tax	Urban		Local Option Sales Tax	2009 Sanitary Sewer	Highway 30 Corridor Improvements	Nonmajor	
			Renewal Tax Increment	Debt Service					
Cash Basis Fund Balances	\$	\$	\$	\$	\$	\$	\$	\$	\$
Nonspendable - Cemetery perpetual care									
Restricted for:									
Urban renewal				307,580					307,580
Streets		161,554							161,554
Debt service					62,308				62,308
Other purposes				854,903				17,864	872,767
Assigned for:									
Fire station and equipment								250,836	250,836
Water improvements								125,598	125,598
Sewer improvements								429,746	429,746
Unassigned	701,401						(272,444)	(41,514)	387,443
Total cash basis fund balances	\$ 701,401	\$ 161,554	\$ 307,580	\$ 854,903	\$ 429,746	\$ (272,444)	\$ 435,259	\$ 2,680,317	

CITY OF MOUNT VERNON
Notes to Financial Statements
June 30, 2013

CITY OF MOUNT VERNON
Notes to Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

The City of Mount Vernon, Iowa (the City), a political subdivision of the State of Iowa located in Linn County, operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer, and solid waste utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

The following component unit is an entity that is legally separate from the City, but is so intertwined with the City that it is, in substance, part of the City. However, the financial transactions of this component unit have not been displayed because they are not material. The Mt. Vernon Fire Department was established by adopting its own constitution and by-laws. The Fire Department collects donations which are used to purchase items which are not included in the City's budget.

The police and fire reserve organizations have governing authorities independent from the City and are not considered to be component units of the City. As such, their activity is not included in the financial statements of the City.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) reports information on all of the nonfund activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfundary net position. Net position is reported in the following categories/components:

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balance are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position often have constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from the other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

CITY OF MOUNT VERNON
Notes to Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to pass-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

CITY OF MOUNT VERNON
Notes to Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections, the repayment of tax increment financing indebtedness and for urban renewal projects financed by tax increment financing.

The Local Option Sales Tax Fund is used to account for the receipt and expenditure of local option sales taxes.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

Capital Projects:

The 2009 Sanitary Sewer Fund is used to account for sewer improvement projects.

The Highway 30 Corridor Improvements Fund is used to account for receipts and disbursements relating to the construction of two highway roundabouts.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Solid Waste Fund accounts for the costs associated with solid waste removal which is funded through user fees.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

CITY OF MOUNT VERNON
 Notes to Financial Statements
 June 30, 2013

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

Year ending June 30,	General Obligation Bonds & Notes	
	Principal	Interest
2014	\$ 730,000	\$ 278,038
2015	770,000	255,066
2016	800,000	232,213
2017	675,000	207,088
2018	445,000	181,293
2019	420,000	163,515
2020	435,000	146,090
2021	395,000	127,515
2022	415,000	109,915
2023	195,000	91,225
2024	210,000	80,998
2025	215,000	69,753
2026	230,000	57,928
2027	245,000	44,933
2028	260,000	30,845
2029	285,000	15,835
Total	\$6,705,000	\$ 2,090,070

The City issued \$570,000 in General Obligation Refunding Capital Loan Notes (Series 2012) for a current refunding of the General Obligation Capital Loan Notes (Series 2006) maturing in 2013 through 2016. The total cash flow savings to the City attributable to the refunding of these loans is \$22,420 with a net present value of approximately \$21,844.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement Systems (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

CITY OF MOUNT VERNON
 Notes to Financial Statements
 June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

F. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2011 to compute the amounts which became liens on property on July 1, 2012. These taxes were due and payable in two installments on September 30, 2012 and March 31, 2013, at the Linn County Treasurer's Office. These taxes are recognized as income to the City when they are received from the county.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2013, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the City's deposits consisted of cash, cash equivalents, and bank certificates of deposit.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

