

**City of Hills**

**Council Members**

Bruce Endris  
Steve Harris  
Merle Hill  
Thom Kirkpatrick  
Cathy Knebel

201 N 1<sup>st</sup> St P O Box 345  
Hills, Iowa 52235-0345  
Phone 319-679-3197  
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[www.hills-ia.org](http://www.hills-ia.org)

**Mayor**

Tim Kemp  
**City Administrator**  
Cathy Fitzmaurice-Hill  
**Deputy Clerk**  
Donna Hicks

Hills City Council  
Regular Meeting  
Hills Fire Department Meeting Room @ 7:00 PM  
April 27, 2015

- **Consent Agenda:**
  - Minutes from meeting April 13, 2015
  - Bills and receipts from April 13 thru April 27, 2015
- **Public Discussion**
- **New Business**
  - Presentation by Speer Financial regarding Water Revenue Note in the amount of \$320,000
  - Resolution No. 2015-19 approving and authorizing a Loan Agreement and providing for the issuance and securing the payment of a \$320,000 Water Revenue Note
- **Previous Business**
  - Discussion and possible action on Water utility.
  - Discussion and possible action on Wastewater Treatment Plant Facility Plan.
- **Council Action List, Comments, Concerns, Reports**
  - Mayor
  - Attorney
  - City Administrator
  - Maintenance
  - Fire Department
  - Sewer
- **Adjournment**

Hills City Council  
Meeting  
April 13, 2015  
7:00 PM

Hills Fire Station Meeting Room

The regular Hills City Council meeting was called to order by Mayor Tim Kemp at 7:00 PM on Monday, April 13, 2015 at the Hills Fire Station Meeting Room.

Council members present were: Bruce Endris, Cathy Knebel, Steve Harris, Merle Hill and Thom Kirkpatrick. Absent: None.

A motion was made by Kirkpatrick and seconded by Knebel to approve the consent agenda approving minutes from March 23, 2015, and bills/receipts from March 23, 2015 thru April 13, 2015. Ayes: 5. Motion carried.

**Public Discussion:** None.

**New Business:**

A Budget Amendment will be necessary for FY15 to update the expenses for the water project. A Motion was made by Hill and seconded by Harris to set the Public Hearing for the Budget Amendment at the May 11, 2015 regular Council Meeting beginning at 7:00 p.m. Ayes – 5. Motion carried.

Resolution 2015-16 was presented approving and authorizing the Mayor to sign Contractor's Application for Payment No. 10 to the Contract with Dave Schmitt Construction Co. Inc. for Hills Municipal Water System – Division 1 in the amount of \$364,728.28. This amount has been reviewed and recommended for approval by Fox Engineering. A Motion was made by Knebel and seconded by Endris to approve Resolution 2015-16. Roll Call was held. Ayes – 5. Resolution passed.

Resolution 2015-17 was presented approving and authorizing the Mayor to sign Contractor's Application for Payment No.7 to the Contract with Maguire Iron Inc. for Hills Municipal Watery System –2 in the amount of \$39,425.00. This amount was reviewed and recommended for approval by Fox Engineering. A Motion was made by Kirkpatrick and seconded by Endris to approve Resolution 2015-17. Roll Call was held. Ayes -5. Resolution passed.

Resolution 2015-18 was presented approving and authorizing the Mayor to execute an Agreement with the Johnson County Sheriff's Office for law enforcement protection for the City of Hills. The contract, as approved in the FY16 Budget, provides for a rate of \$41/hour. A Motion was made by Endris and seconded by Harris to approve Resolution 2015-18. Roll Call was held. Ayes – 5. Resolution 2015-18 passed.

A discussion was held in regard to the software requirements for completing the water meter reading and billing. The City received a proposal from Data Tech to provide the interface software to bill customers for water use in the amount of \$1,500.00. A Motion was made by Kirkpatrick and seconded by Endris to approve the purchase of the interface software from Data Tech in the amount of \$1500. Ayes – 5. Motion carried.

**Previous Business:**

Jim Wolfe updated the Council that Schmitt has flushed the lines to Stutsmans and the test has passed so will begin the connections to the Streb well. Fox Engineering has recommended that the City continue testing on a bi-weekly basis until the line is connected to the Treatment Plant and Tower. Jim also reported on Stevens Erosion work on seeding. He suggested the City create a stock pile of dirt for the future for areas that may need more dirt after settling.

