

**SPECIAL CITY COUNCIL MEETING  
MONDAY – AUGUST 24, 2020 – 8:00 AM  
EVANSDALE CITY HALL**

**AGENDA**

1. Call to order
2. Pledge of Allegiance
3. Roll call
4. Approval of the August 24, 2020 agenda
9. Public Hearing: Proposal to enter into a General Obligation Urban Renewal Loan Agreement
10. Resolution 6439 setting date for sale of General Obligation Urban Renewal Bonds, Series 2020A, and authorizing the use of a preliminary official statement in connection therewith
11. Resolution 6440 taking additional action on proposal to enter into a General Obligation Loan Agreement, setting the date for sale of Taxable General Obligation Urban Renewal Bonds, Series 2020B, and authorizing the use of a preliminary official statement in connection therewith
12. Adjournment

MINUTES TO SET DATE FOR SALE OF BONDS AND AUTHORIZE OFFICIAL STATEMENT

435032-27

Evansdale, Iowa

August 24, 2020

The City Council of the City of Evansdale, Iowa, met on August 24, 2020, at 8:00 a.m., at the Evansdale City Hall Council Chambers, Evansdale, Iowa.

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

Present: \_\_\_\_\_

Absent: \_\_\_\_\_.

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

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_.

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

At the conclusion of the meeting and, upon motion and vote, the City Council adjourned.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

## RESOLUTION 6439

Resolution setting the date for sale of General Obligation Urban Renewal Bonds, Series 2020A, and authorizing the use of a preliminary official statement in connection therewith

WHEREAS, the City of Evansdale (the “City”), in Black Hawk County, State of Iowa heretofore proposed to enter into a General Obligation Urban Renewal Loan Agreement (the “Loan Agreement”), pursuant to the provisions of Sections 384.24A and 384.24.3(q) of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed \$4,500,000 for the purpose to that extent, of undertaking the “Doris Drive Development Project” an urban renewal project in the East Heights Urban Renewal Area consisting of land acquisition and infrastructure installation for commercial and industrial real estate development (the “Project”), an authorized urban renewal project in the Evansdale Urban Renewal Area, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of August 24, 2020, no petition had been filed with the City asking that the question of entering into the General Obligation Urban Renewal Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, the City has determined to split of its authority to borrow under the Loan Agreement into a “Series 2020A Loan Agreement” and a “Series 2020B Loan Agreement”; and

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared to facilitate the sale of the General Obligation Urban Renewal Bonds, Series 2020A (the “Bonds”) in evidence of the obligation of the City under the 2020A Loan Agreement, and it is now necessary to make provision for the approval of a P.O.S. and to authorize its use by Speer Financial, Inc., as municipal financial advisor (the “Financial Advisor”) to the City; and

WHEREAS, it is now necessary to set the date for the sale of the Bonds and to authorize the Financial Advisor to carry out such sale;

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

Section 1. The City Clerk is hereby authorized to take such action as shall be deemed necessary and appropriate, with the assistance of the Financial Advisor, to prepare the P.O.S. describing the Bonds and providing for the terms and conditions of their sale, and all action heretofore taken in this regard is hereby ratified and approved.

Section 2. The use by the Financial Advisor of the P.O.S. relating to the Bonds in substantially the form as has been presented to and considered by the City is hereby approved, and the Financial Advisor is hereby authorized to prepare and use a final Official Statement for the Bonds substantially in the form of the P.O.S. but with such changes therein as are required to conform the same to the terms of the Bonds and the resolution, when adopted, providing for the sale and issuance of the Bonds, and the City Clerk is hereby authorized and directed to execute a final Official Statement for the Bonds, if requested. The P.O.S. as of its date is deemed final by the City within the meaning of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

Section 3. Sealed bids for the purchase of the Bonds shall be received and canvassed on behalf of the City until 10:30 a.m. C.D.T. on September 3, 2020, at the office of the City Clerk, at the City Hall, 123 N. Evans Road, Evansdale, Iowa, and the City Council shall meet on the same date at \_\_\_\_\_ .m., at the City Council Chambers, in the City, for the purpose of considering such bids received and considering and passing a resolution providing for the award of the Bonds, and the Financial Advisor is hereby authorized to take all action necessary to advertise such sale. The City Clerk is hereby authorized and directed to disseminate the notice of said sale, such notice to be in substantially the following form, and also to be published at least once, not less than four (4) and not more than twenty (20) days before the September 3rd sale date, in a newspaper of general circulation in Black Hawk County:

**NOTICE OF SALE  
CITY OF EVANSDALE, IOWA  
\$2,265,000 GENERAL OBLIGATION URBAN RENEWAL BONDS, SERIES 2020A**

Bids will be received on behalf of the City of Evansdale, Iowa, on September 3, 2020, until 10:30 a.m. C.D.T. for the purchase of \$2,265,000 General Obligation Urban Renewal Bonds, Series 2020A (the “Bonds”) of the City.

Any of the methods set forth below may be used, but no open bids will be accepted:

**Sealed Bidding:** Sealed bids will be received at the office of the City Clerk, at the City Hall, 123 N. Evans Road, Evansdale, Iowa 50707 until 10:30 a.m. C.D.T.

**Electronic Internet Bidding:** Electronic internet bids will be received on the Speer Auction® website address [www.SpeerAuction.com](http://www.SpeerAuction.com) between 10:00 a.m. and 10:30 a.m. C.D.T.

**Electronic Facsimile Bidding:** Electronic facsimile bids will be received at the office of the City Clerk, at City Hall, at facsimile number (319) 232-1586 until 10:30 a.m. C.D.T., and will be sealed and treated as sealed bids.

After the deadline for receipt of bids has passed, sealed bids that have been timely received will be opened and announced, and electronic internet bids will be accessed and announced. All bids will be presented to the City Council for consideration at its meeting to be held at \_\_\_\_\_ o'clock \_\_\_\_m., on September 3, 2020, at City Hall, Evansdale, Iowa.

The City reserves the right to increase or decrease the aggregate principal amount of the issue. Any change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, will be dated September 30, 2020, will bear interest payable semiannually on each June 1 and December 1 to maturity, commencing June 1, 2021, and will mature on each June 1 in the following years and amounts:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2024	\$ 15,000	____%	2032	\$170,000	____%
2025	\$ 15,000	____%	2033	\$170,000	____%
2026	\$ 20,000	____%	2034	\$175,000	____%
2027	\$130,000	____%	2035	\$180,000	____%
2028	\$155,000	____%	2036	\$180,000	____%
2029	\$160,000	____%	2037	\$185,000	____%
2030	\$160,000	____%	2038	\$190,000	____%
2031	\$165,000	____%	2039	\$195,000	____%

Principal of the Bonds maturing on June 1 in each of the years 2029 to 2039 inclusive, is subject to optional redemption prior to and in any order of maturity on June 1, 2028, or on any date thereafter upon terms of par and accrued interest.

All bids must be for not less than a par amount of \$2,246,880, plus accrued interest. The legal opinion of Dorsey & Whitney LLP, Attorneys, Des Moines, Iowa, will be furnished by the City.

A good faith deposit of TWO PERCENT OF PAR is required of the successful bidder and may be forfeited to the City in the event the successful bidder fails or refuses to take and pay for the Bonds.

The City reserves the right to reject any or all bids and to waive irregularities in any bid.

The Bonds are being issued pursuant to the provisions of Chapters 384 and 403 of the Code of Iowa and will constitute general obligations of the City, payable from taxes levied upon all the taxable property in the City without limitation as to rate or amount.

The Securities and Exchange Commission (the "SEC") has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule") that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of \$1,000,000 or more unless, before submitting a bid or entering into a purchase contract for such securities, it has reasonably determined that the issuer or an obligated person has undertaken in writing for the benefit of the holders of such securities to provide certain disclosure information to prescribed information repositories on a continuing basis so long as such securities are outstanding.

On the date of issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Certificate pursuant to which the City will undertake to comply with the Rule. The City will covenant and agree to comply with and carry out the provisions of the Continuing Disclosure Certificate. All of the officers of the City will be authorized and directed to take any and all actions as may be necessary to comply with the Rule and the Continuing Disclosure Certificate.

Bidders should be aware that the official terms of offering to be published in the Official Statement (the "Official Statement") for the Bonds contain additional bidding terms and information relative to the Bonds. In the event of a variance between statements in this Notice of Sale (except with respect to the time and place of the sale of the Bonds and the principal amount offered for sale) and said official terms of offering, the provisions of the latter shall control.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Speer Financial, Inc.

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

DeAnne Kobliska  
City Clerk

Section 4. Pursuant to Section 75.14 of the Code of Iowa, the City Council hereby authorizes the Financial Advisor to use electronic bidding procedures for the sale of the Bonds through Speer Auction®, and hereby finds and determines that the Speer Auction® competitive bidding system will provide reasonable security and maintain the integrity of the competitive bidding process and will facilitate the delivery of bids by interested parties under the circumstances of this bond sale.

Section 5. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved August 24, 2020.

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Mayor

Attest:

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City Clerk

**ATTESTATION CERTIFICATE**

STATE OF IOWA  
COUNTY OF BLACK HAWK      SS:  
CITY OF EVANSDALE

I, the undersigned, City Clerk of the City of Evansdale, do hereby certify that attached hereto is a true and correct copy of all of the proceedings of the City Council relating to fixing of a date for the sale of General Obligation Urban Renewal Bonds, Series 2020A and approving a preliminary official statement for the sale of the Bonds, as referred to herein.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
City Clerk

**PUBLICATION CERTIFICATE**

**(PLEASE NOTE: Do not date and return this certificate until you have received the publisher's affidavit and have verified that the notice was published on the date indicated in the affidavit but please return all other completed pages to us as soon as they are available.)**

STATE OF IOWA  
COUNTY OF BLACK HAWK                      SS:  
CITY OF EVANSDALE

I, the undersigned, City Clerk of the City of Evansdale, Iowa, do hereby certify that pursuant to the resolution of the City Council fixing a date for the sale of General Obligation Urban Renewal Bonds, Series 2020A, the notice, of which the printed slip attached to the publisher's affidavit hereto attached is a true and complete copy, was published on the date and in the newspaper specified in such affidavit, which newspaper is located in Black Hawk County.

WITNESS MY HAND this \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
City Clerk

**(Attach here publisher's original affidavit with clipping of the notice of sale as published.)**

MINUTES TO HOLD HEARING ON  
ENTERING INTO LOAN AGREEMENT,  
APPROVING PRELIMINARY OFFICIAL  
STATEMENT, AND SETTING SALE DATE  
FOR BONDS

135032-26

Evansdale, Iowa

August 24, 2020

The City Council of the City of Evansdale, Iowa, met on August 24, 2020, at 8:00 a.m., at the Evansdale City Hall Council Chambers, Evansdale, Iowa.

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

Present: \_\_\_\_\_

Absent: \_\_\_\_\_.

This being the time and place specified for taking action on the proposal to enter into a General Obligation Urban Renewal Loan Agreement (the "Loan Agreement") in a principal amount not to exceed \$4,500,000, the City Clerk announced that no petition had been filed asking that the question of entering into the loan agreement be submitted to the registered voters of the City, and that the City Council may proceed with the authorization of the loan agreement. Whereupon, the Mayor called for any oral or written objections, and there being none, the Mayor declared the public hearing on the Loan Agreement to be closed.

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

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_.

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

## RESOLUTION 6440

Resolution taking additional action on proposal to enter into a General Obligation Loan Agreement, setting the date for sale of Taxable General Obligation Urban Renewal Bonds, Series 2020B, and authorizing the use of a preliminary official statement in connection therewith

WHEREAS, the City of Evansdale (the “City”), in Black Hawk County, State of Iowa heretofore proposed to enter into a General Obligation Urban Renewal Loan Agreement (the “Loan Agreement”), pursuant to the provisions of Sections 384.24A and 384.24.3(q) of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed \$4,500,000 for the purpose to that extent, of undertaking the “Doris Drive Development Project” an urban renewal project in the East Heights Urban Renewal Area consisting of land acquisition and infrastructure installation for commercial and industrial real estate development (the “Project”), an authorized urban renewal project in the Evansdale Urban Renewal Area, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of August 24, 2020, no petition had been filed with the City asking that the question of entering into the General Obligation Urban Renewal Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, the City has determined to split of its authority to borrow under the Loan Agreement into a “Series 2020A Loan Agreement” and a “Series 2020B Loan Agreement”;

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared to facilitate the sale of the Taxable General Obligation Urban Renewal Bonds, Series 2020B (the “Bonds”) in evidence of the obligation of the City under the 2020B Loan Agreement, and it is now necessary to make provision for the approval of a P.O.S. and to authorize its use by Speer Financial, Inc., as municipal financial advisor (the “Financial Advisor”) to the City; and

WHEREAS, it is now necessary to set the date for the sale of the Bonds and to authorize the Financial Advisor to carry out such sale;

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

Section 1. The City Council hereby determines to enter into the 2020B Loan Agreement in the future and to issue the Bonds at such time, in evidence thereof. The City Council further declares that this resolution constitutes the “additional action” required by Section 384.24A of the Code of Iowa.

Section 2. The City Clerk is hereby authorized to take such action as shall be deemed necessary and appropriate, with the assistance of the Financial Advisor, to prepare the P.O.S. describing the Bonds and providing for the terms and conditions of their sale, and all action heretofore taken in this regard is hereby ratified and approved.

Section 3. The use by the Financial Advisor of the P.O.S. relating to the Bonds in substantially the form as has been presented to and considered by the City is hereby approved, and the Financial Advisor is hereby authorized to prepare and use a final Official Statement for the Bonds substantially in the form of the P.O.S. but with such changes therein as are required to

conform the same to the terms of the Bonds and the resolution, when adopted, providing for the sale and issuance of the Bonds, and the City Clerk is hereby authorized and directed to execute a final Official Statement for the Bonds, if requested. The P.O.S. as of its date is deemed final by the City within the meaning of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

Section 4. Sealed bids for the purchase of the Bonds shall be received and canvassed on behalf of the City until 11:00 a.m. C.D.T. on September 3, 2020, at the office of the City Clerk, at the City Hall, 123 N. Evans Road, Evansdale, Iowa, and the City Council shall meet on the same date at \_\_\_\_\_ .m., at the City Council Chambers, in the City, for the purpose of considering such bids received and considering and passing a resolution providing for the award of the Bonds, and the Financial Advisor is hereby authorized to take all action necessary to advertise such sale. The City Clerk is hereby authorized and directed to disseminate the notice of said sale, such notice to be in substantially the following form, and also to be published at least once, not less than four (4) and not more than twenty (20) days before the September 3rd sale date, in a newspaper of general circulation in Black Hawk County:

**NOTICE OF SALE  
CITY OF EVANSDALE, IOWA  
\$2,235,000 TAXABLE GENERAL OBLIGATION URBAN RENEWAL BONDS, SERIES 2020B**

Bids will be received on behalf of the City of Evansdale, Iowa, on September 3, 2020, until 11:00 a.m. C.D.T. for the purchase of \$2,235,000 Taxable General Obligation Urban Renewal Bonds, Series 2020B (the “Bonds”) of the City.

Any of the methods set forth below may be used, but no open bids will be accepted:

**Sealed Bidding:** Sealed bids will be received at the office of the City Clerk, at the City Hall, 123 N. Evans Road, Evansdale, Iowa 50707 until 11:00 a.m. C.D.T.

**Electronic Internet Bidding:** Electronic internet bids will be received on the Speer Auction® website address [www.SpeerAuction.com](http://www.SpeerAuction.com) between 10:30 a.m. and 11:00 a.m. C.D.T.

**Electronic Facsimile Bidding:** Electronic facsimile bids will be received at the office of the City Clerk, at City Hall, at facsimile number (319) 232-1586 until 11:00 a.m. C.D.T., and will be sealed and treated as sealed bids.

After the deadline for receipt of bids has passed, sealed bids that have been timely received will be opened and announced, and electronic internet bids will be accessed and announced. All bids will be presented to the City Council for consideration at its meeting to be held at \_\_\_\_\_ o'clock \_\_\_\_m., on September 3, 2020, at City Hall, Evansdale, Iowa.

The City reserves the right to increase or decrease the aggregate principal amount of the issue. Any change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, will be dated September 30, 2020, will bear interest payable semiannually on each June 1 and December 1 to maturity, commencing June 1, 2021, and will mature on each June 1 in the following years and amounts:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2023	\$ 30,000	____%	2032	\$165,000	____%
2024	\$ 30,000	____%	2033	\$170,000	____%
2025	\$ 30,000	____%	2034	\$175,000	____%
2026	\$ 30,000	____%	2035	\$180,000	____%
2027	\$125,000	____%	2036	\$180,000	____%
2028	\$130,000	____%	2037	\$185,000	____%
2029	\$135,000	____%	2038	\$190,000	____%
2030	\$135,000	____%	2039	\$195,000	____%
2031	\$150,000	____%			

Principal of the Bonds maturing on June 1 in each of the years 2029 to 2039, inclusive, is subject to optional redemption prior to and in any order of maturity on June 1, 2028, or on any date thereafter upon terms of par and accrued interest.

All bids must be for not less than a par amount of \$2,217,120, plus accrued interest. The legal opinion of Dorsey & Whitney LLP, Attorneys, Des Moines, Iowa, will be furnished by the City.

A good faith deposit of TWO PERCENT OF PAR is required of the successful bidder and may be forfeited to the City in the event the successful bidder fails or refuses to take and pay for the Bonds.

The City reserves the right to reject any or all bids and to waive irregularities in any bid.

The Bonds are being issued pursuant to the provisions of Chapters 384 and 403 of the Code of Iowa and will constitute general obligations of the City, payable from taxes levied upon all the taxable property in the City without limitation as to rate or amount.

The Securities and Exchange Commission (the "SEC") has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule") that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of \$1,000,000 or more unless, before submitting a bid or entering into a purchase contract for such securities, it has reasonably determined that the issuer or an obligated person has undertaken in writing for the benefit of the holders of such securities to provide certain disclosure information to prescribed information repositories on a continuing basis so long as such securities are outstanding.

On the date of issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Certificate pursuant to which the City will undertake to comply with the Rule. The City will covenant and agree to comply with and carry out the provisions of the Continuing Disclosure Certificate. All of the officers of the City will be authorized and directed to take any and all actions as may be necessary to comply with the Rule and the Continuing Disclosure Certificate.

Bidders should be aware that the official terms of offering to be published in the Official Statement (the "Official Statement") for the Bonds contain additional bidding terms and information relative to the Bonds. In the event of a variance between statements in this Notice of Sale (except with respect to the time and place of the sale of the Bonds and the principal amount offered for sale) and said official terms of offering, the provisions of the latter shall control.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Speer Financial, Inc.

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

DeAnne Kobliska  
City Clerk

Section 5. Pursuant to Section 75.14 of the Code of Iowa, the City Council hereby authorizes the Financial Advisor to use electronic bidding procedures for the sale of the Bonds through Speer Auction®, and hereby finds and determines that the Speer Auction® competitive bidding system will provide reasonable security and maintain the integrity of the competitive bidding process and will facilitate the delivery of bids by interested parties under the circumstances of this bond sale.