CITY OF MOUNT VERNON
 Notes to Financial Statements
 June 30, 2013

CITY OF MOUNT VERNON
 Notes to Financial Statements
 June 30, 2013

(7) Interfund Transfers and Loans

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service Fund	Urban Renewal Tax Increment Fund	\$ 633,818
	Water Fund	108,339
	Sewer Fund	224,995
General Fund	Employee Benefit Fund	280,705
	Emergency Levy Fund	28,515
	Water Fund	25,500
	Sewer Fund	25,500
	Fire Dept. Tax Levy Fund	200,000
Highway 30 Corridor Improvements Fund	Local Option Sales Tax Fund	208,021
Capital Projects Fund	General Fund	7,784
	Urban Renewal Tax Increment Fund	158,672
Fire Dept. Tax Levy Fund	General Fund	36,408
Local Option Sales Tax Fund	Urban Renewal Tax Increment Fund	32,000
Road Use Tax Fund	Urban Renewal Tax Increment Fund	14,384
Total		\$1,984,641

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources. Additionally, transfers from the water and sewer funds to the general fund are for payments in lieu of taxes.

There was also \$205,743 of transfers within the same fund to different departments.

(4) Pension and Retirement Benefits (continued)

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$104,193, \$98,464 and \$85,317, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and sick leave termination payments payable to employees at June 30, 2013, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 47,947
Sick leave	78,870
Total	\$ 126,817

This liability has been computed based on rates of pay in effect at June 30, 2013.

Sick leave is payable when used or at retirement. If, at retirement, an employee has at least 20 years of service, all of the accumulated sick leave will be paid, with the pay rate being the same as the employee's regular rate. Upon termination (voluntary/involuntary) an employee who has worked less than 20 years shall receive one half of all accumulated sick leave pay. Based on this computation, the minimum accumulated sick leave approximates \$39,400 at June 30, 2013.

The City is also potentially liable for severance pay and continued health coverage for certain employees. If the employees' contracts are not renewed by the City Council, the City agrees to pay an amount equal to a specified number of months of the employees' salary and health coverage. Calculated based on rates of pay and the insured cost of health coverage as of June 30, 2013, the total per employee approximates \$52,747, \$27,742, and \$23,851, respectively.

(6) Meter Deposits

At June 30, 2013, the City was holding meter deposits from individuals in the amount of \$7,402.

CITY OF MOUNT VERNON
Notes to Financial Statements
June 30, 2013

(8) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City is named as a defendant in a legal action arising in the normal course of operations regarding property acquisitions necessary for the construction of the Highway 30 Corridor Improvement Project. The City's management believes the resolution of those actions will not have a material effect on the City's financials.

(9) Deficit Balances

The Capital Projects, Storm Water, Insurance Levy, and Highway 30 Corridor Improvements Funds had deficit balances of \$10,000, \$17,467, \$31,514, and \$272,444, respectively, at June 30, 2013. The Capital Project Fund deficit balance was a result of project costs incurred prior to availability of funds. This deficit will be eliminated next year upon receipt of bond proceeds. The Storm Water Fund deficit balance will be eliminated through increases in storm water rates. The Insurance Levy Fund deficit balance was a result of unbudgeted increase in workers compensation and other insurance rates. This deficit will be eliminated through increases in the budget and future property tax revenues. The Highway 30 Corridor Project deficit balance was due to multiple expenses for the project being paid prior to year end. The deficit will be eliminated through funds that were received from the State in July 2013 and through the new debt that was issued in July 2013.

(10) Commitments

The City has entered into various contracts, most of which are for capital projects, totaling \$3,106,171. Through June 30, 2013, \$2,385,778 has been paid towards these commitments.

The City has a contract for solid waste hauling that extends from July 1, 2012 through June 30, 2017. Payment amounts under the contract are dependent upon the number of City residents.

The City has a multi-year contract with Utility Service Company, Inc, starting in 2013, which includes interior and exterior renovations, repairs, and emergency services on the water tower.

(11) Subsequent Events

In July 2013, the City issued \$1,200,000 in General Obligation Bonds to fund the Highway 30 Corridor Project.

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APPENDIX B DESCRIBING BOOK-ENTRY ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

DRAFT FORM OF LEGAL OPINION

AHLERS & COONEY, P.C.