**REPORTS:**

**Attorney:** No report.

**Fire Chief:** Jason was absent. Cathy reported that she had spoken to the owner on the smoke detectors at 204-208 Main Street and he assured he would check into it. But she learned from a resident that his detectors are located under sink cabinets and not in bedrooms and he has spoken with the owner several times with no change. The Council asked that the Fire Chief inspect this apartment and begin the process for citing for a violation.

**Maintenance:** No report.

**Sewer:** No report.

**Administrator:** Cathy reported that she will be attending a workshop on Downtown Revitalization on April 30. She shared information on a possible development that is looking to locate in Hills. She updated the Council on the request from Streb in regard to changing 3 lots to R4. The Council had suggested reducing 3-4 R1 lots to the north to increase the frontage of the proposed R4 lots to 90 feet. Cathy explained that Streb would not be able to comply as this reduction would then put the R1 lots under the required 11,000 square feet. She reported that there has been no contact from the Vet in regard to the building on Main Street. The Council directed her to proceed with a citation for a nuisance abatement.

**Mayor:** No report.

A motion was made by Hill and seconded by Knebel to adjourn the meeting at 7:56 PM . Ayes: 5 Motion carried.

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Tim Kemp, Mayor

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Cathy Fitzmaurice-Hill, Administrator

INVOICE#	LINE	DUE DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST	GL ACCOUNT	CK SQ
HILLS BANK & TRUST GENERAL								
APR15	1	4/27/15	4/27/15	1139 ALLIANT UTILITIES 4916015906002 1/2 FIRE D	71.03	001	001-150-6371	1
	2			4916014001001 STREET LIG	851.60	001	001-230-6371	1
	3			4916015906002 1/2 FIRE D	71.02	001	001-650-6371	1
	8			4916015907001 SIREN	31.47	001	001-650-6371	1
	9			4916015865001 MAINT BLDG	232.45	001	001-650-6371	1
	10			4916015019501 SIGN LIGHT	16.69	001	001-650-6371	1
	11			4916014882201 BALL PARK	115.42	001	001-650-6371	1
				INVOICE TOTAL	1,389.68			
				VENDOR TOTAL	1,389.68			
APR15	1	4/27/15	4/27/15	1019 CEDAR RAPIDS & IOWA CITY RY RENT OF LAND	1,421.00	001	001-430-6320	1
				INVOICE TOTAL	1,421.00			
				VENDOR TOTAL	1,421.00			
APR15	1	4/27/15	4/27/15	1025 DATA TECHNOLOGIES WATER INTERFACE SOFTWARE	750.00	001	001-650-6419	1
				INVOICE TOTAL	750.00			
				VENDOR TOTAL	750.00			
APR1515	1	4/27/15	4/27/15	1269 NEUZIL, SANDERSON & SIGAFOOSE, P LEGAL	540.50	001	001-640-6411	1
				INVOICE TOTAL	540.50			
				VENDOR TOTAL	540.50			
APR15	1	4/27/15	4/27/15	1263 FELD FIRE HAND NUT SET	69.00	001	001-150-6505	1
				INVOICE TOTAL	69.00			
				VENDOR TOTAL	69.00			
2575068	1	4/27/15	4/27/15	1046 GAZETTE COMMUNICATIONS MARCH 23 MIN/EXP/REV	114.94	001	001-650-6414	1
				INVOICE TOTAL	114.94			
				VENDOR TOTAL	114.94			
APR1515	1	4/27/15	4/27/15	1064 HILLS INSURANCE AGENCY FIRE DEPT INS	650.00	001	001-650-6408	1
				INVOICE TOTAL	650.00			
				VENDOR TOTAL	650.00			
ARP15	1	4/27/15	4/27/15	1068 I WIRELESS CELL PHONE	59.47	001	001-650-6373	1
				INVOICE TOTAL	59.47			