Section 6. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 7. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved August 24, 2020.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

••••

At the conclusion of the meeting and, upon motion and vote, the City Council adjourned.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

**ATTESTATION CERTIFICATE**

STATE OF IOWA  
COUNTY OF BLACK HAWK                      SS:  
CITY OF EVANSDALE

I, the undersigned, City Clerk of the City of Evansdale, do hereby certify that attached hereto is a true and correct copy of all of the proceedings of the City Council relating to a public hearing and additional action on a certain loan agreement, fixing of a date for the sale of Taxable General Obligation Urban Renewal Bonds, Series 2020B and approving a preliminary official statement for the sale of the Bonds, as referred to herein.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
City Clerk

**PUBLICATION CERTIFICATE**

**(PLEASE NOTE: Do not date and return this certificate until you have received the publisher’s affidavit and have verified that the notice was published on the date indicated in the affidavit but please return all other completed pages to us as soon as they are available.)**

STATE OF IOWA  
COUNTY OF BLACK HAWK                      SS:  
CITY OF EVANSDALE

I, the undersigned, City Clerk of the City of Evansdale, Iowa, do hereby certify that pursuant to the resolution of the City Council fixing a date for the sale of Taxable General Obligation Urban Renewal Bonds, Series 2020B, the notice, of which the printed slip attached to the publisher’s affidavit hereto attached is a true and complete copy, was published on the date and in the newspaper specified in such affidavit, which newspaper is located in Black Hawk County.

WITNESS MY HAND this \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
City Clerk

**(Attach here publisher’s original affidavit with clipping of the notice of sale as published.)**

*New Issue*  
Date of Sale: Tuesday, September 1, 2020 (*Alternate Bid Methods*)  
Series 2020A Between 10:00 and 10:30 A.M., C.D.T. (*Closed SpeerAuction*)  
Before 10:30 A.M., C.D.T. (*Sealed Bids*)  
Series 2020B Between 10:30 and 11:00 A.M., C.D.T. (*Closed SpeerAuction*)  
Before 11:00 A.M., C.D.T. (*Sealed Bids*)

Investment Rating:  
Moody's Investors Service ...  
(*Rating Requested*)

## Official Statement

*In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Series 2020A Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes. Interest on the Series 2020A Bonds is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "Code"). Interest on the Series 2020B Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is exempt from State of Iowa taxes imposed by Division II and Division III of Iowa Code Chapter 422, and will not be included in "adjusted current earnings" to be used in computing the "state alternative minimum taxable income" of corporations for purposes of Iowa Code Section 422.33, as amended, but is subject to taxes imposed by Division V of Iowa Code Chapter 422. In the opinion of Bond Counsel, the Series 2020A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A BONDS)" and "TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)" herein.*

## CITY OF EVANSDALE Black Hawk County, Iowa

### \$2,265,000\* General Obligation Urban Renewal Bonds, Series 2020A \$2,235,000\* Taxable General Obligation Urban Renewal Bonds, Series 2020B

Dated Date of Delivery	Book-Entry	Due Serially as Described Herein
Bank Qualified Tax-Exempt Bonds (Series 2020A)	State of Iowa Tax-Exempt (Series 2020A and 2020B)	

The \$2,265,000\* General Obligation Urban Renewal Bonds, Series 2020A (the "Tax-Exempt Bonds" or the "Series 2020A Bonds") and the \$2,235,000\* Taxable General Obligation Urban Renewal Bonds, Series 2020B (the "Taxable Bonds" or the "Series 2020B Bonds"), and collectively with the Series 2020A Bonds, the "Bonds") are being issued by the City of Evansdale, Black Hawk County, Iowa (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2021. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on June 1 as described herein.

## OPTIONAL REDEMPTION

The Tax-Exempt Bonds due June 1, 2024 - 2028, inclusive, are not subject to optional redemption. The Tax-Exempt Bonds due June 1, 2029 - 2039, inclusive, are callable in whole or in part on any date on or after June 1, 2028, at a price of par and accrued interest. If less than all the Tax-Exempt Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

The Taxable Bonds due June 1, 2023 - 2028, inclusive, are not subject to optional redemption. The Taxable Bonds due June 1, 2029 - 2039, inclusive, are callable in whole or in part on any date on or after June 1, 2028, at a price of par and accrued interest. If less than all the Taxable Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

## PURPOSE, LEGALITY AND SECURITY

The proceeds of the Bonds are expected to be used to: (i) pay the costs of undertaking the Doris Drive Development Project and (ii) pay the costs of issuing the Bonds. See "THE PROJECT" herein.

In the opinion of Dorsey & Whitney LLP, Des Moines, Iowa, the Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. The City will furnish the written approving opinion of Bond Counsel, Dorsey & Whitney LLP, Des Moines, Iowa, evidencing legality of the Bonds and that the interest thereon is exempt from federal income as and to the extent discussed under the heading "TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A)" and "TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)" herein.

This Official Statement is dated August \_\_, 2020, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) web site under "Official Statement Sales Calendar". Additional copies may be obtained from DeAnne Kobliska, City Clerk, City of Evansdale, 123 N. Evans Road, Evansdale, Iowa, 50707, or from the Registered Municipal Advisors to the City.

 **Speer Financial, Inc.**  
INDEPENDENT MUNICIPAL ADVISORS • ESTABLISHED 1954  
230 WEST MONROE STREET, SUITE 2630 • CHICAGO, ILLINOIS 60606  
Telephone: (312) 346-3700 • Facsimile: (312) 346-8833  
531 COMMERCIAL STREET, SUITE 608 • WATERLOO, IOWA 50701  
Telephone: (319) 291-2077 • Facsimile: (319) 291-8628

\*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 Bonds 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 Bonds, 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 Bonds, 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 Bonds 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 Bonds 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.

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## BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Forms, which are provided for the convenience of potential investors and should be reviewed in their entirety by potential investors. The following descriptions apply equally to both series of the Bonds. Other terms specific to each series are provided separately herein.

<b>Issuer:</b>	City of Evansdale, Black Hawk County, Iowa.
<b>Dated Date:</b>	Date of delivery (expected to be on or about September 30, 2020).
<b>Interest Due:</b>	Each June 1 and December 1, commencing June 1, 2021.
<b>Authorization:</b>	The Bonds are being issued pursuant to authority established in Code of Iowa, 2019 as amended, Chapters 384 and 403 (the “Act”) and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution (the “Resolution” or the “Bond Resolution”) of the City duly passed and approved.
<b>Security:</b>	The Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
<b>Investment Rating:</b>	An investment rating for the Bonds has been requested from Moody’s Investors Service, New York, New York. See “ <b>INVESTMENT RATING</b> ” herein.
<b>Purpose:</b>	The proceeds of the Bonds will be used to: (i) pay the costs of undertaking the Doris Drive Development Project and (ii) pay the costs of issuing the Bonds. See “ <b>THE PROJECT</b> ” herein.
<b>Bond Registrar/Paying Agent:</b>	UMB Bank, n.a., West Des Moines, Iowa (the “Registrar”).
<b>Delivery:</b>	The Bonds are expected to be delivered on or about September 30, 2020.
<b>Book-Entry Form:</b>	The Bonds 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 Bonds. See <b>APPENDIX B</b> herein.
<b>Denomination:</b>	\$5,000 or integral multiples thereof.
<b>Municipal Advisor:</b>	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

*\*Subject to change.*

**\$2,265,000\* GENERAL OBLIGATION URBAN RENEWAL BONDS, SERIES 2020A**

**AMOUNTS\*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS**

<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>
\$ 15,000.....	2024	_____ %	_____ %	_____	\$170,000.....	2032	_____ %	_____ %	_____
15,000.....	2025	_____ %	_____ %	_____	170,000.....	2033	_____ %	_____ %	_____
20,000.....	2026	_____ %	_____ %	_____	175,000.....	2034	_____ %	_____ %	_____
130,000.....	2027	_____ %	_____ %	_____	180,000.....	2035	_____ %	_____ %	_____
155,000.....	2028	_____ %	_____ %	_____	180,000.....	2036	_____ %	_____ %	_____
160,000.....	2029	_____ %	_____ %	_____	185,000.....	2037	_____ %	_____ %	_____
160,000.....	2030	_____ %	_____ %	_____	190,000.....	2038	_____ %	_____ %	_____
165,000.....	2031	_____ %	_____ %	_____	195,000.....	2039	_____ %	_____ %	_____

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

- Issue:** \$2,265,000\* General Obligation Urban Renewal Bonds, Series 2020A.
- Principal Due:** Serially each June 1, commencing June 1, 2024 through 2039, as detailed above.
- Optional Redemption:** The Tax-Exempt Bonds maturing on or after June 1, 2029, are callable at the option of the City on any date on or after June 1, 2028, at a price of par plus accrued interest. See “**OPTIONAL REDEMPTION**” herein.
- Tax Exemption:** Dorsey & Whitney LLP, Des Moines, Iowa, will provide an opinion as to the tax exemption of the Tax-Exempt Bonds as discussed under “**TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A)**” in this Official Statement. See **APPENDIX C** for a draft form of legal opinion for the Tax-Exempt Bonds.
- Bank Qualified:** The City intends to designate the Tax-Exempt Bonds as “qualified tax-exempt obligations”.

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

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth above.

**\$2,235,000\*TAXABLE GENERAL OBLIGATION URBAN RENEWAL BONDS, SERIES 2020B**

**AMOUNTS\*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS**

<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>
\$ 30,000.....	2023	_____ %	_____ %	_____	\$165,000.....	2032	_____ %	_____ %	_____
30,000.....	2024	_____ %	_____ %	_____	170,000.....	2033	_____ %	_____ %	_____
30,000.....	2025	_____ %	_____ %	_____	175,000.....	2034	_____ %	_____ %	_____
30,000.....	2026	_____ %	_____ %	_____	180,000.....	2035	_____ %	_____ %	_____
125,000.....	2027	_____ %	_____ %	_____	180,000.....	2036	_____ %	_____ %	_____
130,000.....	2028	_____ %	_____ %	_____	185,000.....	2037	_____ %	_____ %	_____
135,000.....	2029	_____ %	_____ %	_____	190,000.....	2038	_____ %	_____ %	_____
135,000.....	2030	_____ %	_____ %	_____	195,000.....	2039	_____ %	_____ %	_____
150,000.....	2031	_____ %	_____ %	_____					

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

- Issue:** \$2,235,000\* Taxable General Obligation Urban Renewal Bonds, Series 2020B.
- Principal Due:** Serially each June 1, commencing June 1, 2023 through 2039, as detailed above.
- Optional Redemption:** The Taxable Bonds maturing on or after June 1, 2029, are callable at the option of the City on any date on or after June 1, 2028, at a price of par plus accrued interest. See **“OPTIONAL REDEMPTION”** herein.
- Taxability:** The interest to be paid on the Taxable Bonds is subject to federal income taxes as discussed under **“TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)”** in this Official Statement. See **APPENDIX C** for a draft form of legal opinion for the Taxable Bonds.

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

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth above.

**CITY OF EVANSDALE**  
**Black Hawk County, Iowa**

Troy Beatty  
*Mayor*

**Council Members**

Charles Beam

Lynn Bender

Dick Dewater

Steve Seible

Gene Walker

---

**Officials**

DeAnne Kobliska  
*City Clerk*

Laura Folkerts, Esq.  
*City Attorney*

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**SECURITY AND SOURCE OF PAYMENT**

Pursuant to the Resolution and the Act, the Bonds and the interest thereon are general obligations of the City, and all taxable property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.

Section 76.2 of the Act provides that when an Iowa political subdivision issues general obligation bonds, the governing authority of such political subdivision shall, by resolution adopted before issuing the bonds, 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. A certified copy of this resolution shall be filed with the County Auditor in which the City is located, giving rise to a duty of the County Auditor to annually enter this levy for collection from the taxable property within the boundaries of the City, until funds are realized to pay the bonds in full.

For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, the Resolution provides for the levy of a tax sufficient for that purpose on all the taxable property in the City in each of the years while the Bonds are outstanding. The City shall file a certified copy of the Resolution with the County Auditor, pursuant to which the County Auditor is instructed to enter for collection and assess the tax authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the City and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the City and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds and for no other purpose whatsoever.

Pursuant to the provisions of Section 76.4 of the Code of Iowa, each year while the Bonds remain outstanding and unpaid, any funds of the City which may lawfully be applied for such purpose, may be appropriated, budgeted and, if received, used for the payment of the principal of and interest on the Bonds as the same become due, and if so appropriated, the taxes for any given fiscal year as provided for in the Resolution, shall be reduced by the amount of such alternate funds as have been appropriated for said purpose and evidenced in the City's budget.

## **BONDHOLDERS' RISKS**

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgement as to whether the Bonds are an appropriate investment.

### **COVID-19**

The City is monitoring developments and directives of federal, state and local officials to determine what precautions and procedures the City may need to implement or revise in light of the spread of COVID-19. Some procedures and precautions resulting from the spread of COVID-19 with respect to operations, personnel and services may be mandated by federal and/or state entities. Because of the unprecedented nature of COVID-19, the behavior of businesses and people is being altered in a manner that cannot fully be determined or predicted but has had negative effects on economic activity, and therefore could adversely affect the financial condition of the City, either directly or indirectly. The continued spread of COVID-19 in the future may: (i) limit the ability of the City to conduct its operations in an historically normal manner, (ii) increase the cost of operations of the City, (iii) impact the ability of the City to provide personnel to carry out the services routinely provided by the City, (iv) impact certain revenues received by the City, as further described below, (v) affect the secondary market with respect to the Bonds, and (vi) affect liquidity sources of the City.

On March 20, 2020, Governor Reynolds issued an emergency declaration that temporarily suspends penalties and interest in connection with delays in property tax payments, which suspension expired on July 31, 2020. The City cannot predict the impact, if any, the suspension (or any extension thereof) of penalties and interest on late property tax payments may have on its timely receipt of property tax revenues.

The City is monitoring both expenses and revenues of the City that might be impacted by COVID-19, including the road use tax fund receipts (statewide gas tax) and local option sales tax receipts. The City does not currently expect to amend its fiscal year 2021 budget due to material COVID-19-related financial impacts, however, it is too soon to fully predict the extent and duration any COVID-19-related financial impacts may have on the City. The City is not currently seeking financial support from federal or state COVID-19 related loan or grant programs.

This information is based on current information available to the City that may be incomplete and unknown. This information is forward-looking and subject to change.

### **Changes in Property Taxation**

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds.

Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.

## **Matters Relating to Enforceability of Agreements**

Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution or the Loan Agreement. The remedies available to the Bondholders upon an event of default under the Resolution or the Loan Agreement, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Loan Agreement or the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies will result in sufficient funds to pay all amounts due under the Resolution or the Loan Agreement, including principal of and interest on the Bonds.

## **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular bond or note issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

**EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.**

## **Ratings Loss**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "\_\_\_" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Various factors, including additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

## **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the City to pay debt service when due on the Bonds.

## **Tax Matters, Bank Qualification and Loss of Tax Exemption (Series 2020A)**

As discussed under the heading “**TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A)**” herein, the interest on the Tax-Exempt Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Tax-Exempt Bonds, as a result of acts or omissions of the City in violation of its covenants in the Resolution. Should such an event of taxability occur, the Tax-Exempt Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Tax-Exempt Bonds, and there is no provision for an adjustment of the interest rate on the Tax-Exempt Bonds.

The City intends to designate the Tax-Exempt Bonds 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”). The City has further covenanted to comply with certain other requirements, 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. Actions, or inactions, by the City in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Tax-Exempt Bonds.

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of any pending or future legislation being enacted or whether the currently proposed terms of any pending legislation will be altered or removed during the legislative process cannot be reliably predicted.

It is also possible that actions of the City after the closing of the Tax-Exempt Bonds will alter the tax status of the Tax-Exempt Bonds, and, in the extreme, remove the tax exempt status from the Tax-Exempt Bonds. In that instance, the Tax-Exempt Bonds are not subject to mandatory prepayment, and the interest rate on the Tax-Exempt Bonds does not increase or otherwise reset. A determination of taxability on the Tax-Exempt Bonds, after closing of the Tax-Exempt Bonds, could materially adversely affect the value and marketability of the Tax-Exempt Bonds.

## **DTC-Beneficial Owners**

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the City nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See **APPENDIX B – Describing Book-Entry Only Issuance.**

### **Continuing Disclosure**

A failure by the City to comply with continuing disclosure obligations (see “**CONTINUING DISCLOSURE**” herein) will not constitute an event of default on the Bonds. Any such failure must be disclosed in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City no later than June 30 of each year, commencing with the fiscal year ending June 30, 2020, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

### **Cybersecurity**

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the City’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the City’s operations and financial condition. The City has a Cyber-Liability Policy. The City cannot predict whether this policy will be sufficient in the event of a cyberattack. However, the Bonds are secured by an unlimited ad valorem property tax as described herein.

### **Suitability of Investment**

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

## **Bankruptcy and Insolvency**

The rights and remedies provided in the Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds, the Loan Agreement and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under chapter nine of the federal bankruptcy code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the City fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Under sections 76.16 and 76.16A of the Act, a city, county, or other political subdivision may become a debtor under chapter nine of the federal bankruptcy code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, "debt" means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to chapter 28E of the Code of Iowa, or other political subdivision.

## **Legislation**

From time to time, there are proposals pending in Congress and in the Iowa Legislature that could, if enacted, alter or amend one or more of the matters described herein in certain respects or would adversely affect the market value of the Bonds, or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further such proposals may impact the marketability or market value of the Bonds simply by being proposed. 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 the Bonds. In addition regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

During the 2019 legislative session, the Iowa General Assembly passed Senate File 634 which was later signed into law by the Governor. This bill modifies the process for hearing and approval of the total maximum property tax dollars under certain levies in the City budget, including levies for the General Fund, the Emergency Fund, Trust and Agency Funds for pensions, insurance, transit, civic centers, certain bridges, sanitary disposal, and emergency management. The bill also includes a provision that requires the affirmative vote of 2/3 of the City Council when the maximum property tax dollars under these levies exceed an amount determined under a prescribed formula. The bill does not change the process for hearing and approval of the Debt Service Levy pledged for repayment of the Bonds. It is too early to evaluate the effect this legislation will have on the overall financial position of the City or its ability to fund essential services.

## **Tax Levy Procedures**

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the taxable property valuation within the City. See **“PROPERTY ASSESSMENT AND TAX INFORMATION”** herein for more details. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution for the Bonds) may have to be enforced from year to year.

## **Federal Funds Orders and State Funds Legislation**

Various federal executive orders, and Iowa Code Chapter 825 (collectively “ICE Enforcement Initiatives”), impose requirements intended to ensure compliance with the federal immigration detainment processes. The ICE Enforcement Initiatives impose various penalties for non-compliance, including the loss of state and/or federal funding under certain circumstances. The loss of state and/or federal funds in any significant amount could negatively impact the City’s overall financial position and may affect its rating.

## **Other Factors**

An investment in the Bonds involves an element of risk. The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

## **THE CITY**

The City of Evansdale is located in Black Hawk County (the “County”) in east central Iowa and was incorporated in 1947 under the laws of the state of Iowa (the “State”). The City is located along U.S. Highway 20, approximately five miles east of the City of Waterloo.

## **City Organization and Services**

The City operates under the Mayor-Council form of government. Policy is established by a Mayor and five Council members. The City Council members are elected on a non-partisan basis for four-year terms, which are staggered. The City Clerk and City Attorney are appointed by the City Council. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer, sanitation/recycling and storm water utilities for its citizens.

The City has 18 people employed on a full-time basis. In addition, there are 18 part-time and seasonal employees. The City currently employs six full-time police officers and a police chief. The City is served by a volunteer Fire Department. Approximately 28 volunteers operate out of a centrally located fire station.

## Community Life

Residents of the City enjoy library services provided by the Evansdale Public Library. The City has several parks distributed throughout the community and each offers a different type of recreational opportunity.