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

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Mount Vernon, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Capital Loan Notes, Series 2014, by the City (the "Notes"), dated _____, 2014, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$_____.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing the Loan Agreement and issuance of the Notes (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and Loan Agreement and issue the Notes.
2. The Loan Agreement and Notes are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Notes. Taxes have been levied by the Resolution for the payment of the Notes and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.
4. Interest on the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain

City of Mount Vernon
\$ _____ General Obligation Capital Loan Notes, Series 2014
Page 2

of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the official statement or other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability of the Notes are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

01035374-1\13932-026

APPENDIX D

DRAFT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Mount Vernon, State of Iowa (the "Issuer"), in connection with the issuance of \$_____ General Obligation Capital Loan Notes, Series 2014 (the "Notes") dated _____, 2014. The Notes are being issued pursuant to a Resolution of the Issuer approved on September 8, 2014 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Notes, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

SECTION 3. Provision of Annual Reports.

- (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the Issuer's fiscal year (presently June 30th), commencing with the report for the 2013/2014 fiscal year, provide to the National Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Report may be

submitted as a single document or as separate documents comprising a package. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

- (b) If the Issuer is unable to provide to the National Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.
- (c) The Dissemination Agent shall:
 - (i) each year file the Annual Report with the National Repository; and
 - (ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

- (a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (b) A table, schedule or other information contained in the Official Statement under the captions "Debt Information", "Property Tax Information", and "Financial Information".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not later than 10 Business Days after the day of the occurrence of the event:
 - (1) Principal and interest payment delinquencies;
 - (2) Non-payment related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements relating to the Notes reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Notes, or material events affecting the tax-exempt status of the Notes;
 - (7) Modifications to rights of Holders of the Notes, if material;
 - (8) Note calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
 - (9) Defeasances of the Notes;
 - (10) Release, substitution, or sale of property securing repayment of the Notes, if material;
 - (11) Rating changes on the Notes;
 - (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
 - (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.
- (c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Holders of the Notes in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: _____ day of _____, 2014.

CITY OF MOUNT VERNON, STATE OF IOWA

By: _____
Mayor

ATTEST:

By: _____
City Clerk

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: _ City of Mount Vernon, Iowa.

Name of Note Issue: _ \$ _____ General Obligation Capital Loan Notes, Series 2014

Dated Date of Issue: _ _____, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Notes as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Notes. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____ day of _____, _____.

CITY OF MOUNT VERNON, STATE OF IOWA

By: _____
Its: _____

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OFFICIAL BID FORM

City of Mount Vernon
213 First Street NW
Mount Vernon, Iowa 52314-9998

August 18, 2014
Speer Financial, Inc.
Facsimile: (319) 291-8628

Council Members:

For the \$2,700,000* General Obligation Capital Loan Notes, Series 2014 (the "Notes"), of the City of Mount Vernon, Linn County, Iowa, (the "City") as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$_____ (no less than \$2,678,400). The Notes are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Notes of each designated maturity.

MATURITIES – JUNE 1

\$175,000 2016 _____ %	\$185,000 2021 _____ %	\$200,000 2025 _____ %
175,000 2017 _____ %	190,000 2022 _____ %	205,000 2026 _____ %
175,000 2018 _____ %	190,000 2023 _____ %	210,000 2027 _____ %
180,000 2019 _____ %	195,000 2024 _____ %	215,000 2028 _____ %
180,000 2020 _____ %		225,000 2029 _____ %

Any consecutive maturities may be aggregated into term notes at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____
Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____
Maturities: _____ Term Maturity _____

The Notes are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa. The City will pay for the legal opinion. **The Purchaser agrees to apply for CUSIP numbers and pay the fee charged by the CUSIP Service Bureau and will accept the Notes with the CUSIP numbers as entered on the Notes.**

As evidence of our good faith, we have wire transferred or enclose herewith a check or Surety Bond payable to the order of the Treasurer of the City in the amount of **TWO PERCENT OF PAR** (the "Deposit") under the terms provided in your Official Terms of Offering. Attached hereto is a list of members of our account on whose behalf this bid is made.

Form of Deposit

Check One:

- Certified/Cashier's Check
- Financial Surety Bond
- Wire Transfer

Amount: \$54,000

Account Manager Information

Name _____
By _____
Address _____
City _____ State/Zip _____
Direct Phone _____
FAX Number _____
Email Address _____

Bidders Option Insurance

<p>We have purchased insurance from:</p> <p><u>Name of Insurer</u> (Please fill in)</p> <p>_____</p> <p>Premium: _____</p> <p>Maturities: (Check One)</p> <p>_____ Years</p> <p><input type="checkbox"/> All</p>
--

The foregoing bid was accepted and the Notes sold by resolution of the City on August 18, 2014, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Terms of Offering.