IKMESSAGE  
10.30.14

Fri Apr 24, 2015 10:14 AM

\*\*\* CITY OF HILLS IA \*\*\*  
SCHEDULED CLAIMS LIST

OPER: CFH

INVOICE#	LINE	DUE DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
				VENDOR TOTAL	59.47		
APR15	1	4/27/15	4/27/15	1380 IOWA DEPT OF TRANSPORTATION REPLACEMENT TITLE #89	25.00	001 001-150-6331	1
				INVOICE TOTAL	25.00		
				VENDOR TOTAL	25.00		
APR15	1	4/27/15	4/27/15	1130 MID AMERICAN ENERGY 7799078018 1/2 FIRE DEPT	76.53	001 001-150-6371	1
	2			7799078018 1/2 FIRE DEPT	76.52	001 001-650-6371	1
	3			7715078014 MAINT BLDG	70.72	001 001-650-6371	1
				INVOICE TOTAL	223.77		
				VENDOR TOTAL	223.77		
314208	1	4/27/15	4/27/15	1349 IOWA OFFICE SUPPLY INC COPIES	48.13	001 001-650-6414	1
				INVOICE TOTAL	48.13		
				VENDOR TOTAL	48.13		
APR15	1	4/27/15	4/27/15	1198 STAPLES MOUSE	9.99	001 001-650-6506	1
				INVOICE TOTAL	9.99		
				VENDOR TOTAL	9.99		
187295	1	4/27/15	4/27/15	1203 STUTSMAN INC FUEL FIRE DEPT	226.78	001 001-150-6331	1
				INVOICE TOTAL	226.78		
				VENDOR TOTAL	226.78		
APR1515	1	4/27/15	4/27/15	1216 U S POST OFFICE NEWSLETTER	71.75	001 001-650-6508	1
				INVOICE TOTAL	71.75		
				VENDOR TOTAL	71.75		
				GENERAL	5,600.01		
				ROAD USE TAX			
187296	1	4/27/15	4/27/15	1203 STUTSMAN INC CITY FUEL	28.14	110 110-210-6331	1
				INVOICE TOTAL	28.14		
				VENDOR TOTAL	28.14		
				ROAD USE TAX	28.14		

WATER

HKMESSAGE  
10.30.14

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SCHEDULED CLAIMS LIST

OPER: CFH

INVOICE#	LINE	DUE DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST	GL ACCOUNT	CK SQ
APR15	5	4/27/15	4/27/15	1139 ALLIANT UTILITIES 4916016300502 PUMP HOUSE	149.08 149.08	600	600-810-6371	1
				INVOICE TOTAL	149.08			
				VENDOR TOTAL	149.08			
APR15	1	4/27/15	4/27/15	1357 DAVE SCHMITT CONSTRUCTION PAY APP NO 10	364,728.28 364,728.28	600	600-810-6490	1
				INVOICE TOTAL	364,728.28			
				VENDOR TOTAL	364,728.28			
APR15	1	4/27/15	4/27/15	1363 IOWA DNR WATER USE PERMIT FEE	350.00 350.00	600	600-810-6490	1
				INVOICE TOTAL	350.00			
				VENDOR TOTAL	350.00			
APR15	1	4/27/15	4/27/15	1354 MAGUIRE IRON PAY APP NO 7	39,425.00 39,425.00	600	600-810-6490	1
				INVOICE TOTAL	39,425.00			
				VENDOR TOTAL	39,425.00			
APR15	4	4/27/15	4/27/15	1130 MID AMERICAN ENERGY 0882108014 PUMP HOUSE	10.00 10.00	600	600-810-6371	1
				INVOICE TOTAL	10.00			
				VENDOR TOTAL	10.00			
				WATER	404,662.36			
SEWER								
APR15	4	4/27/15	4/27/15	1139 ALLIANT UTILITIES 4916015217001 3RD LIFT S	149.31 703.93	610	610-815-6371	1
	6			4916014431501 LAGOON	42.55	610	610-815-6371	1
	7			4916016300702 OK LIFT ST				1
				INVOICE TOTAL	895.79			
				VENDOR TOTAL	895.79			
APR1515	1	4/27/15	4/27/15	1034 BRUCE ENDRIS TRAINING	75.00 75.00	610	610-815-6380	1
				INVOICE TOTAL	75.00			
				VENDOR TOTAL	75.00			
1Y02709	1	4/27/15	4/27/15	1287 KEYSTONE LABORATORIES SEWER TESTS	103.58 103.58	610	610-815-6380	1
				INVOICE TOTAL	103.58			
1Y02863	1	4/27/15	4/27/15	SEWER TESTS	41.68 41.68	610	610-815-6380	1
				INVOICE TOTAL	41.68			

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\*\*\* CITY OF HILLS IA \*\*\*  
SCHEDULED CLAIMS LIST