Numerous area recreational opportunities are offered in Black Hawk County. Including many private and public golf courses, public pools, tennis courts, baseball/softball fields and soccer fields. Residents can also enjoy the numerous public parks and rivers located throughout the County. Park activities include boating, fishing, camping, hiking, picnicking, and enjoying the bike trails to name a few. The County also has cultural facilities such as theaters, museums, and the Gallagher Bluedorn Performing Arts Center and the Waterloo – Cedar Falls Symphony Orchestra. The University of Northern Iowa Panthers, the Waterloo Bucks minor league baseball and Waterloo Black Hawks junior hockey teams offer spectator sports opportunities located within the County.

## Education

The City is served by the Waterloo Community School District with a total enrollment of approximately 10,866 students. Two school buildings are located in the City, Bunger Middle School and Poyner Elementary schools.

Hawkeye Community College, whose main campus is located in the Waterloo, offers more than 45 one-year and two-year programs for credit as well as business and community education classes. Hawkeye Community College has an enrollment of approximately 4,900 full-time equivalent students. College and graduate level degree programs are available from the University of Northern Iowa, located in Cedar Falls. The University of Northern Iowa has a fall 2019 enrollment of approximately 10,500 students and employs approximately 1,735. Other higher education opportunities in the area include Upper Iowa University (Waterloo Campus) which serves approximately 365 students, and Allen College which serves approximately 655 students in Waterloo.

## Transportation

The City is located approximately 267 miles west of Chicago, Illinois and 108 miles northeast of Des Moines, Iowa. It is accessible by U.S. Highways 20. Interstate 380 links the City with the southeastern area of the State and connects with Interstate 80.

The Waterloo Regional Airport is a non-hub, primary commercial service airport offering commercial, corporate, and general aviation services located approximately eight miles from the City.

## SOCIOECONOMIC INFORMATION

The following demographic information is for the City. Additional comparisons are made with the County and the State.

### Population

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

**Population Comparison(1)**

Year	The City	Percent Change	The County	Percent Change	The State	Percent Change
1970	5,038	n/a	132,916	n/a	2,824,376	n/a
1980	4,798	(4.76%)	137,961	3.80%	2,913,808	3.17%
1990	4,638	(3.33%)	123,798	(10.27%)	2,776,755	(4.70%)
2000	4,526	(2.41%)	128,012	3.40%	2,926,324	5.39%
2010	4,751	4.97%	131,090	2.40%	3,046,355	4.10%

Note: (1) Source: U.S. Bureau of the Census.

## Employment

Following are lists of large employers located in the County.

### Major County Employers(1)

Location	Name	Product/Service	Approximate Employment
Waterloo/Cedar Falls	John Deere	Manufacturing	5,600
Waterloo	Tyson Fresh Meats	Food Processing	2,980
Waterloo	Mercy One	Health Care	2,655
Cedar Falls	University of Northern Iowa	Higher Education	1,735
Waterloo	Waterloo Community Schools	Education	1,730
Waterloo	Unity Point Health	Health Care	1,500
Waterloo/Cedar Falls	Hy-Vee	Grocery Store	1,200
Waterloo	VGM Group	Diversified	1,055
Cedar Falls	Western Home Communities	Health Care/Housing	960
Waterloo	Omega Cabinetry Ltd.	Manufacturing	950
Cedar Falls	Cedar Falls Community Schools	Education	860
Waterloo	Bertch Cabinet Manufacturing	Manufacturing	750
Cedar Falls	Martin Brothers Distributing	Distribution	710
Waterloo	Hawkeye Community College	Higher Education	700

Note: (1) Source: Grow Cedar Valley and the 2020 Iowa Manufacturers database.

The following tables show employment by industry and by occupation for the City, the County and the State as reported by the U.S. Census Bureau 2014 - 2018 American Community Survey 5-year estimated values.

### Employment By Industry(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	119	4.8%	991	1.4%	55,931	3.5%
Construction	115	4.7%	3,578	5.1%	99,730	6.2%
Manufacturing	496	20.1%	12,682	18.2%	244,422	15.1%
Wholesale trade	41	1.7%	1,867	2.7%	44,363	2.7%
Retail trade	404	16.4%	9,447	13.6%	193,329	12.0%
Transportation and warehousing, and utilities	181	7.3%	2,723	3.9%	83,327	5.2%
Information	27	1.1%	833	1.2%	23,298	1.4%
Finance and insurance, and real estate and rental and leasing	135	5.5%	3,867	5.6%	121,852	7.5%
Professional, scientific, and management, and administrative and waste management services	107	4.3%	5,257	7.6%	114,447	7.1%
Educational services, and health care and social assistance	317	12.8%	17,720	25.5%	396,587	24.5%
Arts, entertainment, and recreation, and accommodation and food services	241	9.8%	6,879	9.9%	124,491	7.7%
Other services, except public administration	258	10.4%	2,514	3.6%	65,574	4.1%
Public administration	29	1.2%	1,215	1.7%	48,648	3.0%
Total	2,470	100.0%	69,573	100.0%	1,615,999	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2014 - 2018.

### Employment By Occupation(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, business, science, and arts occupations	420	17.0%	22,364	32.1%	589,859	36.3%
Service occupations	486	19.7%	13,143	18.9%	267,948	16.6%
Sales and office occupations	491	19.9%	15,271	21.9%	334,410	20.7%
Natural resources, construction, and maintenance occupations	378	15.3%	5,005	7.2%	148,324	9.2%
Production, transportation, and material moving occupations	695	28.1%	13,790	19.8%	278,458	17.2%
Total	2,470	100.0%	69,573	100.0%	1,615,999	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2014 - 2018.

The annual average unemployment rates for the City are not available. Following shows the annual average unemployment rates for the County, the State and the United States.

### Annual Average Unemployment Rates(1)(2)

Calendar Year	The County	The State	United States
2011 .....	5.8%	5.5%	8.9%
2012 .....	5.4%	5.0%	8.1%
2013 .....	5.1%	4.7%	7.4%
2014 .....	4.9%	4.2%	6.2%
2015 .....	4.6%	3.8%	5.3%
2016 .....	4.6%	3.6%	4.9%
2017 .....	3.8%	3.1%	4.4%
2018 .....	2.5%	2.5%	3.9%
2019 .....	3.2%	2.8%	3.7%
2020(3)(4).....	9.0%	7.9%	11.1%

- Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.  
 (2) Not seasonally adjusted.  
 (3) Preliminary rates for the month of June 2020.  
 (4) Increase due to the COVID-19 pandemic.

### Building Permits

Building permits have averaged \$4,203,825 annually over the last five years in the City, excluding the value of land.

### City Building Permits(1) (Excludes the Value of Land)

Fiscal Year	Number of Permits	Total Value
2011.....	319	\$3,401,289
2012.....	322	2,979,160
2013.....	316	2,851,985
2014.....	339	3,537,899
2015.....	384	3,728,934
2016.....	388	2,980,066
2017.....	377	3,903,482
2018.....	362	3,697,801
2019.....	271	5,937,752
2020.....	314	4,500,022

Note: (1) Source: the City. Includes new construction and remodeling.

### Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$117,100. This compares to \$143,100 for the County and \$152,000 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 2014 - 2018 American Community Survey.

### Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	60	4.6%	2,787	8.0%	77,434	8.6%
\$50,000 to \$99,999.....	435	33.6%	7,014	20.2%	180,511	20.0%
\$100,000 to \$149,999.....	489	37.8%	8,761	25.2%	186,423	20.6%
\$150,000 to \$199,999.....	151	11.7%	7,013	20.2%	152,388	16.9%
\$200,000 to \$299,999.....	84	6.5%	5,941	17.1%	171,170	18.9%
\$300,000 to \$499,999.....	55	4.3%	2,693	7.7%	107,672	11.9%
\$500,000 to \$999,999.....	0	0.0%	475	1.4%	23,665	2.6%
\$1,000,000 or more .....	19	1.5%	119	0.3%	4,488	0.5%
Total .....	1,293	100.0%	34,803	100.0%	903,751	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2014 - 2018.

### Mortgage Status(1)

Mortgage Status	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing units with a mortgage.....	891	68.9%	21,645	62.2%	543,108	60.1%
Housing units without a mortgage.....	402	31.1%	13,158	37.8%	360,643	39.9%
Total .....	1,293	100.0%	34,803	100.0%	903,751	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2014 - 2018.

### Income

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$56,161. This compares to \$69,922 for the County and \$76,068 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2014 - 2018 American Community Survey.

### Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	0	0.0%	1,415	4.5%	21,893	2.7%
\$10,000 to \$14,999.....	51	4.7%	706	2.2%	15,189	1.9%
\$15,000 to \$24,999.....	72	6.6%	2,113	6.7%	43,777	5.5%
\$25,000 to \$34,999.....	109	10.0%	2,691	8.5%	58,349	7.3%
\$35,000 to \$49,999.....	150	13.8%	3,941	12.5%	93,488	11.7%
\$50,000 to \$74,999.....	383	35.2%	6,191	19.6%	160,626	20.1%
\$75,000 to \$99,999.....	230	21.1%	5,414	17.1%	141,089	17.6%
\$100,000 to \$149,999.....	93	8.5%	5,751	18.2%	158,447	19.8%
\$150,000 to \$199,999.....	0	0.0%	1,764	5.6%	55,240	6.9%
\$200,000 or more .....	0	0.0%	1,667	5.3%	52,231	6.5%
Total .....	1,088	100.0%	31,653	100.0%	800,329	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2014 to 2018.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$50,816. This compares to \$52,688 for the County and \$59,955 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 2014 - 2018 American Community Survey.

### Household Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	48	2.4%	3,727	7.0%	69,432	5.5%
\$10,000 to \$14,999.....	73	3.7%	2,609	4.9%	54,690	4.3%
\$15,000 to \$24,999.....	249	12.6%	5,383	10.2%	114,217	9.0%
\$25,000 to \$34,999.....	279	14.1%	6,210	11.7%	119,692	9.4%
\$35,000 to \$49,999.....	300	15.2%	7,204	13.6%	171,801	13.6%
\$50,000 to \$74,999.....	589	29.8%	10,165	19.2%	244,306	19.3%
\$75,000 to \$99,999.....	287	14.5%	6,851	12.9%	181,944	14.4%
\$100,000 to \$149,999.....	152	7.7%	6,959	13.1%	190,059	15.0%
\$150,000 to \$199,999.....	0	0.0%	1,984	3.7%	62,459	4.9%
\$200,000 or more .....	0	0.0%	1,884	3.6%	59,273	4.7%
Total .....	1,977	100.0%	52,976	100.0%	1,267,843	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2014 - 2018.

**Agriculture**

Shown below is information on the agricultural value of the County and the statewide average.

**Average Value Per Acre(1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Average Value Per Acre:					
Black Hawk County.....	\$9,198	\$8,599	\$8,841	\$8,936	\$9,014
State of Iowa.....	7,633	7,183	7,326	7,264	7,432

Note: (1) 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. The Local Option Tax for the City became effective April 1, 1991 and was reauthorized on November 5, 2013 for the period January 1, 2016 through December 31, 2025. The City’s Local Option Tax referendum question stated that proceeds of such tax would be designated for 20% to be used for capital improvements, 30% for tort liability, and the remaining 50% to be used for streets.

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, or, in certain circumstances, upon adoption of a motion by the governing body of the incorporated city requesting the repeal. 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 (i) certain sales of motor fuel or special fuel as defined in Chapter 452A, (ii) the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, (iii) the sales price from a pay television service consisting of a direct-to-home satellite service, or (iv) the sale of equipment by the State Department of Transportation.

The following table shows the trend of City Local Option tax receipts.

**Local Option Tax Receipts(1)**

Fiscal Year Ending June 30	Local Option Sales Tax Receipts(2)	Percent Change +(-)
2011.....	\$527,427	n/a
2012.....	556,087	5.43%
2013.....	567,875	2.12%
2014.....	558,066	(1.73%)
2015.....	551,839	(1.12%)
2016.....	557,507	1.03%
2017.....	552,289	(0.94%)
2018.....	568,216	2.88%
2019.....	588,006	3.48%
2020.....	554,174(3)	(5.75%)

- Notes: (1) Source: Iowa Department of Revenue.  
 (2) Includes a reconciliation 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. The following amounts exclude the City’s Local Option Tax.

**Retail Taxable Sales(1)**

Fiscal Year Ending June 30	Taxable Sales	Annual Percent Change + (-)
2010.....	\$23,751,689	n/a
2011.....	22,729,362	(4.30%)
2012.....	23,698,647	4.26%
2013.....	24,004,170	1.29%
2014.....	25,038,068	4.31%
2015.....	26,049,280	4.04%
2016.....	26,938,819	3.38%
2017.....	27,555,020	2.33%
2018.....	28,806,044	4.54%
2019.....	29,399,969	2.06%

Growth from 2010 to 2019..... 23.78%

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

**THE PROJECT**

Bond proceeds will be used to: (i) pay the costs of undertaking the Doris Drive Development Project and (ii) pay the costs of issuing the Bonds. The project includes an authorized urban renewal project in the East Heights Urban Renewal Area consisting of land acquisition and infrastructure installation for commercial and industrial real estate development.

**DEFAULT RECORD**

The City has no record of default and has met its debt repayment obligations promptly.

### SHORT-TERM BORROWING

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

### DEBT INFORMATION

After issuance of the Bonds, the City will have outstanding \$8,140,000\* principal amount of general obligation debt.

#### Debt Limitation

The constitutional general obligation debt limit of a political subdivision of the state of Iowa is equal to five percent (5%) of the actual value of taxable property within its borders. According to and based upon the January 1, 2019 property valuations, for taxes payable in September 2020 and March 2021 the general obligation debt limit of the City for the period which began July 1, 2020 and ends June 30, 2021 is:

2019 100% Actual Valuation of Property .....	\$243,001,302
Constitutional Debt Limit .....	\$ 12,150,065
Outstanding Bonds/Notes Applicable to Debt Limit:	
Total G.O. Debt Subject to Debt Limit.....	<u>\$ 8,140,000*</u>
Total Applicable Debt .....	<u>\$ 8,140,000*</u>
Remaining Debt Capacity.....	\$ 4,010,065*

The City does not expect to issue any additional general obligation debt in calendar year 2020.

#### Summary of Outstanding General Obligation Bonded Debt(1) (Principal Only)

Series 2012.....	\$ 40,000
Series 2013.....	340,000
Series 2015.....	1,355,000
Series 2016.....	290,000
Series 2017A .....	1,240,000
Series 2017B .....	375,000
The Tax-Exempt Bonds(2) .....	2,265,000
The Taxable Bonds(2).....	<u>2,235,000</u>
Total(2) .....	<u>\$8,140,000</u>

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

\*Subject to change.

**General Obligation Debt(1)**  
 (Principal Only)

Fiscal Year Ending June 30	Series 2012	Series 2013	Series 2015	Series 2016	Series 2017A	Series 2017B	Total Outstanding GO Debt	The Tax-Exempt Bonds(2)	The Taxable Bonds(2)	Total General Obligation Debt(2)	Cumulative Retirement(2)	
											Amount	Percent
2021 .....	\$40,000	\$200,000	\$ 210,000	\$ 95,000	\$ 130,000	\$ 70,000	\$ 745,000	\$ 0	\$ 0	\$ 745,000	\$ 745,000	9.15%
2022 .....	0	140,000	210,000	95,000	130,000	75,000	650,000	0	0	650,000	1,395,000	17.14%
2023 .....	0	0	215,000	100,000	135,000	75,000	525,000	0	30,000	555,000	1,950,000	23.96%
2024 .....	0	0	225,000	0	135,000	75,000	435,000	15,000	30,000	480,000	2,430,000	29.85%
2025 .....	0	0	225,000	0	140,000	80,000	445,000	15,000	30,000	490,000	2,920,000	35.87%
2026 .....	0	0	200,000	0	140,000	0	340,000	20,000	30,000	390,000	3,310,000	40.66%
2027 .....	0	0	35,000	0	145,000	0	180,000	130,000	125,000	435,000	3,745,000	46.01%
2028 .....	0	0	35,000	0	140,000	0	175,000	155,000	130,000	460,000	4,205,000	51.66%
2029 .....	0	0	0	0	145,000	0	145,000	160,000	135,000	440,000	4,645,000	57.06%
2030 .....	0	0	0	0	0	0	0	160,000	135,000	295,000	4,940,000	60.69%
2031 .....	0	0	0	0	0	0	0	165,000	150,000	315,000	5,255,000	64.56%
2032 .....	0	0	0	0	0	0	0	170,000	165,000	335,000	5,590,000	68.67%
2033 .....	0	0	0	0	0	0	0	170,000	170,000	340,000	5,930,000	72.85%
2034 .....	0	0	0	0	0	0	0	175,000	175,000	350,000	6,280,000	77.15%
2035 .....	0	0	0	0	0	0	0	180,000	180,000	350,000	6,640,000	81.57%
2036 .....	0	0	0	0	0	0	0	180,000	180,000	360,000	7,000,000	86.00%
2037 .....	0	0	0	0	0	0	0	185,000	185,000	370,000	7,370,000	90.54%
2038 .....	0	0	0	0	0	0	0	190,000	190,000	380,000	7,750,000	95.21%
2039 .....	0	0	0	0	0	0	0	195,000	195,000	390,000	8,140,000	100.00%
Total .....	\$40,000	\$340,000	\$1,355,000	\$290,000	\$1,240,000	\$375,000	\$3,640,000	\$2,265,000	\$2,235,000	\$8,140,000		

Notes: (1) Source: the City. For term bonds, mandatory redemption amounts are shown.  
 (2) Subject to change.

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### Statement of Bonded Indebtedness(1)(2)

City Actual Value, January 1, 2019.....	\$243,001,302
City Taxable Value, January 1, 2019.....	\$145,977,122

	<u>Total</u>	<u>Applicable</u>		<u>Ratio to City Actual Value</u>	<u>Ratio to City Taxable Value</u>	<u>Per Capita (2010 Pop. 4,751 )</u>
		<u>Percent</u>	<u>Amount</u>			
Direct Bonded Debt(3)(4).....	\$ 8,140,000	100.00%	\$8,140,000	3.35%	5.58%	\$1,713.32
Overlapping Debt:						
Waterloo School District.....	\$ 0	4.76%	\$ 0	0.00%	0.00%	\$ 0.00
Hawkeye Community College(4).....	3,860,000	1.35%	52,110	0.02%	0.04%	10.97
Black Hawk County.....	19,275,000	2.37%	456,818	0.19%	0.31%	96.15
Total Overlapping Bonded Debt.....			<u>\$ 508,928</u>	<u>0.21%</u>	<u>0.35%</u>	<u>\$ 107.12</u>
Total Direct and Overlapping Bonded Debt(3).....			\$8,648,928	3.56%	5.92%	\$1,820.44

Per Capita Actual Value.....	\$51,147.40
Per Capita Taxable Value.....	\$30,725.56

- Notes: (1) Source: the City, Audited Financial Statements and EMMA for the County, School District and Community College.  
 (2) As of the date of issuance for the Direct Bonded Debt and August 3, 2020 for Overlapping Debt.  
 (3) Subject to change.  
 (4) Excludes \$13,090,000 in Industrial New Jobs Training Certificates, which are expected to be paid by proceeds from anticipated job credits from withholding taxes.