CITY OF MOUNT VERNON
LINN COUNTY, IOWA

ATTEST:

Administrator/Clerk

Mayor

*Subject to principal adjustment in accordance with the Official Terms of Offering.

NOT PART OF THE BID

(Calculation of net interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL NOTE YEARS	22,972.50
AVERAGE LIFE	8.508 years

OFFICIAL TERMS OF OFFERING

\$2,700,000*
CITY OF MOUNT VERNON
Linn County, Iowa
General Obligation Capital Loan Notes, Series 2014

The City of Mount Vernon, Linn County, Iowa (the "City"), will receive electronic bids on the SpeerAuction ("SpeerAuction") website address "www.SpeerAuction.com" for its \$2,700,000* General Obligation Capital Loan Notes, Series 2014 (the "Notes"), on an all or none basis between 10:30 A.M. and 11:00 A.M., C.D.T., Monday, August 18, 2014. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City's sale (as described below). The City will also receive sealed bids for the Notes, on an all or none basis, at City Hall, 213 First Street NW, Mount Vernon, Iowa, until 11:00 A.M., C.D.T., Monday, August 18, 2014. The City will also receive facsimile bids at (319) 291-8628 or (319) 895-6108 for the Notes, on an all or none basis, until 11:00 A.M., C.D.T., Monday, August 18, 2014. Upon receipt, facsimile bids will be sealed and treated as a sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the City Council on that date. The City reserves the right to reject all bids, to reject any bid proposal not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any bid. Additionally, the City reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Notes and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Notes are general obligations payable as to both principal and interest from ad valorem taxes levied against all taxable property of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

The Notes will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Notes will be paid. Individual purchases will be in book-entry form only. Interest on each Note shall be paid by check or draft of the Note Registrar to the person in whose name such Note is registered at the close of business on the fifteenth day of the month next preceding an interest payment date. The principal of the Notes shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Note Registrar in Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2014 and is payable by Bankers Trust Company, Des Moines, Iowa (the "Note Registrar"). The Notes are dated the date of delivery (expected to be on or about September 22, 2014).

MATURITIES - JUNE 1

\$175,000	2016	\$185,000	2021	\$200,000	2025
175,000	2017	190,000	2022	205,000	2026
175,000	2018	190,000	2023	210,000	2027
180,000	2019	195,000	2024	215,000	2028
180,000	2020			225,000	2029

Any consecutive maturities may be aggregated into term notes at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

**ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Notes, and each scheduled maturity thereof, are subject to reduction by the City or its designee after the determination of the Successful Bidder. The City may decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$2,700,000. Interest rates specified by the Successful Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.*

The dollar amount of the purchase price proposed by the Successful Bidder will be changed if the aggregate principal amount of the Notes is adjusted as described above. Any change in the principal amount of any maturity of the Notes will be made while maintaining, as closely as possible, the Successful Bidder's net compensation, calculated as a percentage of note principal. The Successful Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Successful Bidder.

Notes due June 1, 2016 - 2022, inclusive, are non-callable. Notes due June 1, 2023 – 2029, inclusive, are callable in whole or in part on any date on or after June 1, 2022, at a price of par and accrued interest. If less than all the Notes are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

Method of Bidding Electronically

Notwithstanding the fact that the City permits receiving bids electronically using SpeerAuction, all bidders must have a signed, but uncompleted, Official Bid Form delivered to Speer Financial, Inc., Suite 608, 531 Commercial Street, Waterloo, Iowa, (319) 291-8628 facsimile, prior to the close of bidding to which a printout of the electronic bid will be attached and delivered to the City.

All-or-none bids must be submitted via the internet address www.SpeerAuction.com. The use of SpeerAuction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bids.

To bid via the SpeerAuction webpage, bidders must first visit the SpeerAuction webpage where, if they have not previously registered with either SpeerAuction, Grant Street Group (the "Auction Administrator") or any other website administered by the Auction Administrator, they may register and then request admission to bid on the Notes. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid electronically.

The "Rules" of the SpeerAuction bidding process may be viewed on the SpeerAuction webpage and are incorporated herein by reference. Bidders must comply with the Rules of SpeerAuction in addition to the requirements of the City's Official Terms of Offering. In the event the Rules of SpeerAuction and this Official Terms of Offering conflict, this Official Terms of Offering shall be controlling.

