

(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: June 1, 2015.
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 \$375,000 General Obligation Capital Loan Notes

- 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.

\$375,000 General Obligation Capital Loan Notes, Series 2015.

- Resolution Approving Preliminary Term Sheet.

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

June 1, 2015

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 _____ .M., on the above date. There were present Mayor _____, in the chair, and the following named Council Members:

Absent: _____

* * * * *

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 \$375,000 General Obligation Capital Loan Notes, in order to provide funds to pay the costs of construction, reconstruction, improvement, repair, and equipping of waterworks, associated equipment for repairs inside the water treatment plant, and extensions, and real and personal property, useful for providing potable water to residents of a city, for essential corporate purposes, 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 as provided by Sections 384.24A and 384.25 of the Code of Iowa.

The Mayor then asked the Clerk whether any written objections had been filed by any resident or property owner of the City to the issuance of the Notes. The Clerk advised the Mayor and the Council that _____ written objections had been filed. The Mayor then called for oral objections to the issuance of the Notes 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)

Whereupon, the Mayor declared the hearing on the authorization of entering into a Loan Agreement and the issuance of the Notes to be closed.

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 ISSUANCE OF NOT TO EXCEED \$375,000 GENERAL OBLIGATION CAPITAL LOAN NOTES", 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 _____ .M. on the _____ day of _____, 2015, 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 ISSUANCE OF NOT TO
EXCEED \$375,000 GENERAL OBLIGATION CAPITAL LOAN
NOTES

WHEREAS, pursuant to notice published as required by law, the City 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 \$375,000 General Obligation Capital Loan Notes, for the essential corporate purposes, in order to provide funds to pay the costs of construction, reconstruction, improvement, repair, and equipping of waterworks, associated equipment for repairs inside the water treatment plant, and extensions, and real and personal property, useful for providing potable water to residents of a city, and has considered the extent of objections received from residents or property owners as to the proposed issuance of Notes;

and 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 and issuance in the manner required by law of not to exceed \$375,000 General Obligation Capital Loan Notes, for the foregoing essential corporate purposes.

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 the general fund moneys may be advanced from time to time for capital expenditures which are to be paid from the proceeds of the above Notes. The amounts so advanced shall be reimbursed from the proceeds of the Notes 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 amount authorized in this Resolution unless the same are for preliminary expenditures or unless another declaration of intention is adopted.

PASSED AND APPROVED this 1st day of June, 2015.

Mayor

ATTEST:

City Clerk

Council Member _____ introduced the following Resolution entitled "RESOLUTION APPROVING THE PRELIMINARY TERM SHEET FOR \$375,000 GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2015" 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 APPROVING THE PRELIMINARY TERM SHEET
FOR \$375,000 GENERAL OBLIGATION CAPITAL LOAN NOTES,
SERIES 2015

WHEREAS, a form of Preliminary Term Sheet has been prepared for the purpose of offering \$375,000 General Obligation Capital Loan Notes, Series 2015; and

WHEREAS, it is appropriate that the form of the Preliminary Term Sheet be approved and deemed final and, upon completion of the same, that the Preliminary Term Sheet be used in connection with the offering of the Notes for sale;

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

Section 1. The Preliminary Term Sheet, in the form presented to this meeting, be and the same is hereby 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 City Clerk, upon the advice of the City's Financial Advisor, shall determine to be appropriate, and is authorized to be distributed thereafter in connection with the offering of the Notes for sale.

PASSED AND APPROVED this 1st day of June, 2015.

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 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 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 Council hereto affixed this _____ day of _____, 2015.

City Clerk, City of Mount Vernon, State of Iowa

(SEAL)

SPEER FINANCIAL, INC.

INDEPENDENT PUBLIC FINANCE CONSULTANTS SINCE 1954

Suite 608 • 531 Commercial Street • Waterloo, Iowa 50701
(319) 291-2077 • FAX (319) 291-8628
Suite 4100 • One North LaSalle Street • Chicago, Illinois, 60602
(312) 346-3700 • FAX (312) 346-8833

PRELIMINARY TERM SHEET

CITY OF MOUNT VERNON

LINN COUNTY, IOWA

**\$375,000 GENERAL OBLIGATION CAPITAL LOAN NOTES
(TAX EXEMPT), SERIES 2015**

Dated Date: July 15, 2015

Sale Date: Bids will be accepted until 1:00 P.M. C.D.T., Friday, June 12, 2015, in the office of Speer Financial, Inc., located at 531 Commercial Street, Suite 608, Waterloo, IA 50701 or by fax at (319) 291-8628 or email mburger@speerfinancial.com. Award of the Bonds will be made or all bids rejected at a meeting of the City Council to be held on Monday, June 15, 2015.