### PROPERTY ASSESSMENT AND 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, multi-residential, agricultural and commercial valuations are as follows:

#### Percentages for Taxable Valuation After Rollbacks(1)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi- Residential(2)</u>	<u>Ag Land &amp; Buildings</u>	<u>Commercial</u>
2011/12.....	48.5299%	N/A	69.0152%	100.0000%
2012/13.....	50.7518%	N/A	57.5411%	100.0000%
2013/14.....	52.8166%	N/A	59.9334%	100.0000%
2014/15.....	54.4002%	N/A	43.3997%	95.0000%
2015/16.....	55.7335%	N/A	44.7021%	90.0000%
2016/17.....	55.6259%	86.2500%	46.1068%	90.0000%
2017/18.....	56.9391%	82.5000%	47.4996%	90.0000%
2018/19.....	55.6209%	78.7500%	54.4480%	90.0000%
2019/20.....	56.9180%	75.0000%	56.1324%	90.0000%
2020/21.....	55.0743%	71.2500%	81.4832%	90.0000%

- Notes: (1) Source: the Iowa Department of Revenue.  
 (2) New category beginning with fiscal year 2017.

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, 2019, are used to calculate tax liability for the tax year starting July 1, 2020 through June 30, 2021.

## 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:	2016/17	2017/18	2018/19	2019/20	2020/21
	Levy Year:	2015	2016	2017	2018	2019
Residential .....		\$193,466,840	\$194,613,850	\$197,100,310	\$199,072,280	\$201,140,970
Agricultural .....		374,420	330,160	298,360	298,360	205,880
Commercial .....		28,511,275	29,834,805	29,748,855	29,843,694	30,020,859
Industrial .....		2,544,600	2,609,130	2,478,735	2,506,607	2,554,127
Multi-residential .....		3,394,855	3,838,025	4,588,335	5,483,109	6,086,994
Railroads .....		0	0	0	0	0
Utilities without Gas and Electric(3) .....		587,344	538,421	548,529	567,735	444,450
Gas and Electric Utility(3) .....		2,803,057	2,855,199	2,823,185	2,904,008	3,048,062
Less: Military Exemption .....		(553,748)	(544,488)	(513,004)	(511,152)	(500,040)
Total .....		\$231,128,643	\$234,075,102	\$237,073,305	\$240,164,641	\$243,001,302
Percent Change +/- .....		5.21%(4)	1.27%	1.28%	1.30%	1.18%

Notes: (1) Source: Iowa Department of Management.

(2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2015	2016	2017	2018	2019
TIF Valuation .....	\$20,129,359	\$14,586,843	\$22,920,740	\$24,700,473	\$20,759,129

(3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.

(4) Based on 2014 Actual Valuation of \$219,685,019.

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For the January 1, 2019 levy year, the City's Taxable Valuation was comprised of approximately 76% residential, 18% commercial, 3% multi-residential, 2% industrial, 1% utilities and less than 1% agriculture and military exemption.

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

Property Class	Fiscal Year: Levy Year:	2016/17 2015	2017/18 2016	2018/19 2017	2019/20 2018	2020/21 2019
Residential .....		\$107,617,693	\$110,811,311	\$109,628,920	\$113,307,932	\$110,776,994
Agricultural .....		172,632	156,824	153,441	158,467	167,758
Commercial .....		25,660,149	26,851,326	26,773,971	26,859,326	27,018,775
Industrial .....		2,290,140	2,348,217	2,230,861	2,255,946	2,298,714
Multi-residential .....		2,928,064	3,166,371	3,613,313	4,112,338	4,336,988
Railroads .....		0	0	0	0	0
Utilities without Gas and Electric(3) .....		587,344	538,421	548,529	567,735	444,450
Gas and Electric Utility(3) .....		1,711,674	1,582,640	1,547,985	1,507,098	1,433,483
Less: Military Exemption.....		(553,748)	(544,488)	(513,004)	(511,152)	(500,040)
Total .....		\$140,413,948	\$144,910,622	\$143,984,016	\$148,257,690	\$145,977,122
Percent Change +/-.....		4.74%(4)	3.20%	(0.64%)	2.97%	(1.54%)

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

January 1: TIF Valuation .....	2015	2016	2017	2018	2019
	\$19,209,693	\$13,939,921	\$21,580,229	\$23,229,433	\$20,003,552

- (3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.  
 (4) Based on 2014 Actual Valuation of \$134,059,844.

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

### Tax Extensions and Collections(1)

Levy Year	Fiscal Year	Amount Levied	Amount Collected(2)	Percent Collected
2010.....	2011-12.....	\$ 693,588	\$ 707,966	102.07%
2011.....	2012-13.....	791,638	832,750	105.19%
2012.....	2013-14.....	761,303	779,244	102.36%
2013.....	2014-15.....	844,933	867,542	102.68%
2014.....	2015-16.....	862,357	882,178	102.30%
2015.....	2016-17.....	886,739	906,943	102.28%
2016.....	2017-18.....	980,786	1,001,421	102.10%
2017.....	2018-19.....	978,151	997,395	101.97%
2018.....	2019-20.....	1,148,507	1,167,026	101.61%
2019.....	2020-21.....	989,110	- In Collection - -	

- Notes: (1) Source: the State of Iowa Department of Management and the City. Does not include Levies or Collections 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	Levy Year 2019 Taxable Valuation(2)
Leejan Family Limited Partnership d/b/a BPI .....	Building Products Warehouse.....	\$2,451,267
AC Investments LLC.....	Rental Property.....	2,354,494
CFJ Properties .....	Real Estate/Truck Plaza .....	2,086,083
Dean Properties LLC .....	Rental Property.....	1,795,535
Rydell Warehousing LLC.....	Automotive Supplies Warehouse .....	1,712,601
Individual .....	Real Property.....	1,554,532
Fareway Stores, Inc.....	Grocery Store .....	1,419,732
MidAmerican Energy .....	Electric Utility.....	1,192,151
Evansdale Senior Residences LLC.....	Senior Housing.....	1,178,725
Kwik Trip Inc.....	Gas Station.....	1,037,997
Total .....		\$16,783,117
Ten Largest Taxpayers as Percent of City's 2019 Taxable Valuation (\$145,977,122) .....		11.50%

- Notes: (1) Source: the County. The Taxable Valuations have not been certified as of the date of this Official Statement.  
 (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.

## Levy Limits

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 2015 through levy year 2019 are shown below:

### Property Tax Rates: Levy Years 2015 - 2019(1)(2) (Per \$1,000 Actual Valuation)

	Fiscal Year: Levy Year:	2016/17 2015	2017/18 2016	2018/19 2017	2019/20 2018	2020/21 2019
City:						
General Fund .....	\$	5.50066	6.50727	6.48697	7.69323	6.35901
Emergency Levy .....		0.00000	0.00000	0.00000	0.00000	0.00000
Debt Service Fund .....		0.07829	0.00000	0.00000	0.00000	0.00000
Employee Benefits .....		1.77111	1.07847	1.61303	1.61303	1.58975
Capital Improvement .....		0.00000	0.00000	0.00000	0.00000	0.00000
Other .....		0.06750	0.00000	0.00000	0.00000	0.00000
Total City .....	\$	7.41756	7.58574	8.10000	9.30626	7.94876
Black Hawk County .....	\$	6.44577	6.41507	6.69303	6.30363	6.33625
Waterloo Community School District .....		15.40000	14.98155	14.57188	14.20694	14.20694
Hawkeye Community College .....		0.95088	0.97071	1.01703	1.11803	1.15802
Other .....		0.38227	0.36424	0.34641	0.31688	0.31945
Total Tax Rate .....	\$	30.59648	30.31731	30.72835	31.25174	29.96942

Notes: (1) Source: Iowa Department of Management.  
 (2) Does not include the tax rate for agriculture.

## Tax Levy Procedures

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the City. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bond holders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Notwithstanding the foregoing, Iowa Code section 76.2 provides when an Iowa political subdivision issues bonds, “the 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 auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditor(s) 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.”

## **Utility Property Tax Replacement**

Property owned by entities involved primarily in the production, delivery, service and sale of electricity and natural gas (“Utilities”) pay a replacement tax based upon the delivery of energy by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies by the State Department of Revenue 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. Utility properties paying the replacement tax are exempt from the levy of property tax by political subdivisions. In addition to the replacement tax, 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.

By statute, the replacement tax collected by the State and allocated among local taxing bodies (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. 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 Bonds. Approximately 1% of the City’s levy year 2019 taxable valuation currently is utility property.

## **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 for the purposes of financing designated urban renewal projects which contribute to the urban redevelopment and economic development of the immediate area. The taxable valuation used for this type of TIF district in the City for levy year 2019 was \$20,003,552.

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 Bonds 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 Bonds 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 2019 legislative session, the Iowa General Assembly enacted Senate File 634 (the “2019 Act”). This bill modifies the process for hearing and approval of the total maximum property tax dollars under certain levies in the county budget. The bill also includes a provision that will require the affirmative vote of 2/3 of the City Council when the maximum property tax dollars under these levies exceed an amount determined under a prescribed formula.

The 2019 Act does not change the process for hearing and approval of the Debt Service Levy pledged for repayment of the Bonds. It is too early to evaluate the affect the 2019 Act will have on the overall financial position of the City or its ability to fund essential services.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the “2013 Act”). Among other things, the Act (i) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigned a “rollback” (the percentage of a property’s value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) created a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) and assigned a declining rollback percentage to such properties for each 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) exempted 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. 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%, the gradual transition for multi-residential properties from 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 2013 Act on the City’s future property tax collections is uncertain and the City has not attempted to quantify the financial impact of the 2013 Act’s provisions on the City’s future operations.

Notwithstanding any decrease in property tax revenues that may result from the 2013 Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues 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 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.

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## **FINANCIAL INFORMATION**

### **Financial Reports**

The City's financial statements are audited annually by certified public accountants. 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 U.S. 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 are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended June 30, 2019 (the "2019 Audit"). The 2019 Audit has been prepared by Office of Auditor State of Iowa, Des Moines, Iowa, (the "Auditor"), and received by the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information and the 2019 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information and the 2019 Audit in this Official Statement. The inclusion of the Excerpted Financial Information and the 2019 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2019 Audit. Questions or inquiries relating to financial information of the City since the date of the 2019 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 the City's 2019 Audit. The City's expects its General Fund balance for the fiscal year ending June 30, 2020 to increase by approximately \$325,000. The City has approved a budget for fiscal year 2021 with an anticipated decrease to the General Fund balance of approximately \$112,600. To date, revenues and expenditures are generally within budgeted amounts.

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

	Audited Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
<b>FUNCTIONS/PROGRAMS:</b>					
Governmental Activities:					
Public Safety .....	\$ (761,474)	\$ (862,437)	\$ (902,312)	\$ (874,276)	\$ (895,735)
Public Works .....	(146,467)	(165,397)	(108,904)	(556,447)	(172,270)
Health and Social Services .....	(17,133)	(17,183)	(18,049)	(18,248)	(18,556)
Culture and Recreation .....	(35,192)	(8,671)	(121,360)	(172,757)	(47,673)
Community and Economic Development .....	(31,598)	(13,847)	(27,653)	(19,906)	(7,547)
General Government .....	(322,904)	(284,119)	(489,219)	(617,259)	(388,943)
Debt Service .....	(682,115)	(468,188)	(625,872)	(705,458)	(916,908)
Capital Projects .....	(8,512)	(876,337)	(1,048,345)	(1,633,958)	(10,119)
Total Governmental Activities .....	<u>\$(2,005,395)</u>	<u>\$(2,696,179)</u>	<u>\$(3,341,714)</u>	<u>\$(4,598,309)</u>	<u>\$(2,457,751)</u>
<b>GENERAL RECEIPTS AND TRANSFERS:</b>					
Property and Other City Tax Levied For:					
General Purposes .....	\$ 924,853	\$ 947,565	\$ 968,831	\$ 1,070,720	\$ 1,068,461
Debt Service .....	6,417	87	11,064	100	0
Tax Increment Financing .....	228,966	236,021	507,973	371,403	589,865
Local Option Sales Tax .....	549,321	547,464	609,966	539,067	591,250
Commercial/Industrial Tax Replacement .....	0	23,098	17,083	17,702	21,639
Unrestricted Interest on Investments .....	14,710	23,358	18,589	21,696	26,802
Bond Proceeds (Net) .....	1,977,547	109,657	0	2,012,431	0
Miscellaneous .....	28,299	27,414	85,020	26,115	16,497
Sale of Capital Assets .....	1,052	925	50,000	1,351	80,000
Transfers .....	378,845	187,499	190,790	115,369	213,267
Total General Receipts and Transfers .....	<u>\$ 4,110,010</u>	<u>\$ 2,103,088</u>	<u>\$ 2,459,316</u>	<u>\$ 4,175,954</u>	<u>\$ 2,607,781</u>
<b>CHANGE IN CASH BASIS NET POSITION .....</b>	<b>\$ 2,104,615</b>	<b>\$ (593,091)</b>	<b>\$ (882,398)</b>	<b>\$ (422,355)</b>	<b>\$ 150,030</b>
<b>CASH BASIS NET POSITION, BEGINNING OF YEAR ....</b>	<b><u>\$ 1,717,721</u></b>	<b><u>\$ 3,822,336</u></b>	<b><u>\$ 3,229,245</u></b>	<b><u>\$ 2,346,847</u></b>	<b><u>\$ 1,924,492</u></b>
<b>CASH BASIS NET POSITION, END OF YEAR .....</b>	<b><u>\$ 3,822,336</u></b>	<b><u>\$ 3,229,245</u></b>	<b><u>\$ 2,346,847</u></b>	<b><u>\$ 1,924,492</u></b>	<b><u>\$ 2,074,522</u></b>
<b>CASH BASIS NET POSITION</b>					
Restricted:					
Streets .....	\$ 147,214	\$ 421,331	\$ 373,067	\$ 80,775	\$ 89,916
Urban Renewal Purposes .....	68,373	33,116	101,595	0	0
Debt Service .....	77,268	72,011	71,878	129,559	100,545
Capital Projects .....	2,437,537	1,514,432	665,314	603,160	627,481
Other Purposes .....	483,779	509,518	542,130	612,166	340,995
Customer Deposits .....	142,096	0	0	0	0
Unrestricted .....	<u>466,069</u>	<u>678,837</u>	<u>592,863</u>	<u>498,832</u>	<u>915,585</u>
Total Cash Basis Net Position .....	<u>\$ 3,822,336</u>	<u>\$ 3,229,245</u>	<u>\$ 2,346,847</u>	<u>\$ 1,924,492</u>	<u>\$ 2,074,522</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2015 - 2019.

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

	Audited Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
<b>RECEIPTS:</b>					
Property Tax.....	\$ 623,160	\$ 643,992	\$ 675,405	\$ 857,492	\$ 799,582
Other City Tax.....	63,655	65,474	72,952	69,399	71,066
Licenses and Permits.....	65,507	52,000	62,357	51,727	57,290
Use of Money and Property.....	29,015	37,789	32,894	34,651	38,887
Intergovernmental.....	71,931	139,200	159,912	96,569	156,592
Charges for Service.....	280,943	267,039	341,178	367,072	354,775
Special Assessments.....	185	25	53	50	55
Miscellaneous.....	81,213	35,912	66,688	77,911	69,041
Total Receipts.....	<u>\$1,215,609</u>	<u>\$1,241,431</u>	<u>\$1,411,439</u>	<u>\$1,554,871</u>	<u>\$1,547,288</u>
<b>DISBURSEMENTS:</b>					
Operating:					
Public Safety.....	\$ 789,909	\$ 841,832	\$ 966,870	\$ 919,211	\$ 923,577
Health and Social Services.....	17,133	17,183	18,049	18,248	18,556
Culture and Recreation.....	228,309	217,562	290,728	387,829	302,231
Community and Economic Development.....	2,389	5,000	4,885	4,783	7,619
General Government.....	217,734	218,078	412,799	529,019	290,433
Total Disbursements.....	<u>\$1,255,474</u>	<u>\$1,299,655</u>	<u>\$1,693,331</u>	<u>\$1,859,090</u>	<u>\$1,542,416</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements.....	\$ (39,865)	\$ (58,224)	\$ (281,892)	\$ (304,219)	\$ 4,872
Other Financing Sources (Uses):					
Bond Proceeds.....	\$ 0	\$ 0	\$ 0	\$ 507,501	\$ 0
Sale of Capital Assets.....	1,052	925	50,000	1,351	80,000
Transfers In.....	109,864	129,493	225,918	107,814	331,881
Transfers Out.....	0	0	(80,000)	(408,000)	0
Total Other Financing Sources (Uses).....	<u>\$ 110,916</u>	<u>\$ 130,418</u>	<u>\$ 195,918</u>	<u>\$ 208,666</u>	<u>\$ 411,881</u>
Change in Cash Balances.....	\$ 71,051	\$ 72,194	\$ (85,974)	\$ (95,553)	\$ 416,753
Cash Balances Beginning of Year.....	\$ 537,114	\$ 608,165	\$ 680,359	\$ 594,385	\$ 498,832
Cash Balances End of Year.....	\$ 608,165	\$ 680,359	\$ 594,385	\$ 498,832	\$ 915,585

Note: (1) Source: The City's audited financial statements for fiscal years ending June 30, 2015 - 2019.

**EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS**

**Pensions**

The City participates in two public pension systems, Iowa Public Employee's Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). Summary descriptions of each Plan follows, for more detail as to each available plan see **APPENDIX A – Note 4**.

In fiscal year 2019, pursuant to the IPERS' required rate, the City's Regular employees (members) contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.81% of covered payroll and the City contributed 10.21% for a total rate of 17.02%. The City's contributions to IPERS for the year ended June 30, 2019 were \$61,657. The City's share of the contributions, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to IPERS.

At June 30, 2019, the City reported a liability of \$417,935 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers.

In fiscal year 2019, pursuant to the MFPRSI's required rate, the City's employees (members) contributed 9.40% of earnable compensation and the City contributed 26.02% of covered payroll, for a total rate of 35.42%. The City's contributions to MFPRSI for the year ended June 30, 2019 were \$106,238. The City's share of the contributions, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to MFPRSI.

At June 30, 2019, the City reported a liability of \$712,977 for its proportionate share of the MFPRSI net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers.

### **Other Post-Employment Benefits (OPEB)**

The City operates a single-employer health benefit plan, which includes employees of the Evansdale Water Works and provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. For the year ended June 30, 2019, the City contributed \$164,432. At June 30, 2019, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

See **APPENDIX A – Notes (4) and (5)** herein for further discussion of the City's employee retirement benefit obligations.

### **Defined Benefit Pension Plan – Municipal Fire and Police Retirement System of Iowa**

The City contributes to the Municipal Fire and Police Retirement System of Iowa Plan ("MFPRSI"). Membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

### **Defined Benefit Pension Plan – Iowa Public Employee's Retirement System**

The City also contributes to the Iowa Public Employees' Retirement System ("IPERS"). The City's employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. The City's employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If the City's employee retires before normal retirement age, the employee's monthly retirement benefit will be permanently reduced by an early retirement reduction. IPERS provides pension benefits as well as disability benefits to City employees and benefits to the employees' beneficiaries upon the death of the eligible employee. Additionally, copies of IPERS annual financial report may be obtained from [www.ipers.org](http://www.ipers.org). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the City and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the futures.

The following table sets forth the contributions made by the City and employees to IPERS for the period indicated.