All electronic bids must be submitted on the SpeerAuction webpage. Electronic bidders may change and submit bids as many times as they choose during the sale period but may not delete a submitted bid. The last bid submitted by an electronic bidder before the deadline for receipt of bids will be compared to all other final bids to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid nor the status of their bid relative to other bids (e.g., whether their bid is a leading bid). The electronic bidder bears all risk of transmission failure. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

Each bidder shall be solely responsible for making necessary arrangements to access SpeerAuction for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The City is permitting bidders to use the services of the SpeerAuction solely as a communication mechanism to conduct the internet bidding and the SpeerAuction is not an agent of the City. Provisions of the Notice of Sale, Terms of Offering or Official Bid Form shall control in the event of conflict with information provided by SpeerAuction.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628 or (319) 895-6108. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the City nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the person receiving facsimile and shall be conclusive.

Bidding Parameters and Award of the Notes

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Notes and must be for not less than \$2,678,400.

Award of the Notes: The Notes will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Notes from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Notes shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Notes will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City's Financial Advisor, which determination shall be conclusive and binding on all bidders; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Electronic bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The true interest cost of each electronic bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Financial Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Financial Advisor will notify the bidder to whom the Notes will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Notes purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per Note.

Good Faith Deposit and Other Matters

Each bid shall be accompanied by a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company or a Financial Surety Bond for **TWO PERCENT OF PAR** payable to the Treasurer of the City as evidence of good faith of the prospective purchaser (the "Deposit"). The Deposit of the successful purchaser will be retained by the City pending delivery of the Notes and all others will be promptly returned. Should the successful purchaser fail to take up and pay for the Notes when tendered in accordance with this Official Terms of Offering and said bid, said Deposit shall be retained as full and liquidated damages to the City caused by failure of the purchaser to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Notes. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
One West Monroe
Chicago, IL 60603
ABA # 071003405

Credit To: 3281 Speer Bidding Escrow
RE: [name of bidder] bid for City of Mount Vernon, Iowa, Series 2014

The wire shall arrive in such account no later than 30 minutes prior to the date and time of the sale of the Notes. Contemporaneously with such wire transfer, the prospective purchaser shall send an email to biddingscrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such prospective purchaser is not awarded the Notes. The City and any prospective purchaser who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful prospective purchaser; (ii) if the bid is accepted, the Deposit shall be forwarded to the City, (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the prospective purchaser; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

If a Financial Surety Bond is used for the Deposit, it must be from an insurance company licensed to issue such a bond in the State of Iowa and such bond must be submitted to Speer prior to the opening of the bids. The Financial Surety Bond must identify each prospective purchaser whose deposit is guaranteed by such Financial Surety Bond. If the Notes are awarded to a purchaser using a Financial Surety Bond, then that purchaser is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer as instructed by Speer, or the City not later than 3:00 P.M. on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

The City covenants and agrees to enter into a written agreement, certificate or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Notes on or before the date of delivery of the Notes as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter. The City represents that it is in substantial compliance with each and every undertaking previously entered into by it pursuant to the Rule.

The Underwriter's obligation to purchase the Notes shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Notes.

The Notes will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about September 22, 2014. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Notes will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Notes, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Notes, as that term is defined in the Rule. By awarding the Notes to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Notes are awarded, up to 50 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Notes are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Notes agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Notes for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Notes. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Notes to the purchaser in New York, New York (or arrange for "FAST" delivery) through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Notes: (1) the legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, that the Notes are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Notes is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Notes; and (3) a no litigation certificate by the City.

The City intends to designate the Notes as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Notes. Copies of such Official Statement or additional information may be obtained from Mr. Michael Beimer, City Administrator/Clerk, City of Mount Vernon, 213 First Street NW, Mount Vernon, Iowa, 52314-9998 or an electronic copy of this Official Statement is available from the www.speerfinancial.com website under "Official Statement Sales/Competitive Calendar" or from the Independent Public Finance Consultants to the City, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077 and One North LaSalle Street, Suite 4100, Chicago, Illinois 60602 (telephone (312) 346-3700).

/s/ MICHAEL R. BEIMER
Administrator/Clerk
CITY OF MOUNT VERNON
Linn County, Iowa