Date of Closing: July 15, 2015

Issuance Amount: \$375,000

Purchase Price: Not less than \$371,250 (99% of Par).

Interest Due: The Notes are to bear interest in a multiple of 1/8 or 1/100 of 1% for Notes of each designated maturity. Interest is payable semi-annually on December 1 and June 1, commencing June 1, 2016.

Principal Due: Serially each June 1, commencing June 1, 2016 through June 1, 2025.

Preliminary Term Sheet
CITY OF MOUNT VERNON, LINN COUNTY, IOWA
\$375,000 General Obligation Capital Loan Notes, Series 2015
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**Principal Amounts,
Maturities, Interest**

Rates and Yields: Principal amounts, maturities, interest rates and yields for the Notes are set forth below.

<u>Principal Amount</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Principal Amount</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Yield</u>
\$ 35,000	2016	___%	___%	\$ 38,000	2021	___%	___%
\$ 35,000	2017	___%	___%	\$ 38,000	2022	___%	___%
\$ 35,000	2018	___%	___%	\$ 39,000	2023	___%	___%
\$ 36,000	2019	___%	___%	\$ 40,000	2024	___%	___%
\$ 37,000	2020	___%	___%	\$ 42,000	2025	___%	___%

Bid Parameters: Each bid must be submitted on the Official Bid Form for all of the Notes. Only one interest rate may be specified for a single maturity and no interest rate may exceed ten percent (10%). The differential between the highest rate bid and the lowest rate bid shall not exceed four percent (4%). The rates specified for all maturities shall be in non-descending order. The City reserves the right to waive informalities in any bid, to reject any non-conforming bids and to reject all bids.

Award: The Notes will be awarded to the single best bidder whose bid will be determined upon the basis of the lowest true interest cost at the rate or rates designated in said bid from the dated date to the respective maturity dates after deducting the premium bid or adding the discount bid. 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.

Purpose: The Note proceeds will be used to (i) pay the costs of construction, reconstruction, improvement, repair and equipping of waterworks, associated equipment for repairs inside the water treatment plant, and extensions, and real and personal property, useful for providing potable water to residents of a city and (ii) pay the cost of issuance of the Notes.

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Optional Redemption: The City reserves the right to prepay the Notes in whole or in part, on any date on or after July 15, 2015, upon the City giving notice, not less than thirty (30) days prior to the date fixed for prepayment, at a price of par plus accrued interest.

Security: The Notes will constitute valid and legally binding general obligations of the City, payable both as to principal and interest from unlimited ad valorem taxes levied against all taxable property in the City.

Future Financing: The City does not intend to issue general obligation debt within the next 12 months.

Legal Opinion: The opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, as to the legality of the Notes will be provided by the City.

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 Internal Revenue Service (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.

Subject to the City's compliance with Federal Tax Law, under present law, in the opinion of Bond Counsel, interest on the Notes (a) is excludable from gross income of the owners thereof for federal income tax purposes; (b) is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations; and (c) is not taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain 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.

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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.

**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.

Related Tax Matters:

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 bonds, 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 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.

Preliminary Term Sheet
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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.

Paying Agent/Registrar: Bankers Trust Company, Des Moines, Iowa

Financial Information: Most recent audit for the year ending June 30, 2014. Financial statements of the City for prior years are available upon request of the Purchaser.

Denominations: \$1,000 and integral multiples of \$1,000 in excess thereof.

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 a resolution of the City Council duly passed and approved.

Official Statement: The City will **not** produce an Official Statement for the Notes.

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

Expenses: The City will pay for the legal opinion and the financial advisor's fee. **CUSIP numbers are at the cost of the purchaser, if necessary.**

Preliminary Term Sheet
CITY OF MOUNT VERNON, LINN COUNTY, IOWA
\$375,000 General Obligation Capital Loan Notes, Series 2015
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Purchaser Representations: At closing, the City will deliver one printed Note per maturity showing Purchaser as the registered owner of thereof. It is expected that the Purchaser will hold the Notes in its own account, not with the intent to resell such to the public. Purchaser will be required to certify the same to the City and Bond Counsel prior to closing.

No Credit Rating: A separate credit rating will **not** be provided for the Notes. Certain other general obligation indebtedness of the City is rated "A3" by Moody's Investors Service.

Secondary

Market Disclosure: Participating underwriters in the primary offering of the Notes need not comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, because the aggregate principal amount of the Notes and any other securities required to be integrated with the Notes is less than \$1,000,000. Upon request, the City will provide its annual financial statements.

The City: **City of Mount Vernon, Linn County, Iowa.**

Contact: Michael Beimer, City Administrator
City of Mount Vernon
213 First Street NW
Mount Vernon, Iowa 52314-9998

Financial Advisor: Speer Financial, Inc., Waterloo, Iowa/Chicago, Illinois.

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