<u>Fiscal Year</u>	<u>% of Payroll Paid by the City</u>	<u>% of Payroll Paid by Employee</u>
2017.....	8.93%	5.95%
2018.....	8.93%	5.95%
2019.....	9.44%	6.29%
2020.....	9.44%	6.29%
2021.....	9.44%	6.29%

The City cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for fiscal years ended June 30, 2015 through, and including, 2019 (collectively, the “IPERS CAFRs (2015-2019)”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports (2015-2019)”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

<u>Valuation Date</u>	<u>Actuarial Value of Assets [a]</u>	<u>Market Value of Assets [b]</u>	<u>Actuarial Accrued Liability [c]</u>	<u>Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]</u>	<u>Funded Ratio (Actuarial Value) [a]/[c]</u>	<u>Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]</u>	<u>Funded Ratio (Market Value) [b]/[c]</u>	<u>Covered Payroll [d]</u>	<u>UAAL as a Percentage of Covered (Actuarial Value) {[b-a]/[c]}</u>
2015.....	\$27,915,379,103	\$28,429,834,829	\$33,370,318,731	\$5,454,939,628	83.65%	\$4,940,483,902	85.19%	\$7,326,348,141	74.46%
2016.....	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86%	6,293,315,491	81.82%	7,556,515,720	73.92%
2017.....	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39%	6,661,265,703	82.21%	7,863,160,443	88.62%
2018.....	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36%	6,328,245,058	83.62%	7,983,219,527	85.37%
2019.....	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73%	5,790,658,066	85.45%	8,151,043,468	79.46%

Source: IPERS Reports.

According to IPERS, the market value investment return on program assets is as follows:

<u>Fiscal Year Ended June 30</u>	<u>Investment Return %</u>
2015.....	3.96%
2016.....	2.15%
2017.....	11.70%
2018.....	7.97%
2019.....	8.35%

Source: IPERS Reports

Detailed information about the pension plan’s fiduciary net position is available in the separately issue IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

Bond Counsel, the City and the Municipal 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 Auditor of State’s website or links to other website site or links to other websites through the IPERS website.

## **REGISTRATION, TRANSFER AND EXCHANGE**

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

The City shall cause books (the “Bond Register”) for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. The City will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond 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 Bond Resolution. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the City shall execute and the Bond 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 Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

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

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the fifteenth day of the month next preceding an interest payment date on such bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond 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 Bonds 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 Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond 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 Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

## **TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A BONDS)**

### **Tax Exemption**

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the “Code”).

The opinions set forth in the preceding sentence will be subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Tax-Exempt Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Tax-Exempt Bonds. In the Resolution, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Tax-Exempt Bonds by certain taxpayers, including without limitation, corporations subject to the branch profit tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and 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 express no opinion with respect to other federal tax consequences to owners of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult with their tax advisors as to such matters.

### **Proposed Changes in Federal Tax Law**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Tax-Exempt Bonds or otherwise prevent holders of the Tax-Exempt Bonds from realizing the full benefit of the tax exemption of interest on the Tax-Exempt Bonds. Further, such proposals may impact the marketability or market value of the Tax-Exempt Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Tax-Exempt Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Tax-Exempt Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Tax-Exempt Bonds would be impacted thereby.

Purchasers of the Tax-Exempt Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Tax-Exempt Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

### **Qualified Tax-Exempt Obligations**

In the Resolution, the City will designate the Tax-Exempt Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations. In the opinion of Bond Counsel, the Tax-Exempt Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

### **State of Iowa Tax Exemption**

The opinion of Bond Counsel will also state that the interest on the Tax-Exempt Bonds is exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Chapter 422 of the Code of Iowa, as amended, and will not be included in “adjusted current earnings” to be used in computing the “state alternative minimum taxable income” of corporations for purposes of section 422.33 of the Code of Iowa, as amended. Interest on the Tax-Exempt Bonds is subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Chapter 422 of the Code of Iowa, as amended.

## Original Issue Premium

The Tax-Exempt Bonds maturing in the years \_\_\_\_\_, inclusive, are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire the Tax-Exempt Bonds at a premium must, from time to time, reduce their federal tax bases for the Tax-Exempt Bonds for purposes of determining gain or loss on the sale or payment of such Tax-Exempt Bonds. Premium generally is amortized for federal income tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Tax-Exempt Bonds at a premium might recognize taxable gain upon sale of the Tax-Exempt Bonds, even if such Tax-Exempt Bonds are sold for an amount equal to or less than their any original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Tax-Exempt Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Tax-Exempt Bonds acquired at a premium.

## Original Issue Discount

The Tax-Exempt Bonds maturing in the years \_\_\_\_\_ (collectively, the "Discount Bonds") are being sold at a discount from the principal amount payable on such Tax-Exempt Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner's federal tax basis in determining gain or loss upon disposition of such Discount Bonds (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Discount Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

An owner of a Discount Bond who disposes of such Discount Bond prior to maturity should consult owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different than the Issue Price should consult their own tax advisor with respect to the tax consequences of the ownership of Discount Bonds.

The Code contains provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bond such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Original issue discount that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences to certain taxpayers. No opinion is expressed as to state and local income tax treatment of original issue discount. All owners of Discount Bonds should consult their own tax advisors with respect to the federal, state, local and foreign tax consequences associated with the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

## 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 form of Bond Counsel opinion for the Tax-Exempt Bonds.

### **TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)**

Interest on the Taxable Bonds is not excluded from gross income of owners thereof for federal income tax purposes. The opinion of Bond Counsel will also state that the interest on the Taxable Bonds is exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Chapter 422 of the Code of Iowa, as amended, and will not be included in "adjusted current earnings" to be used in computing the "state alternative minimum taxable income" of corporations for purposes of section 422.33 of the Code of Iowa, as amended. Interest on the Taxable Bonds is subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Chapter 422 of the Code of Iowa, as amended.

Prospective purchasers should consult with their own tax advisors concerning the federal, state, and local tax consequences of the purchase, ownership, and disposition of the Taxable Bonds, including, without limitation, the additional tax on net investment income, anticipated and potential changes in tax rates on interest income, the treatment of interest in other jurisdictions, the calculation and timing of the inclusion of interest in income, the tax consequences of dispositions of Taxable Bonds at a gain or loss and the determination of the amount thereof, and rules applicable if Taxable Bonds are issued or acquired at a premium or discount from their face amount (including possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Taxable Bonds, and the amortization of bond premium).

Payments of interest on the Taxable Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Taxable Bonds are expected to be reported to the Internal Revenue Service as required under applicable Treasury Regulations. Backup withholding may apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Non-U.S. holders and holders who receive payments through non-U.S. entities may also be subject to withholding tax in certain circumstances.

## 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 form of Bond Counsel opinion for the Taxable Bonds.

## CONTINUING DISCLOSURE

For the purpose of complying with Rule 15c2-12 of the Securities Exchange Commission, as amended and interpreted from time to time (the “Rule”), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the “Disclosure Covenants”). The information to be provided on an annual basis, and the events as to which notice is to be given, is set forth in “**APPENDIX D – Form of Continuing Disclosure Certificate**”. This covenant is being made by the City to assist the Underwriter(s) in complying with the Rule.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or Resolution, respectively. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

Pursuant to the Rule, in the last five years, the City believes it has complied in all material respects with regard to its prior Disclosure Covenants.

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

## OPTIONAL REDEMPTION

Tax-Exempt Bonds due June 1, 2024 - 2028 inclusive, are not subject to optional redemption. Tax-Exempt Bonds due June 1, 2029 - 2039, inclusive, are callable in whole or in part on any date on or after June 1, 2028, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Tax-Exempt Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Tax-Exempt Bonds to be called has been reached.

Taxable Bonds due June 1, 2023 - 2028 inclusive, are not subject to optional redemption. Taxable Bonds due June 1, 2029 - 2039, inclusive, are callable in whole or in part on any date on or after June 1, 2028, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Taxable Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Taxable Bonds to be called has been reached.

If less than all of the maturity is called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

Thirty days’ written notice of redemption shall be given to the registered owner of the Bond. Failure to give written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment. Written notice will be deemed completed upon transmission to the owner of record.

## 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. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see **“TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A)”** and **“TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)”** herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a forms of which is attached hereto as **APPENDIX C**. Signed copies of the opinions, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

The legal opinion to be delivered will express the professional judgment of Bond Counsel and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

Bond Counsel has not been engaged, nor has it undertaken, to prepare or to independently verify the accuracy of the Official Statement, including but not limited to financial or statistical information of the City and risks associated with the purchase of the Bonds, except Bond Counsel has reviewed the information and statements contained in the Official Statement under, **“TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A)”** and **“TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)”** and **“LEGAL MATTERS”**, insofar as such statements contained under such captions purport to summarize certain provisions of the Internal Revenue Code of 1986, the Bonds and any opinions rendered by Bond Counsel. Bond Counsel has prepared the documents contained in **APPENDIX C** and **APPENDIX D**.

## OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. 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.

This Official Statement is not to be construed as a contract or agreement amongst the City, the Underwriter, or the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Official Statement or the sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The information contained in this Official Statement is not guaranteed.

## INVESTMENT RATING

The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its 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 Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

## UNDERWRITING

The Tax-Exempt Bonds were offered for sale by the City at a public, competitive sale on September 1, 2020. The best bid submitted at the sale was submitted by \_\_\_\_\_ (the “Tax-Exempt Underwriter”). The City awarded the contract for sale of the Tax-Exempt Bonds to the Tax-Exempt Underwriter at a price of \$ \_\_\_\_\_ (reflecting the par amount of \$ \_\_\_\_\_, plus a reoffering premium of \$ \_\_\_\_\_, and less an Underwriter’s discount of \$ \_\_\_\_\_). The Tax-Exempt Underwriter has represented to the City that the Tax-Exempt Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

The Taxable Bonds were offered for sale by the City at a public, competitive sale on September 1, 2020. The best bid submitted at the sale was submitted by \_\_\_\_\_ (the “Taxable Underwriter”). The City awarded the contract for sale of the Taxable Bonds to the Taxable Underwriter at a price of \$ \_\_\_\_\_ (reflecting the par amount of \$ \_\_\_\_\_, plus a reoffering premium of \$ \_\_\_\_\_, and less an Underwriter’s discount of \$ \_\_\_\_\_). The Taxable Underwriter has represented to the City that the Taxable Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

## MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal 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 Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal 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 Official Statement, nor is the Municipal Advisor obligated by the City’s continuing disclosure undertaking.

## CERTIFICATION

We have examined this Official Statement dated August \_\_, 2020, for the \$2,265,000\* General Obligation Urban Renewal Bonds, Series 2020A and \$2,235,000 Taxable General Obligation Urban Renewal Bonds, Series 2020B, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge, information and belief, information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds 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/ **DEANNE KOBLISKA**  
*City Clerk*  
CITY OF EVANSDALE  
Black Hawk County, Iowa

/s/ **TROY BEATTY**  
*Mayor*  
CITY OF EVANSDALE  
Black Hawk County, Iowa

*\*Subject to change.*

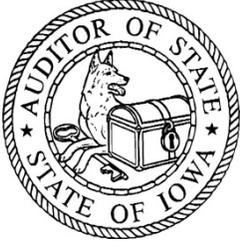
*City of Evansdale, Black Hawk County, Iowa*  
*\$2,265,000\* General Obligation Urban Renewal Bonds, Series 2020A*  
*\$2,235,000\* Taxable General Obligation Urban Renewal Bonds, Series 2020B*

**APPENDIX A**

**CITY OF EVANSDALE  
BLACK HAWK COUNTY, IOWA**

**FISCAL YEAR 2019 AUDITED FINANCIAL STATEMENTS**

**City of Evansdale**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

May 19, 2020

Officials of the City of Evansdale  
Evansdale, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Evansdale, Iowa for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Evansdale throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand".

Rob Sand  
Auditor of State

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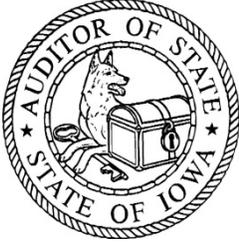
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**City of Evansdale**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Faas	Mayor	Jan 2020
Gene Walker	Mayor Pro tem	Jan 2022
Kenny Loftus	Council Member	Jan 2020
Steven Seible	Council Member	Jan 2020
Lynn Bender	Council Member	Jan 2022
Dick Dewater	Council Member	Jan 2022
DeAnne Kobliska	City Clerk	Jan 2020
Julie Eastman	Deputy Clerk	Indefinite
Laura Folkerts	Attorney	Jan 2020

**City of Evansdale**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Evansdale, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and qualified audit opinions.

## Opinions

### *Basis for Qualified Opinion on the Governmental Activities and the Aggregate Remaining Fund Information*

The financial statements do not include financial data for one of the City's legally separate component units, the City of Evansdale Volunteer Fire Department Association. The amounts by which this omission would affect the receipts, disbursements and cash balances of the governmental activities and the aggregate remaining fund information has not been determined.

### *Qualified Opinion*

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion the Governmental Activities and the Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, the financial position of the governmental activities and the aggregate remaining fund information of the City of Evansdale as of June 30, 2019, and the changes in its cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

### *Unmodified Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the business type activities, the discretely presented component unit and each major fund of the City of Evansdale as of June 30, 2019, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## Basis of Accounting

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

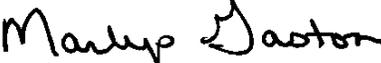
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Evansdale's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2018 (which are not presented herein) and expressed a qualified opinion on the governmental activities and the aggregate remaining fund information due to the omission of the Evansdale Volunteer Fire Department Association from the City's financial statements and unmodified opinions on the financial statements of the business type activities, the discretely presented component unit and each major fund which were prepared on the basis of cash receipts and disbursements. The financial statements for the five years ended June 30, 2014 (which are not presented herein) were audited by another auditor who expressed modified opinions on those financial statements for the two years ended June 30, 2014 and June 30, 2013 and unmodified opinions for the three years ended June 30, 2012. The financial statements during those five years were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, except for the effects of not including the financial data of the City of Evansdale Volunteer Fire Department Association as described in the “Basis for Qualified Opinion on the Governmental Activities and the Aggregate Remaining Fund Information” paragraph on the preceding page, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the Budgetary Comparison Information, the Schedule of the City’s Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 34 through 41, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2020 on our consideration of the City of Evansdale’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Evansdale’s internal control over financial reporting and compliance.

  
Marlys K. Gaston, CPA  
Deputy Auditor of State

May 19, 2020

**City of Evansdale**

## **Basic Financial Statements**

City of Evansdale

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2019

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government</b>				
Governmental activities:				
Public safety	\$ 1,228,496	293,214	39,547	-
Public works	787,547	1,516	613,761	-
Health and social services	18,556	-	-	-
Culture and recreation	315,416	137,204	52,789	77,750
Community and economic development	9,857	-	-	2,310
General government	419,896	24,081	6,872	-
Debt service	916,908	-	-	-
Capital projects	48,761	-	-	38,642
Total governmental activities	3,745,437	456,015	712,969	118,702
Business type activities:				
Sewer	560,848	556,680	-	-
Sanitation/recycling	265,275	269,843	19,004	-
Storm water	23,455	24,448	-	-
Total business type activities	849,578	850,971	19,004	-
Total primary government	\$ 4,595,015	1,306,986	731,973	118,702
<b>Component Unit:</b>				
Evansdale Water Works	\$ 531,057	526,539	-	-
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
Miscellaneous				
Sale of capital assets				
Primary government transfers				
Component unit transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<b>Cash Basis Net Position</b>				
Restricted:				
Streets				
Debt service				
Capital projects				
Other purposes				
Customer deposits				
Unrestricted				
<b>Total cash basis net position</b>				
See notes to financial statements.				

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
Governmental Activities	Business Type Activities	Total	Component Unit Evansdale Water Works
(895,735)	-	(895,735)	
(172,270)	-	(172,270)	
(18,556)	-	(18,556)	
(47,673)	-	(47,673)	
(7,547)	-	(7,547)	
(388,943)	-	(388,943)	
(916,908)	-	(916,908)	
(10,119)	-	(10,119)	
<u>(2,457,751)</u>	<u>-</u>	<u>(2,457,751)</u>	
-	(4,168)	(4,168)	
-	23,572	23,572	
-	993	993	
<u>-</u>	<u>20,397</u>	<u>20,397</u>	
<u>(2,457,751)</u>	<u>20,397</u>	<u>(2,437,354)</u>	
			<u>4,518</u>
1,068,461	-	1,068,461	-
589,865	-	589,865	-
591,250	-	591,250	-
21,639	-	21,639	-
26,802	-	26,802	6,079
16,497	7,779	24,276	41,376
80,000	-	80,000	-
111,795	(111,795)	-	-
101,472	-	101,472	(101,472)
<u>2,607,781</u>	<u>(104,016)</u>	<u>2,503,765</u>	<u>(54,017)</u>
150,030	(83,619)	66,411	(58,535)
<u>1,924,492</u>	<u>628,112</u>	<u>2,552,604</u>	<u>489,171</u>
<u>\$ 2,074,522</u>	<u>544,493</u>	<u>2,619,015</u>	<u>430,636</u>
89,916	-	89,916	-
100,545	-	100,545	-
627,481	-	627,481	2,238
340,995	-	340,995	-
-	-	-	102,448
<u>915,585</u>	<u>544,493</u>	<u>1,460,078</u>	<u>325,950</u>
<u>\$ 2,074,522</u>	<u>544,493</u>	<u>2,619,015</u>	<u>430,636</u>

City of Evansdale

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2019

	Special Revenue			
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax
Receipts:				
Property tax	\$ 799,582	-	197,813	-
Tax increment financing	-	-	-	-
Other city tax	71,066	-	-	591,250
Licenses and permits	57,290	-	-	-
Use of money and property	38,887	-	-	-
Intergovernmental	156,592	613,761	4,309	-
Charges for service	354,775	-	-	-
Special assessments	55	-	-	-
Miscellaneous	69,041	-	5,136	-
Total receipts	1,547,288	613,761	207,258	591,250
Disbursements:				
Operating:				
Public safety	923,577	-	304,919	-
Public works	-	604,620	-	-
Health and social services	18,556	-	-	-
Culture and recreation	302,231	-	13,185	-
Community and economic development	7,619	-	-	-
General government	290,433	-	78,781	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	1,542,416	604,620	396,885	-
Excess of receipts over disbursements	4,872	9,141	(189,627)	591,250
Other financing sources (uses):				
Sale of capital assets	80,000	-	-	-
Transfers in	331,881	-	130,890	-
Transfers out	-	-	-	(591,250)
Component unit transfers in	-	-	-	-
Total other financing sources (uses)	411,881	-	130,890	(591,250)
Change in cash balances	416,753	9,141	(58,737)	-
Cash balances beginning of year	498,832	80,775	199,651	-
Cash balances end of year	\$ 915,585	89,916	140,914	-
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Streets	\$ -	89,916	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	140,914	-
Assigned for various purposes	144,381	-	-	-
Unassigned	771,204	-	-	-
Total cash basis fund balances	\$ 915,585	89,916	140,914	-

See notes to financial statements.

Tax-Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
-	-	-	-	997,395
589,865	-	-	-	589,865
-	-	-	-	662,316
-	-	-	-	57,290
2,230	-	-	-	41,117
-	-	38,641	2,310	815,613
-	-	-	-	354,775
-	-	422	-	477
-	-	6,853	2,322	83,352
592,095	-	45,916	4,632	3,602,200
-	-	-	-	1,228,496
-	-	182,927	-	787,547
-	-	-	-	18,556
-	-	-	-	315,416
-	-	-	2,238	9,857
-	-	-	50,682	419,896
-	916,908	-	-	916,908
-	-	48,761	-	48,761
-	916,908	231,688	52,920	3,745,437
592,095	(916,908)	(185,772)	(48,288)	(143,237)
-	-	-	-	80,000
-	804,476	295,625	49,485	1,612,357
(610,149)	-	(85,532)	(213,631)	(1,500,562)
-	101,472	-	-	101,472
(610,149)	905,948	210,093	(164,146)	293,267
(18,054)	(10,960)	24,321	(212,434)	150,030
68,651	60,908	603,160	412,515	1,924,492
50,597	49,948	627,481	200,081	2,074,522
-	-	-	-	89,916
50,597	49,948	-	-	100,545
-	-	627,481	-	627,481
-	-	-	200,081	340,995
-	-	-	-	144,381
-	-	-	-	771,204
50,597	49,948	627,481	200,081	2,074,522

**City of Evansdale**

City of Evansdale

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2019

	Enterprise			Total
	Sewer	Sanitation/ Recycling	Storm Water	
Operating receipts:				
Charges for service	\$ 556,680	269,843	24,448	850,971
Miscellaneous	1,175	6,604	-	7,779
Total operating receipts	557,855	276,447	24,448	858,750
Operating disbursements:				
Business type activities	499,948	265,275	23,455	788,678
Excess of operating receipts over operating disbursements	57,907	11,172	993	70,072
Non-operating receipts (disbursements):				
Intergovernmental	-	19,004	-	19,004
Capital outlay	(60,900)	-	-	(60,900)
Total non-operating receipts (disbursements)	(60,900)	19,004	-	(41,896)
Excess (deficiency) of receipts over (under) disbursements	(2,993)	30,176	993	28,176
Transfers out	(111,795)	-	-	(111,795)
Change in cash balances	(114,788)	30,176	993	(83,619)
Cash balances beginning of year	370,144	215,935	42,033	628,112
Cash balances end of year	\$ 255,356	246,111	43,026	544,493
<b>Cash Basis Fund Balances</b>				
Unrestricted	\$ 255,356	246,111	43,026	544,493

See notes to financial statements.

City of Evansdale

Notes to Financial Statements

June 30, 2019

**(1) Summary of Significant Accounting Policies**

The City of Evansdale is a political subdivision of the State of Iowa located in Black Hawk County. It was first incorporated in 1947 and 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, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer, sanitation/recycling and storm water utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Evansdale has included all funds, organizations, agencies, boards, commissions and authorities, except for the City of Evansdale Volunteer Fire Department Association. 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.

These financial statements present the City of Evansdale (the primary government) and the Evansdale Water Works (a component unit).

Discretely Presented Component Unit

The Evansdale Water Works was established pursuant to Chapter 388 of the Code of Iowa for the operation of the City's Water Works facilities. The Water Works is governed by a three-member Board of Trustees appointed by the City Council. A financial benefit/burden exists between the City and the Water Works in that the City is authorized by statute to issue general obligation debt for a city utility and may certify taxes for the payment of the debt. Complete financial statements can be obtained from the Evansdale Water Works, 123 N Evans Road, Evansdale, Iowa 50707.

Excluded Blended Component Unit

The Evansdale Volunteer Fire Department Association is incorporated under Chapter 504 of the Code of Iowa. Its mission is to prevent and control fires, to provide emergency services and to perform such duties in connection therewith as may be required of it under the control of the Evansdale City Council and such officers that may be elected by the Fire Department from year to year. Contributions are used for training and to purchase items which are not included in the City's budget. The Evansdale Volunteer Fire Department Association is not presented in these financial statements because the information was not made available.

### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Black Hawk County Assessor's Conference Board, Black Hawk County 911 Joint Service Board, Black Hawk County Emergency Management Agency, Iowa Northland Regional Council of Governments, Criminal Justice Information Systems, Black Hawk Consolidated Public Safety Communications Board and the Black Hawk County Solid Waste Management Commission.

### B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary 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 receipts 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 nonfiduciary net position. Net position is reported in the following categories/components:

Restricted net position results when constraints placed on the use of cash balances are either externally imposed or are 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 is often subject to constraints 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 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.

The Employee Benefits Fund is used to account for the collection and use of property tax for pension, retirement and insurance benefits.

The Local Option Sales Tax Fund is used to account for the collection and use of local option sales tax.

The Tax Increment Financing Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

The Enterprise, Sanitation/Recycling Fund accounts for the operation and maintenance of the City's garbage system.

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

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 U.S. generally accepted accounting principles.

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 less-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:

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 are 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.

**(2) Cash and Pooled Investments**

The City’s deposits in banks at June 30, 2019 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 ensure 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.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**(3) Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2020	\$ 830,000	99,443
2021	745,000	83,460
2022	650,000	69,315
2023	525,000	55,278
2024	435,000	43,853
2025-2029	1,284,900	77,735
Total	\$ 4,469,900	429,084

On September 16, 2010, the City issued \$710,000 of general obligation corporate purpose bonds to provide funds for an economic development grant, constructing street improvements and acquiring vehicles for the municipal streets and public works departments. The bonds bear interest ranging from 1.00% to 2.90% per annum and mature on June 1, 2020. During fiscal year 2019, the City paid principal of \$85,000 and interest of \$4,948 on the bonds. The outstanding principal balance at June 30, 2019 was \$90,000.

On January 3, 2012 the City issued \$310,000 of general obligation corporate purpose bonds to provide funds for constructing water system improvements, acquiring water meter reading equipment, acquiring a utility vehicle and acquiring an ambulance and equipment for the fire department. The bonds bear interest ranging from 1.00% to 2.20% per annum and mature on June 1, 2021. During fiscal year 2019, the City paid principal of \$35,000 and interest of \$2,530 on the bonds. The outstanding principal balance at June 30, 2019 was \$80,000.

On July 2, 2013, the City issued \$1,730,000 of general obligation refunding bonds to currently refund the outstanding balance of the City's 2002 general obligation sewer improvement notes. The bonds bear interest at 1.00% to 2.15% per annum and mature on June 1, 2022. During fiscal year 2019, the City paid principal of \$195,000 and interest of \$13,405 on the bonds. The outstanding principal balance at June 30, 2019 was \$550,000.

On May 5, 2015, the City issued \$2,200,000 of general obligation corporate purpose and refunding bonds to provide funds for constructing street, water system, water tower, sanitary sewer system, sidewalk and storm water drainage extensions and improvements, to provide funds for constructing bike trail improvements and to currently refund the outstanding balance of the City's 2007 general obligation economic development bonds. The bonds bear interest at 2.00% to 3.00% per annum and mature on June 1, 2028. During fiscal year 2019, the City paid principal of \$200,000 and interest of \$43,863 on the bonds. The outstanding principal balance at June 30, 2019 was \$1,555,000.

On June 28, 2016, the City issued \$575,000 of general obligation corporate purpose bonds to provide funds for the purchase of a jet truck and a street sweeper for use by the public works department and for constructing improvements and extensions to the Water Works' utility system. The bonds bear interest at 0.90% to 1.55% per annum and mature on June 1, 2023. During fiscal year 2019, the City paid principal of \$95,000 and interest of \$6,252 on the bonds. The outstanding principal balance at June 30, 2019 was \$385,000.

On August 29, 2017, the City issued \$1,500,000 of general obligation corporate purpose bonds to provide funds to pay the costs of constructing street and sanitary sewer system improvements, water system improvements and storm water draining improvements. The bonds bear interest at 1.20% to 2.50% per annum and mature on June 1, 2029. During fiscal year 2019, the City paid principal of \$125,000 and interest of \$30,375 on the bonds. The outstanding principal balance at June 30, 2019 was \$1,364,900.

On August 29, 2017 the City issued \$510,000 of taxable general obligation corporate purpose bonds to provide funds for undertaking the acquisition, demolition and restoration of abandoned, dilapidated and dangerous buildings and properties. The bonds bear interest at 1.90% to 2.80% per annum and mature on June 1, 2025. During fiscal year 2019, the City paid principal of \$65,000 and interest of \$11,835 on the bonds. The outstanding principal balance at June 30, 2019 was \$445,000.

**(4) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member’s beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member’s accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.81% of covered payroll and the City contributed 10.21% of covered payroll, for a total rate of 17.02%.

The City’s contributions to IPERS for the year ended June 30, 2019 totaled \$61,657.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$417,935 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the City’s proportion was 0.006604%, which was an increase of 0.00007% over its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$64,157, \$128,408 and \$81,986, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 759,158	417,935	131,775

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Municipal Fire and Police Retirement System of Iowa (MFPRSI)**

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full-service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4 or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen, and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the

member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service or the member's service retirement benefit calculation amount plus 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2019.

Employer contribution rates are based upon an actuarially determined normal contribution rate and are set by State statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by State statute to be the actuarial liabilities of the plan less current plan assets, with the total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and State appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 26.02% for the year ended June 30, 2019.

The City's contributions to MFPRSI for the year ended June 30, 2019 was \$106,238.

If approved by the State Legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a non-employer contributing entity in accordance with the provisions of Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the year ended June 30, 2019.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$712,977 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2018, the City’s proportion was 0.119747%, which was a decrease of 0.000729% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019 the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$107,533, \$185,354 and \$85,813, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation	3.00%.
Salary increases	4.50 to 15.00%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2017.

Postretirement mortality rates were based on the RP-2014 Blue Collar Combined Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City’s contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, MFPRSI’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 1,189,579	712,977	318,368

MFPRSI’s Fiduciary Net Position – Detailed information about MFPRSI’s fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI’s website at [www.mfprsi.org](http://www.mfprsi.org).

**(5) Other Postemployment Benefits (OPEB)**

Plan Description – The City operates a single-employer health benefit plan, which includes employees of the Evansdale Water Works and provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. For the year ended June 30, 2019, the City contributed \$164,432 and plan members eligible for benefits contributed \$16,675 to the plan. At June 30, 2019, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City of Evansdale and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2019, the City has 17 active and no inactive employees or beneficiaries currently receiving benefit payments.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, compensatory time 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, compensatory time and sick leave payable to employees at June 30, 2019, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 40,000
Compensatory time	17,000
Sick leave	<u>94,000</u>
Total	<u>\$ 151,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2019.

**(7) Interfund Loans**

During the year ended June 30, 2016, the Special Revenue Fund, Home Acres Tax Increment Financing District account within the Special Revenue, Tax Increment Financing Fund advanced/loaned \$30,676 to the New Housing Tax Increment Financing District account, also within the Special Revenue, Tax Increment Financing Fund, for the purpose of making interest payments on the District debt during fiscal years 2016 through 2019. As of June 30, 2019, no repayments of this loan had been made.

During the year ended June 30, 2016, the Home Acres Tax Increment Financing District account within the Special Revenue, Tax Increment Financing Fund advanced/loaned \$8,924 to the Special Revenue Fund, Northwest Tax Increment Financing District account, also within the Special Revenue, Tax Increment Financing Fund, for the purpose of making principal and interest payments on District debt during fiscal year 2019. As of June 30, 2019, no repayments of this loan had been made.

During the year ended June 30, 2018, the General Fund advanced/loaned \$157,517 to the Special Revenue Fund, CDBG Rehab Program for the purpose of making payments to contractors for capital projects. As of June 30, 2019, \$157,517 had been repaid, leaving a balance of \$483.

**(8) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 118,250
	Property Tax Relief Surplus	56,114
	CDBG Rehab Program	<u>157,517</u>
		331,881
Special Revenue:	Special Revenue:	
Employee Benefits	Local Option Sales Tax	130,890
Tort Liability	Local Option Sales Tax	46,485
CDBG Rehab Program	Tax Increment Financing	3,000
Debt Service	Special Revenue:	
	Tax Increment Financing	607,149
	Capital Projects	85,532
	Enterprise:	
	Sewer	<u>111,795</u>
		804,476
Capital Projects	Special Revenue:	
	Local Option Sales Tax	<u>295,625</u>
		<u>\$ 1,612,357</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(9) Risk Management**

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2019 were \$65,119.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000 respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Industrial Development Revenue Bonds**

The City has issued a total of \$12,910,051 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$11,565,349 is outstanding at June 30, 2019. The bonds and related interest are payable solely from the revenues generated by these entities, and the bond principal and interest do not constitute liabilities of the City.

**(11) Subsequent Event**

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City of Evansdale, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the City's operations and finances.

**City of Evansdale**

## **Other Information**

City of Evansdale  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances –  
 Budget and Actual – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2019

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 997,395	-	997,395
Tax increment financing	589,865	-	589,865
Other city tax	662,316	-	662,316
Licenses and permits	57,290	-	57,290
Use of money and property	41,117	-	41,117
Intergovernmental	815,613	19,004	834,617
Charges for service	354,775	850,971	1,205,746
Special assessments	477	-	477
Miscellaneous	83,352	7,779	91,131
Total receipts	<u>3,602,200</u>	<u>877,754</u>	<u>4,479,954</u>
Disbursements:			
Public safety	1,228,496	-	1,228,496
Public works	787,547	-	787,547
Health and social services	18,556	-	18,556
Culture and recreation	315,416	-	315,416
Community and economic development	9,857	-	9,857
General government	419,896	-	419,896
Debt service	916,908	-	916,908
Capital projects	48,761	-	48,761
Business type activities	-	849,578	849,578
Total disbursements	<u>3,745,437</u>	<u>849,578</u>	<u>4,595,015</u>
Excess (deficiency) of receipts over (under) disbursements	(143,237)	28,176	(115,061)
Other financing sources, net	<u>293,267</u>	<u>(111,795)</u>	<u>181,472</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	150,030	(83,619)	66,411
Balances beginning of year	<u>1,924,492</u>	<u>628,112</u>	<u>2,552,604</u>
Balances end of year	<u>\$ 2,074,522</u>	<u>544,493</u>	<u>2,619,015</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
978,151	978,151	19,244
574,729	574,729	15,136
661,162	661,162	1,154
59,174	59,174	(1,884)
30,485	169,511	(128,394)
669,727	763,477	71,140
1,297,605	1,303,405	(97,659)
1,185	1,185	(708)
28,036	58,036	33,095
4,300,254	4,568,830	(88,876)
1,314,965	1,325,413	96,917
1,177,266	1,177,266	389,719
18,753	18,753	197
304,453	379,853	64,437
37,651	37,651	27,794
402,643	436,361	16,465
916,710	916,910	2
-	48,850	89
910,959	1,106,959	257,381
5,083,400	5,448,016	853,001
(783,146)	(879,186)	764,125
-	80,000	101,472
(783,146)	(799,186)	865,597
1,766,907	1,766,907	785,697
983,761	967,721	1,651,294

City of Evansdale

Notes to Other Information – Budgetary Reporting

June 30, 2019

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the discretely presented component unit. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$364,616. The budget amendments are reflected in the final budgeted amounts.

City of Evansdale

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Five Years\*  
(In Thousands)

Other Information

**Iowa Public Employees' Retirement System**

	2019	2018	2017	2016**	2015
City's proportion of the net pension liability	0.006604%	0.006534%	0.007596%	0.006674%	0.008365%
City's proportionate share of the net pension liability	\$ 418	435	478	330	332
City's covered payroll	\$ 578	562	544	658	652
City's proportionate share of the net pension liability as a percentage of its covered payroll	72.32%	77.40%	87.87%	50.15%	50.92%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

**Municipal Fire and Police Retirement System of Iowa**

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.119747%	0.120476%	0.122988%	0.105935%	0.103266%
City's proportionate share of the net pension liability	\$ 713	707	769	498	374
City's covered payroll	\$ 353	341	333	278	263
City's proportionate share of the net pension liability as a percentage of its covered payroll	201.98%	207.33%	230.93%	179.14%	142.21%
Plan fiduciary net position as a percentage of the total pension liability	81.07%	80.60%	78.20%	83.04%	86.27%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

\*\* Effective July 1, 2015, the Evansdale Water Works was reclassified from a blended to a discretely presented component unit and, accordingly, is excluded from this Schedule.

See accompanying independent auditor's report.

City of Evansdale  
 Schedule of City Contributions  
 Iowa Public Employees' Retirement System  
 For the Last Ten Years  
 (In Thousands)

Other Information

**Iowa Public Employee's Retirement System**

	2019	2018	2017	2016**
Statutorily required contribution	\$ 61,657	52,369	50,873	49,105
Contributions in relation to the statutorily required contribution	<u>(61,657)</u>	<u>(52,369)</u>	<u>(50,873)</u>	<u>(49,105)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 647,622	578,154	561,708	544,231
Contributions as a percentage of covered payroll	9.52%	9.06%	9.06%	9.02%

**Municipal Fire and Police Retirement System of Iowa**

	2019	2018	2017	2016
Statutorily required contribution	\$ 106,238	90,632	88,443	92,554
Contributions in relation to the statutorily required contribution	<u>(106,238)</u>	<u>(90,632)</u>	<u>(88,443)</u>	<u>(92,554)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 408,374	352,928	341,213	333,288
Contributions as a percentage of covered payroll	26.01%	25.68%	25.92%	27.77%

\*\* Effective July 1, 2015, the Evansdale Water Works was reclassified from a blended to a discretely presented component unit and, accordingly, is excluded from this Schedule.

See accompanying independent auditor's report.

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2015	2014	2013	2012	2011	2010
59,761	59,199	56,199	52,992	41,863	40,461
(59,761)	(59,199)	(56,199)	(52,992)	(41,863)	(40,461)
-	-	-	-	-	-
658,484	652,292	634,630	639,837	577,939	585,773
9.08%	9.08%	8.86%	8.28%	7.24%	6.91%

2015	2014	2013	2012	2011	2010
84,482	79,430	66,964	69,862	60,077	56,340
(84,482)	(79,430)	(66,964)	(69,862)	(60,077)	(56,340)
-	-	-	-	-	-
277,810	263,713	256,371	282,157	301,894	331,412
30.41%	30.12%	26.12%	24.76%	19.90%	17.00%

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City of Evansdale

Notes to Other Information – Pension Liability

Year ended June 30, 2019

**Iowa Public Employee's Retirement System**

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

City of Evansdale

Notes to Other Information – Pension Liability

Year ended June 30, 2019

**Municipal Fire and Police Retirement System of Iowa**

*Changes of benefit terms:*

There were no significant changes of benefit terms.

*Changes of assumptions:*

The 2018 valuation changed postretirement mortality rates to the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

**City of Evansdale**

## **Supplementary Information**

City of Evansdale

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2019

	Dental Insurance	Tort Liability	Special Property Tax Relief Surplus
Receipts:			
Intergovernmental	\$ -	-	-
Miscellaneous	-	2,322	-
Total receipts	-	2,322	-
Disbursements:			
Operating:			
Community and economic development	-	-	-
General government	-	50,682	-
Total disbursements	-	50,682	-
Excess (deficiency) of receipts over (under) disbursements	-	(48,360)	-
Other financing sources (uses):			
Transfers in	-	46,485	-
Transfers out	-	-	(56,114)
Total transfers in (out)	-	46,485	(56,114)
Change in cash balances	-	(1,875)	(56,114)
Cash balances beginning of year	81	1,875	56,114
Cash balances end of year	\$ 81	-	-
<b>Cash Basis Fund Balances</b>			
Restricted for other purposes	\$ 81	-	-

See accompanying independent auditor's report.

Revenue

Police Retirement	CDBG Rehab Program	Total
-	2,310	2,310
-	-	2,322
-	2,310	4,632
-	2,238	2,238
-	-	50,682
-	2,238	52,920
-	72	(48,288)
-	3,000	49,485
-	(157,517)	(213,631)
-	(154,517)	(164,146)
-	(154,445)	(212,434)
200,000	154,445	412,515
200,000	-	200,081
200,000	-	200,081

City of Evansdale  
 Schedule of Indebtedness  
 Year ended June 30, 2019

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Essential corporate purpose	Sep 16, 2010	1.00-2.90%	\$ 710,000
Essential corporate purpose	Jan 3, 2012	1.00-2.20	310,000
Essential corporate purpose	Jul 2, 2013	1.00-2.15	1,730,000
Essential corporate purpose	May 5, 2015	2.00-3.00	2,200,000
Essential corporate purpose	Jun 28, 2016	0.90-1.55	575,000
Essential corporate purpose	Aug 29, 2017	1.20-2.50	1,500,000
Essential corporate purpose	Aug 29, 2017	1.90-2.80	510,000
Total			

See accompanying independent auditor's report.

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Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
175,000	-	85,000	90,000	4,948
115,000	-	35,000	80,000	2,530
745,000	-	195,000	550,000	13,405
1,755,000	-	200,000	1,555,000	43,863
480,000	-	95,000	385,000	6,252
1,489,900	-	125,000	1,364,900	30,375
510,000	-	65,000	445,000	11,835
<u>\$ 5,269,900</u>	-	800,000	4,469,900	113,208

City of Evansdale  
 Bond and Note Maturities  
 June 30, 2019

Year Ending June 30,	General Obligation							
	Essential Corporate Purpose Issued Sep 16, 2010		Essential Corporate Purpose Issued Jan 3, 2012		Essential Corporate Purpose Issued Jul 2, 2013		Essential Corporate Purpose Issued May 5, 2015	
	Interest		Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2020	2.90%	\$ 90,000	2.20%	\$ 40,000	1.70%	\$ 210,000	2.00%	\$ 200,000
2021		-	2.20	40,000	1.95	200,000	2.00	210,000
2022		-		-	2.15	140,000	2.50	210,000
2023		-		-		-	2.50	215,000
2024		-		-		-	2.75	225,000
2025		-		-		-	3.00	225,000
2026		-		-		-	3.00	200,000
2027		-		-		-	3.00	35,000
2028		-		-		-	3.00	35,000
2029		-		-		-		-
Total		<u>\$ 90,000</u>		<u>\$ 80,000</u>		<u>\$ 550,000</u>		<u>\$ 1,555,000</u>

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Bonds

Essential Corporate Purpose		Essential Corporate Purpose		Essential Corporate Purpose		
Issued Jun 28, 2016		Issued Aug 29, 2017		Issued Aug 29, 2017		
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
1.15%	\$ 95,000	2.00%	\$ 125,000	1.90%	\$ 70,000	830,000
1.30	95,000	2.00	130,000	1.90	70,000	745,000
1.45	95,000	2.00	130,000	2.40	75,000	650,000
1.55	100,000	2.00	135,000	2.40	75,000	525,000
	-	2.00	135,000	2.80	75,000	435,000
	-	2.00	140,000	2.80	80,000	445,000
	-	2.05	140,000			340,000
	-	2.20	145,000			180,000
	-	2.35	140,000			175,000
	-	2.50	144,900			144,900
	<u>\$ 385,000</u>		<u>\$ 1,364,900</u>		<u>\$ 445,000</u>	<u>4,469,900</u>

City of Evansdale

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Ten Years

	2019	2018	2017	2016
<b>Receipts:</b>				
Property tax	\$ 997,395	1,001,421	906,943	882,178
Tax increment financing	589,865	371,403	507,973	236,021
Other city tax	662,316	608,466	682,918	612,938
Licenses and permits	57,290	51,727	62,357	52,000
Use of money and property	41,117	36,001	32,894	37,789
Intergovernmental	815,613	951,934	2,523,755	745,551
Charges for service	354,775	367,072	341,178	267,039
Special assessments	477	1,616	245	261
Miscellaneous	83,352	88,763	138,409	131,091
<b>Total</b>	<b>\$ 3,602,200</b>	<b>3,478,403</b>	<b>5,196,672</b>	<b>2,964,868</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	1,228,496	1,189,544	1,229,513	1,107,970
Public works	787,547	1,182,647	821,050	814,385
Health and social services	18,556	18,248	18,049	17,183
Culture and recreation	315,416	398,495	301,618	228,203
Community and economic development	9,857	136,055	27,653	26,022
General government	419,896	641,148	518,991	317,752
Debt service	916,908	705,458	625,872	468,188
Capital projects	48,761	1,758,314	2,777,114	876,337
<b>Total</b>	<b>\$ 3,745,437</b>	<b>6,029,909</b>	<b>6,319,860</b>	<b>3,856,040</b>

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
867,615	779,245	832,750	707,966	658,967	722,822
228,966	252,905	316,678	432,122	527,155	357,693
612,976	654,613	593,966	648,463	596,158	574,534
65,507	54,907	55,603	45,854	50,114	53,730
29,015	27,648	31,604	32,988	26,345	43,373
574,125	676,683	599,223	923,676	1,470,318	1,203,268
280,943	265,205	283,424	283,594	261,967	236,937
2,602	2,673	9,111	1,922	-	-
101,484	85,383	96,225	241,253	405,803	284,497
<u>2,763,233</u>	<u>2,799,262</u>	<u>2,818,584</u>	<u>3,317,838</u>	<u>3,996,827</u>	<u>3,476,854</u>
1,046,834	1,047,850	1,006,111	1,008,844	1,162,243	974,691
652,722	898,838	655,573	594,387	1,602,296	605,309
17,133	16,787	15,705	-	20,256	19,519
239,664	229,918	272,425	318,416	235,863	185,530
31,598	2,500	4,632	217,338	773,567	555,335
337,484	347,148	304,788	325,253	430,371	453,568
682,115	2,489,309	844,973	608,018	539,111	537,626
8,512	-	-	-	-	-
<u>3,016,062</u>	<u>5,032,350</u>	<u>3,104,207</u>	<u>3,072,256</u>	<u>4,763,707</u>	<u>3,331,578</u>



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the city of Evansdale, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 19, 2020. Our report expressed a qualified opinion on the aggregate remaining fund information due to the omission of the Evansdale Volunteer Fire Department Association. Our report expressed unmodified opinions on the financial statements of the governmental activities, the business type activities, the discretely presented component unit and each major fund of the City of Evansdale which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Evansdale's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the city of Evansdale's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Evansdale's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Evansdale's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (B) and (C) to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the city of Evansdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

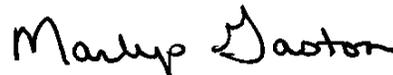
### City of Evansdale's Responses to the Findings

The City of Evansdale's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Evansdale's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Evansdale during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Marlys K. Gaston, CPA  
Deputy Auditor of State

May 19, 2020

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Evansdale Friends of the Library

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City’s financial statements.

Condition – All accounting functions are handled by one or two individuals without adequate compensating controls.

Cause – The Friends of the Library has a limited number of individuals and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Friends of the Library’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by individuals in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, the Friends of the Library should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff.

Response – The Friends of the Library understand the importance of segregating duties and will, to the best of our ability, continue to explore ways to segregate duties to the extent possible.

Conclusion – Response accepted.

(B) Capital Projects

Criteria – The City Council has a fiduciary responsibility to provide oversight of the City’s capital projects including awarding of contracts, review and approval of change orders if adjustments to original contract amounts are necessary, and approval of payments to contractors.

Condition – During the fiscal year, payments made to a contractor exceeded the approved capital project contract amount by \$4,000.

Cause – The City did not require change orders for capital projects to be approved by City Council in writing.

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

Effect – The City’s contract payments for a capital project exceeded the amount approved.

Recommendation – The City should implement procedures to ensure payments on contracts for capital projects do not exceed the approved contract amount plus change orders.

Response – The City will ensure all change orders are approved by City Council in the future.

Conclusion – Response accepted.

(C) Disbursements

Criteria – An effective internal control system provides for internal controls related to ensuring all disbursements are properly supported and invoices are cancelled to prevent use.

Condition – Four transactions for the Friends of the Park, disbursed prior to the records becoming a part of the City, were not properly supported. The purpose for the disbursements was obtained from the City.

<u>Paid To</u>	<u>Purpose</u>	<u>Amount</u>
Campbell Supply	Nuts and bolts for picnic table	\$ 22
P & K Implement	Mower parts	196
Weber Paper	Toilet paper for parks	175
Jan Nichols	Shower curtains	94

Cause – The Friends of the Park separately maintained records did not require supporting documentation to be retained for disbursements.

Effect – The lack of proper supporting documentation for disbursements could adversely affect the ability to prevent or detect misstatements, error or misappropriation on a timely basis.

Recommendation – All disbursements should be supported by invoices or other supporting documentation.

Response – The Friends of the Park no longer has separately maintained records and is subject to City policy and procedures requiring supporting documentation.

Conclusion – Response accepted.

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2019 did not exceed the amounts budgeted.
- (2) Questionable Disbursements – During the fiscal year ended June 30, 2019, the City provided the following donations to private, non-profit organizations:

Paid to	Purpose	Amount
Operation Threshold	Donation to non-profit organization	\$ 2,411
Volunteer Center of Cedar Valley	Donation to the Black Hawk mayors' volunteer luncheon	575
Boys and Girls Club	Donation to non-profit organization	2,500

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to private, non-profit corporations. Article III, Section 31 of the Constitution of the State of Iowa states "...no public money or property shall be appropriated for local or private purposes, unless such appropriation, compensation or claim be allowed by two-thirds of the members elected to each branch of the General Assembly."

We previously requested a letter of advice from the Iowa Attorney General regarding gifts to governmental entities and the propriety of a Library Board of Trustees giving proceeds from a gift to a private non-profit foundation. The Iowa Attorney General issued a letter of advice (advice letter) dated April 22, 2008. Following are pertinent excerpts from this letter of advice:

"Past opinions of this office have consistently concluded that a governmental body may not donate public funds to a private entity, even if the entity is established for charitable or educational purposes and performs work which the government could perform directly...private gifts and bequests of money to a city or county, upon receipt and acceptance, become public funds under the stewardship of the city or county. In addition to any restrictions or limitations imposed by the donor on use of the funds, all of the constitutional and statutory requirements regarding accounting for, depositing, investing and expending the public funds apply equally to funds received through taxation and funds received from private donors."

"Political subdivisions and municipalities, including cities, counties, schools, and townships are municipal – governmental – entities. As governmental entities they are governed by elected bodies, are directly responsible to the public as a whole, and are subject to the limitations imposed on them by the state. Although a private organization may be formed to provide and support "public" services which are the same or similar to the services provided by government, the private organizations are not subjected to the same degree of public accountability and oversight as governmental entities."

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

“...I do not believe that a city library board may simply donate funds received from private donors to a private non-profit organization to use and invest as the non-profit organization sees fit. Unless the library board retains the ability to oversee expenditures and to demand return of the funds in the event that future trustees do not agree with that delegation of control over the funds, the transaction violates the public purpose and non-delegation principles discussed above. Further, even if safeguards are put in place to assure ongoing oversight and control, I believe that the funds continue to be ‘public funds,’ subject to the deposit and investment standards contained in Code sections 12B and 12C (of the Code of Iowa) and that the funds must be earmarked and spent for the purpose for which the gift was given. A 28E agreement may provide a vehicle to facilitate joint public and private influence over the use of gifts received by a governmental body, by incorporating ongoing public oversight and accountability to the joint undertaking.”

A 28E agreement, as described in the advice letter, does not exist.

Recommendation – We are not aware of any statutory authority for the City to provide public funds to a private non-profit organization. The City should seek reimbursement of the amounts donated.

Response – The City is seeking a legal opinion from our City Attorney.

Conclusion – Response accepted.

- (3) Friends of the Library Disbursements – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. A disbursement for the Friends of the Library was noted which we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. The disbursement is detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Other Place	Team party	\$ 217

Also, the disbursement was not supported with adequate documentation.

According to the Attorney General’s opinion, it is possible for certain disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The City should determine and document the public purpose served by these types of disbursements prior to authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper public purpose documentation.

Response – The City will ensure supporting documentation is received from the Friends of the Library going forward. The City is seeking a legal opinion from the City Attorney regarding issues with the Friends of the Library.

Conclusion – Response acknowledged. Per the Constitution and Attorney General’s opinion, public funds can only be spent for public benefit.

City of Evansdale

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

- (4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions – No business transactions between the City and City officials were noted.
- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- (9) Separately Maintained Records – Chapter 384.20 of the Code of Iowa states, in part, “A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property.”

The Evansdale Friends of the Library maintains a bank account for activity separate from the City Clerk’s accounting records. While this Department is part of the City, the transactions and the resulting balances were not included in the City’s accounting records and were not included in the City’s annual budget, monthly financial reports or Annual Financial Reports.

In addition, the transactions and resulting balances of this account was not reported to the City Council and disbursements from the account was not reviewed and approved by the City Council. Also, a summary of the account’s receipts, total disbursements and the listings of claims allowed each month were not published in accordance with Chapter 372.13(6) of the Code of Iowa.

Recommendation – In accordance with Chapter 384.20 of the Code of Iowa, and to strengthen internal control and increase operating efficiencies, the financial transactions of the Library’s separate accounts should be integrated with the City’s accounting records in the City Clerk’s office. The financial activity should be included in the City Clerk’s accounting records, monthly financial reports and the Annual Financial Reports. The activity in this account should be subject to City Council review and approval and should be included in the City’s budget process. Also, a summary of the account’s receipts, total disbursements and listings of claims allowed each month should be published, as required.

Response – The balance will be included going forward.

Conclusion – Response accepted.

City of Evansdale

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Gwen D. Fangman, CPA, Manager  
Kelly L. Hilton, Senior Auditor  
Matthew A. Miller, Staff Auditor  
Matthew K. Nnanna, Assistant Auditor

## APPENDIX B

### DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (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 a S&P Global Ratings rating of 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](http://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 BOND COUNSEL OPINION**

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Evansdale (the “Issuer”), in Black Hawk County, State of Iowa, passed preliminary to the issue by the Issuer of its General Obligation Urban Renewal Bonds, Series 2020A (the “Series 2020A Bonds”) in the amount of \$2,265,000, in the denomination of 5,000 each, or any integral multiple thereof, dated September 30, 2020, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated as of September 30, 2020. The Series 2020A Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually on June 1 and December 1 in each year, commencing June 1, 2021, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2024	\$ 15,000	___%	2032	\$170,000	___%
2025	\$ 15,000	___%	2033	\$170,000	___%
2026	\$ 20,000	___%	2034	\$175,000	___%
2027	\$130,000	___%	2035	\$180,000	___%
2028	\$155,000	___%	2036	\$180,000	___%
2029	\$160,000	___%	2037	\$185,000	___%
2030	\$160,000	___%	2038	\$190,000	___%
2031	\$165,000	___%	2039	\$195,000	___%

Principal of the Series 2020A Bonds maturing in the years 2029 to 2039, inclusive, is subject to optional redemption prior to maturity on June 1, 2028 or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Series 2020A Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Series 2020A Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Series 2020A Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the “Code”). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2020A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2020A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2020A Bonds.
5. The interest on the Series 2020A Bonds is exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Chapter 422 of the Code of Iowa, as amended, and will not be included in “adjusted current earnings” to be used in computing the “state alternative minimum taxable income” of corporations for purposes of Section 422.33 of the Code of Iowa, as amended. Interest on the Series 2020A Bonds is subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Chapter 422 of the Code of Iowa, as amended.

6. The Series 2020A Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2020A Bonds in order that the Series 2020A Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other State of Iowa or federal tax consequences arising with respect to the Series 2020A Bonds.

The rights of the owners of the Series 2020A Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

**\*This form of bond counsel opinion is subject to change pending the results of the sale of the Series 2020A Bonds contemplated herein.**

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Evansdale (the “Issuer”), in Black Hawk County, State of Iowa, passed preliminary to the issue by the Issuer of its Taxable General Obligation Urban Renewal Bonds, Series 2020B (the “Series 2020B Bonds”) in the amount of \$2,235,000, dated September 30, 2020, in the denomination of \$5,000 each, or any integral multiple thereof, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated September 30, 2020. The Series 2020B Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing June 1, 2021, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2023	\$ 30,000	___%	2032	\$165,000	___%
2024	\$ 30,000	___%	2033	\$170,000	___%
2025	\$ 30,000	___%	2034	\$175,000	___%
2026	\$ 30,000	___%	2035	\$180,000	___%
2027	\$125,000	___%	2036	\$180,000	___%
2028	\$130,000	___%	2037	\$185,000	___%
2029	\$135,000	___%	2038	\$190,000	___%
2030	\$135,000	___%	2039	\$195,000	___%
2031	\$150,000	___%			

Principal of the Series 2020B Bonds maturing in the years 2029 to 2039, inclusive, is subject to optional redemption prior to maturity on June 1, 2028 or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Series 2020B Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Series 2020B Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Series 2020B Bonds is not excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986.
5. The interest on the Series 2020B Bonds is exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Chapter 422 of the Code of Iowa, as amended, and will not be included in “adjusted current earnings” to be used in computing the “state alternative minimum taxable income” of corporations for purposes of Section 422.33 of the Code of Iowa, as amended. Interest on the Series 2020B Bonds is subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Chapter 422 of the Code of Iowa, as amended.

We express no opinion regarding other State of Iowa or federal tax consequences arising with respect to the Series 2020B Bonds.

The rights of the owners of the Series 2020B Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

**\*This form of bond counsel opinion is subject to change pending the results of the sale of the Series 2020B Bonds contemplated herein.**

## APPENDIX D

### DRAFT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Evansdale, Iowa (the “Issuer”), in connection with the issuance of \$2,265,000 General Obligation Urban Renewal Bonds, Series 2020A and \$2,235,000 Taxable General Obligation Urban Renewal Bonds, Series 2020B (collectively, the “Bonds”), dated September 30, 2020. The Bonds are being issued pursuant to a resolution of the Issuer approved on September 15, 2020 (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 Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system available at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

“Holders” shall mean the registered holders of the Bonds, 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, 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 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) To the extent such information is customarily prepared by the Issuer and is made publicly available, not later than June 30 (the “Submission Deadline”) of each year following the end of the 2019-2020 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and 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 Submission Deadline 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), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The **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 audited 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 are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

(b) other financial information and operating data regarding the Issuer of the type presented in the final official statement distributed in connection with the primary offering of the Bonds; provided, however, other than information included in its audited financial statements, the Issuer does not customarily prepare or make publicly available, most of the information in the final official statement, and accordingly no financial information or operating data (other than that normally included in the audited financial statements) will be provided by the Issuer in the Annual Report.

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 are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. 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 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (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 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 status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13), (14), or (15) has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11), (12), or (16) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section (5)(a) paragraphs (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

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 Bonds 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.

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 Annual Report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Speer Financial, Inc.

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) (i) the amendment or waiver is 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 Bonds, or the type of business conducted; (ii) 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by a majority of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

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 audited 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 audited 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 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, if any, 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 Bonds.

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 Bonds, and shall create no rights in any other person or entity.

Dated: September 30, 2020

CITY OF EVANSDALE, IOWA

By \_\_\_\_\_  
Mayor

Attest:

By \_\_\_\_\_  
City Clerk

**OFFICIAL BID FORM – SERIES 2020A BONDS**

City of Evansdale  
 123 N. Evans Road  
 Evansdale, IA 50707

Tuesday, September 1, 2020  
*Speer Financial, Inc.*  
 Facsimile: (319) 291-8628

City Council Members:

For the \$2,265,000\* General Obligation Urban Renewal Bonds, Series 2020A (the “Tax-Exempt Bonds”), of the City of Evansdale, Black Hawk 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 \$2,246,880). The Tax-Exempt Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Tax-Exempt Bonds of each designated maturity.

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$ 15,000 .....2024 _____%	\$160,000 .....2029 _____%	\$180,000 .....2035 _____%
15,000 .....2025 _____%	160,000 .....2030 _____%	180,000 .....2036 _____%
20,000 .....2026 _____%	165,000 .....2031 _____%	185,000 .....2037 _____%
130,000 .....2027 _____%	170,000 .....2032 _____%	190,000 .....2038 _____%
155,000 .....2028 _____%	170,000 .....2033 _____%	195,000 .....2039 _____%
	175,000 .....2034 _____%	

*Any consecutive maturities may be aggregated into term bonds 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 \_\_\_\_\_*

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

In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Tax-Exempt Bonds, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Tax-Exempt Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa. The City will pay for the legal opinion. **The Purchaser agrees to** pay the fee charged by the CUSIP Service Bureau and will accept the Tax-Exempt Bonds with the CUSIP numbers as entered on the Tax-Exempt Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the “Deposit”) **WITHIN TWO HOURS** after the bid opening time to the City’s good faith bank and under the terms provided in the Official Terms of Offering for the Tax-Exempt Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the City in the amount of the Deposit under the terms provided in the Official Terms of Offering for the Tax-Exempt Bonds.

Attached hereto is a list of members of our account on whose behalf this bid is made.

**Form of Deposit (Check One)**

Prior to Bid Opening:  
 Certified/Cashier’s Check   
 Wire Transfer

Within TWO Hours of Bid Opening:  
 Wire Transfer

Amount: \$45,300\_\_\_\_\_

**Account Manager Information**

Underwriter/Bank \_\_\_\_\_  
 Address \_\_\_\_\_  
 Authorized Rep \_\_\_\_\_  
 City \_\_\_\_\_ State/Zip \_\_\_\_\_  
 Direct Phone (\_\_\_\_\_) \_\_\_\_\_  
 FAX Number (\_\_\_\_\_) \_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

**Bidders Option Insurance**

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

The foregoing bid was accepted and the Tax-Exempt Bonds sold by resolution of the City on September 1, 2020, 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.

ATTEST:

CITY OF EVANSDALE  
 BLACK HAWK COUNTY, IOWA

\_\_\_\_\_  
 City Clerk

\_\_\_\_\_  
 Mayor

-----NOT PART OF THE BID-----  
 (Calculation of true interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	29,061.29
AVERAGE LIFE	12.831 Years

## OFFICIAL TERMS OF OFFERING

**\$2,265,000\***  
**CITY OF EVANSDALE**  
**Black Hawk County, Iowa**

### **General Obligation Urban Renewal Bonds, Series 2020A**

The City of Evansdale, Black Hawk County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$2,265,000\* General Obligation Urban Renewal Bonds, Series 2020A (the “Tax-Exempt Bonds”), on an all or none basis between 10:00 A.M. and 10:30 A.M., C.D.T., Tuesday, September 1, 2020. 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 Tax-Exempt Bonds, on an all or none basis, at the City Hall, 123 N. Evans Road, Evansdale, Iowa, before 10:30 A.M., C.D.T., Tuesday, September 1, 2020. The City will also receive facsimile bids at (319) 291-8628 for the Tax-Exempt Bonds, on an all or none basis, before 10:30 A.M., C.D.T., Tuesday, September 1, 2020. Upon receipt, facsimile bids will be sealed and treated as 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 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 Tax-Exempt Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Tax-Exempt Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Tax-Exempt Bonds without constitutional or statutory limitation as to rate or amount.

*\*ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Tax-Exempt Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the Winning Bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$2,265,000. Interest rates specified by the Winning 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 Winning Bidder will be changed if the aggregate principal amount of the Tax-Exempt Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Tax-Exempt Bonds will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of bond principal. The Winning 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 Winning Bidder.*

### **Establishment of Issue Price (10% Test May Apply if Competitive Sale Requirements are Not Satisfied)**

- (a) The winning bidder shall assist the City in establishing the issue price of the Tax-Exempt Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Tax-Exempt Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Dorsey & Whitney LLP (“Bond Counsel”). All actions to be taken by the City under this Notice of Sale to establish the issue price of the Tax-Exempt Bonds may be taken on behalf of the City by the City’s municipal advisor and any notice or report to be provided to the City may be provided to Speer Financial, Inc., Chicago, Illinois (“Speer”).

- (b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Tax-Exempt Bonds) will apply to the initial sale of the Tax-Exempt Bonds (the “competitive sale requirements”) because:
- (i) the City shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
  - (ii) all bidders shall have an equal opportunity to bid;
  - (iii) the City may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
  - (iv) the City anticipates awarding the sale of the Tax-Exempt Bonds to the bidder who submits a firm offer to purchase the Tax-Exempt Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Tax-Exempt Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. **The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Tax-Exempt Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Tax-Exempt Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Tax-Exempt Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Tax-Exempt Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Tax-Exempt Bonds are awarded.
- (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Tax-Exempt Bonds, the following two paragraphs shall apply:

The City shall treat the first price at which 10% of a maturity of the Tax-Exempt Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Tax-Exempt Bonds satisfies the 10% test as of the date and time of the award of the Tax-Exempt Bonds.

Until the 10% test has been satisfied as to each maturity of the Tax-Exempt Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Tax-Exempt Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity or until all Tax-Exempt Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Tax-Exempt Bonds prior to closing, then the purchaser shall provide the City with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Tax-Exempt Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Tax-Exempt Bonds, the following three paragraphs shall apply:

The City may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Tax-Exempt Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Tax-Exempt Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Tax-Exempt Bonds satisfies the 10% test as of the date and time of the award of the Tax-Exempt Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Tax-Exempt Bonds, which maturities of the Tax-Exempt Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Tax-Exempt Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Tax-Exempt Bonds to the Public on or before the date of award at the offering price or prices (the “*initial offering price*”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Tax-Exempt Bonds, that the Underwriters will neither offer nor sell unsold Tax-Exempt Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Tax-Exempt Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Tax-Exempt Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Tax-Exempt Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Tax-Exempt Bonds.

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Tax-Exempt Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Tax-Exempt Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity or all Tax-Exempt Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Tax-Exempt Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Tax-Exempt Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Tax-Exempt Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity or all Tax-Exempt Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Tax-Exempt Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
- (i) “Public” means any person other than an Underwriter or a Related Party,
  - (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Tax-Exempt Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Tax-Exempt Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Tax-Exempt Bonds to the Public),
  - (iii) a purchaser of any of the Tax-Exempt Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
  - (iv) “Sale Date” means the date that the Tax-Exempt Bonds are awarded by the City to the winning bidder.

## Tax-Exempt Bond Details

The Tax-Exempt Bonds 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 Tax-Exempt Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Tax-Exempt Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing June 1, 2021 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The Tax-Exempt Bonds are dated the date of delivery (expected to be on or about September 30, 2020).

### AMOUNTS\* AND MATURITIES – JUNE 1

\$ 15,000 .....	2024	\$160,000 .....	2029	\$180,000 .....	2035
15,000 .....	2025	160,000 .....	2030	180,000 .....	2036
20,000 .....	2026	165,000 .....	2031	185,000 .....	2037
130,000 .....	2027	170,000 .....	2032	190,000 .....	2038
155,000 .....	2028	170,000 .....	2033	195,000 .....	2039
		175,000 .....	2034		

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

The Tax-Exempt Bonds due June 1, 2024 - 2028, inclusive, are non-callable. The Tax-Exempt Bonds due June 1, 2029 - 2039, inclusive, are callable in whole or in part and on any date on or after June 1, 2028, at a price of par and accrued interest. If less than all the Tax-Exempt Bonds 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, Evansdale, 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.

If bidding electronically, all-or-none bids must be submitted via the internet address [www.SpeerAuction.com](http://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 Tax-Exempt Bonds. 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 Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628. 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 the facsimile and shall be conclusive.

### **Bidding Parameters and Award of the Tax-Exempt Bonds**

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 Tax-Exempt Bonds and must be for not less than \$2,246,880.

Award of the Tax-Exempt Bonds: The Tax-Exempt Bonds 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 Tax-Exempt Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Tax-Exempt Bonds 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 Tax-Exempt Bonds 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 Registered Municipal 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 premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Tax-Exempt Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.**

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 Municipal 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 Municipal Advisor will notify the bidder to whom the Tax-Exempt Bonds 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 Tax-Exempt Bonds 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 Bond.

## Good Faith Deposit and Other Matters

The winning bidder is required to a wire transfer from a solvent bank or trust company to the City's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the City. The City reserves the right to award the Tax-Exempt Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Tax-Exempt Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

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  
30 North LaSalle Street  
38<sup>th</sup> Floor  
Chicago, IL 60602  
ABA # 071003405  
Credit To: 3281 Speer Bidding Escrow  
RE: City of Evansdale, Black Hawk County, Iowa bid for  
\$2,265,000\* General Obligation Urban Renewal Bonds, Series 2020A

If the wire shall arrive in such account prior to the date and time of the sale of the Tax-Exempt Bonds. Contemporaneously with such wire transfer, the prospective purchaser shall send an email to [biddingscrow@aboc.com](mailto: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 Tax-Exempt Bonds. 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.

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 Tax-Exempt Bonds on or before the date of delivery of the Tax-Exempt Bonds 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 Underwriter's obligation to purchase the Tax-Exempt Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Tax-Exempt Bonds.

The Tax-Exempt Bonds 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 30, 2020. 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 Tax-Exempt Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Tax-Exempt Bonds, 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 Tax-Exempt Bonds, as that term is defined in the Rule. By awarding the Tax-Exempt Bonds 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 Tax-Exempt Bonds 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 Tax-Exempt Bonds 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 Tax-Exempt Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Tax-Exempt Bonds 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 Tax-Exempt Bonds. 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 Tax-Exempt Bonds 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 Tax-Exempt Bonds: (1) the legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, that the Tax-Exempt Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Tax-Exempt Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Tax-Exempt Bonds; and (3) a no litigation certificate by the City.

The City intends to designate the Tax-Exempt Bonds 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.

Purchaser consents to the receipt of electronic transcripts and acknowledges the City’s intended use of electronically executed documents. Iowa Code chapter 554D establishes electronic signatures have the full weight and legal authority as manual signatures.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Tax-Exempt Bonds. Copies of such Official Statement or additional information may be obtained from DeAnne Kobliska, City Clerk, City of Evansdale, 123 N. Evans Road, Evansdale, Iowa, 50401 or an electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) website under “Official Statement Sales/Competitive Calendar” or from the Registered Municipal Advisor 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/ **DEANNE KOBLISKA**  
City Clerk  
CITY OF EVANSDALE  
Black Hawk County, Iowa

**EXHIBIT A**

**EXAMPLE ISSUE PRICE CERTIFICATE**

**[from bond counsel]**

**\$2,265,000**  
**CITY OF EVANSDALE, IOWA**  
**GENERAL OBLIGATION URBAN RENEWAL BONDS, SERIES 2020A**

**ISSUE PRICE CERTIFICATE**  
**(Form - Fewer than 3 bids)**

The undersigned, on behalf of \_\_\_\_\_ (“Underwriter”) hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Initial Offering Price of the Bonds.*** Underwriter offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. ***First Price at which Sold to the Public.*** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein][in Schedule C], if different].

3. ***Hold the Offering Price Rule.*** Underwriter has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any agreement among underwriters, selling group agreement, or retail distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the Underwriter’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. ***Defined Terms.*** For purposes of this Issue Price Certificate:

(a) ***Holding Period*** means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (September 8, 2020), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) ***Issuer*** means City of Evansdale, Iowa.

(c) ***Maturity*** means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) ***Member of the Distribution Group*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract

directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was September 1, 2020.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dorsey & Whitney LLP, Des Moines, Iowa in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: September 30, 2020

**SCHEDULE A**  
**INITIAL OFFERING PRICES OF THE BONDS**  
*(Attached)*

**SCHEDULE B**  
**PRICING WIRE**  
*(Attached)*

**SCHEDULE C**

**SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE  
AT THE INITIAL OFFERING PRICE**

*(Attached)*

**\$2,265,000**  
**CITY OF EVANSDALE, IOWA**  
**GENERAL OBLIGATION URBAN RENEWAL BONDS, SERIES 2020A**

**ISSUE PRICE CERTIFICATE**  
**(competitive sale 3 bids)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.*** For purposes of this Issue Price Certificate:

(a) *Issuer* means City of Evansdale, Iowa.

(b) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one

entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was September 1, 2020.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dorsey & Whitney LLP, Des Moines, Iowa in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: September 30, 2020

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**

*(Attached)*

**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
*(Attached)*

**OFFICIAL BID FORM – SERIES 2020B BONDS**

City of Evansdale  
123 N. Evans Road  
Evansdale, IA 50401

September 1, 2020  
Speer Financial, Inc.  
Facsimile: (319) 291-8628

City Council Members:

For the \$2,235,000\* Taxable General Obligation Urban Renewal Bonds, Series 2020B (the “Taxable Bonds”), of the City of Evansdale, Black Hawk 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 \$2,217,120). The Taxable Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Taxable Bonds of each designated maturity.

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$ 30,000 .....2023 _____%	\$135,000 .....2029 _____%	\$175,000 .....2034 _____%
30,000 .....2024 _____%	135,000 .....2030 _____%	180,000 .....2035 _____%
30,000 .....2025 _____%	150,000 .....2031 _____%	180,000 .....2036 _____%
30,000 .....2026 _____%	165,000 .....2032 _____%	185,000 .....2037 _____%
125,000 .....2027 _____%	170,000 .....2033 _____%	190,000 .....2038 _____%
130,000 .....2028 _____%		195,000 .....2039 _____%

*Any consecutive maturities may be aggregated into term bonds 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 \_\_\_\_\_*

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

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

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the “Deposit”) **WITHIN TWO HOURS** after the bid opening time to the City’s good faith bank and under the terms provided in the Official Terms of Offering for the Taxable Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the City in the amount of the Deposit under the terms provided in the Official Terms of Offering for the Taxable Bonds.

Attached hereto is a list of members of our account on whose behalf this bid is made.

**Form of Deposit (Check One)**

Prior to Bid Opening:  
 Certified/Cashier’s Check   
 Wire Transfer   
Within TWO Hours of Bid Opening:  
 Wire Transfer

Amount: \$44,700

**Account Manager Information**

Underwriter/Bank \_\_\_\_\_  
 Address \_\_\_\_\_  
 Authorized Rep \_\_\_\_\_  
 City \_\_\_\_\_ State/Zip \_\_\_\_\_  
 Direct Phone (\_\_\_\_\_) \_\_\_\_\_  
 FAX Number (\_\_\_\_\_) \_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

**Bidders Option Insurance**

<p><b>We have purchased insurance from:</b>  <b><u>Name of Insurer</u></b>  <i>(Please fill in)</i></p> <p>_____</p> <p><b>Premium:</b> _____</p> <p><b>Maturities: (Check One)</b>  <input type="checkbox"/> _____ Years  <input type="checkbox"/> All</p>
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The foregoing bid was accepted and the Taxable Bonds sold by resolution of the City on September 1, 2020, 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.

ATTEST:

CITY OF EVANSDALE  
BLACK HAWK COUNTY, IOWA

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

-----NOT PART OF THE BID-----  
 (Calculation of true interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	28,421.21
AVERAGE LIFE	12.716 Years

## OFFICIAL TERMS OF OFFERING

**\$2,235,000\***  
**CITY OF EVANSDALE**  
**Black Hawk County, Iowa**

### **Taxable General Obligation Urban Renewal Bonds, Series 2020B**

The City of Evansdale, Black Hawk County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$2,235,000\* Taxable General Obligation Urban Renewal Bonds, Series 2020B (the “Taxable Bonds”), on an all or none basis between 10:30 A.M. and 11:00 A.M., C.D.T., Tuesday, September 1, 2020. 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 Taxable Bonds, on an all or none basis, at the City Hall, 123 N. Evans Road, Evansdale, Iowa, before 11:00 A.M., C.D.T., Tuesday, September 1, 2020. The City will also receive facsimile bids at (319) 291-8628 for the Taxable Bonds, on an all or none basis, before 11:00 A.M., C.D.T., Tuesday, September 1, 2020. Upon receipt, facsimile bids will be sealed and treated as 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 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 Taxable Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Taxable Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Taxable Bonds without constitutional or statutory limitation as to rate or amount.

*\*ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Taxable Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the Winning Bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$2,235,000. Interest rates specified by the Winning 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 Winning Bidder will be changed if the aggregate principal amount of the Taxable Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Taxable Bonds will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of bond principal. The Winning 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 Winning Bidder.*

### **Taxable Bond Details**

The Taxable Bonds 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 Taxable Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Taxable Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing June 1, 2021 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The Taxable Bonds are dated the date of delivery (expected to be on or about September 30, 2020).

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$ 30,000 .....	2023	\$135,000 .....	2029	\$175,000 .....	2034
30,000 .....	2024	135,000 .....	2030	180,000 .....	2035
30,000 .....	2025	150,000 .....	2031	180,000 .....	2036
30,000 .....	2026	165,000 .....	2032	185,000 .....	2037
125,000 .....	2027	170,000 .....	2033	190,000 .....	2038
130,000 .....	2028			195,000 .....	2039

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

The Taxable Bonds due June 1, 2023 - 2028, inclusive, are non-callable. The Taxable Bonds due June 1, 2029 - 2039, inclusive, are callable in whole or in part and on any date on or after June 1, 2028, at a price of par and accrued interest. If less than all the Taxable Bonds 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, Evansdale, 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](http://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 Taxable Bonds. 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 Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

**Electronic Facsimile Bidding:** Bids may be submitted via facsimile at (319) 291-8628. 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 the facsimile and shall be conclusive.

### **Bidding Parameters and Award of the Taxable Bonds**

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 Taxable Bonds and must be for not less than \$2,217,120.

**Award of the Taxable Bonds:** The Taxable Bonds 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 Taxable Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Taxable Bonds 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 Taxable Bonds 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 Registered Municipal 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 premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Taxable Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.**

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 Municipal 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 Municipal Advisor will notify the bidder to whom the Taxable Bonds 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 Taxable Bonds 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 Bond.

## Good Faith Deposit and Other Matters

The winning bidder is required to a wire transfer from a solvent bank or trust company to the City's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the City. The City reserves the right to award the Taxable Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Taxable Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

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  
30 North LaSalle Street  
38<sup>th</sup> Floor  
Chicago, IL 60602  
ABA # 071003405

Credit To: 3281 Speer Bidding Escrow  
RE: City of Evansdale, Black Hawk County, Iowa bid for  
\$2,235,000\* Taxable General Obligation Urban Renewal Bonds, Series 2020B

If the wire shall arrive in such account prior to the date and time of the sale of the Taxable Bonds. Contemporaneously with such wire transfer, the prospective purchaser shall send an email to [biddingscrow@aboc.com](mailto: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 Taxable Bonds. 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.

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

The Taxable Bonds 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 30, 2020. 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 Taxable Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Taxable Bonds, 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 Taxable Bonds, as that term is defined in the Rule. By awarding the Taxable Bonds 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 Taxable Bonds 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 Taxable Bonds 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 Taxable Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Taxable Bonds 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 Taxable Bonds. 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 Taxable Bonds 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 Taxable Bonds: (1) the legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, that the Taxable Bonds are lawful and enforceable obligations of the City in accordance with their terms and (2) a no litigation certificate by the City.

Purchaser consents to the receipt of electronic transcripts and acknowledges the City’s intended use of electronically executed documents. Iowa Code chapter 554D establishes electronic signatures have the full weight and legal authority as manual signatures.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Taxable Bonds. Copies of such Official Statement or additional information may be obtained from DeAnne Kobliska, City Clerk, City of Evansdale, 123 N. Evans Road, Evansdale, Iowa, 50401 or an electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) website under “Official Statement Sales/Competitive Calendar” or from the Registered Municipal Advisor 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/ **DEANNE KOBLISKA**  
*City Clerk*  
CITY OF EVANSDALE  
Black Hawk County, Iowa