OPER: CFH

INVOICE#	LINE	DUE DATE	INVOICE DATE	REFERENCE	PAYMENT AMOUNT	DIST GL ACCOUNT	CK SQ
-----					VENDOR TOTAL	145.26	
APR15	1	4/27/15	4/27/15	1218 VAN METER INDUSTRIAL INC SEWER BATTERY	26.67	610 610-815-6399	1
					INVOICE TOTAL	26.67	
					VENDOR TOTAL	26.67	
					SEWER	1,142.72	
LANDFILL/GARBAGE							
7680	1	4/27/15	4/27/15	1100 JOHNSON COUNTY REFUSE, INC GARBAGE STICKERS	1,200.00	670 670-840-6535	1
					INVOICE TOTAL	1,200.00	
					VENDOR TOTAL	1,200.00	
					LANDFILL/GARB	1,200.00	
					HILLS BANK & TRUST TOTAL	412,633.23	
					TOTAL MANUAL CHECKS	.00	
					TOTAL E-PAYMENTS	.00	
					TOTAL PURCH CARDS	.00	
					TOTAL ACH PAYMENTS	.00	
					TOTAL OPEN PAYMENTS	412,633.23	
					GRAND TOTALS	412,633.23	

ACCOUNT NUMBER	ACCOUNT NAME	RECEIPT NO REF/DESCRIPTION	AMOUNT
DATE	JOURNAL RECEIVED FROM/ALPHA ID		
001-950-4000	GEN PROP TAX	PROPERTY TAX	139,499.95
4/13/15	GL1282 TREASURER, JOHNSON COUNTY		-----
	ACCOUNT TOTAL		139,499.95
001-950-4120	BUILDING/CONTRACT PERMIT	BUILDING PERMIT	250.00
4/15/15	GL1283 JIM SLAUGHTER		-----
	ACCOUNT TOTAL		250.00
110-210-4430	ROAD USE TAX	ROAD USE TAX	5,051.33
4/21/15	GL1285 STATE OF IOWA	ELECTRONIC	-----
	ACCOUNT TOTAL		5,051.33
600-810-4500	CHARGES/FEES FOR SERVICES		35.00
4/13/15	UB2375 WA CASH POSTING		207.74
4/13/15	UB2375 WA CASH POSTING		38.00
4/13/15	UB2375 WA CASH POSTING		37.00-
4/13/15	UB2375 WA CASH POSTING		315.00
4/17/15	UB2381 WA CASH POSTING		175.00
4/17/15	UB2383 WA CASH POSTING		25.00-
4/17/15	UB2383 WA CASH POSTING		385.00
4/17/15	UB2385 WA CASH POSTING		420.00
4/20/15	UB2388 WA CASH POSTING		16.00
4/20/15	UB2388 WA CASH POSTING		12.50-
4/20/15	UB2388 WA CASH POSTING		140.00
4/20/15	UB2390 WA CASH POSTING		45.25
4/20/15	UB2390 WA CASH POSTING		280.00
4/21/15	UB2392 WA CASH POSTING		10.00
4/21/15	UB2392 WA CASH POSTING		18.50-
4/21/15	UB2392 WA CASH POSTING		71.25-
4/21/15	UB2393 WA PENALTY CALC		947.94-
4/21/15	UB2393 WA PENALTY CALC		744.44
4/21/15	UB2393 WA PENALTY CALC		105.00
4/24/15	UB2399 WA CASH POSTING		-----
	ACCOUNT TOTAL		1,804.24
600-810-4530	PENALTIES		5.00
4/13/15	UB2375 WA CASH POSTING		5.00
4/17/15	UB2381 WA CASH POSTING		5.00
4/20/15	UB2388 WA CASH POSTING		35.00
4/24/15	UB2399 WA CASH POSTING		-----
	ACCOUNT TOTAL		50.00
600-810-4560	SALES TAXES COLLECTED		2.10
4/13/15	UB2375 WA CASH POSTING		-----
	ACCOUNT TOTAL		2.10
610-815-4500	CHARGES/FEES		

ACCOUNT NUMBER	ACCOUNT NAME	DATE	JOURNAL RECEIVED FROM/ALPHA ID	RECEIPT NO REF/DESCRIPTION	AMOUNT
					40.00
		4/13/15	UB2375 SW CASH POSTING		40.00
		4/13/15	UB2375 SW CASH POSTING		662.42
		4/13/15	UB2375 SW CASH POSTING		57.50
		4/13/15	UB2375 SW CASH POSTING		80.00
		4/17/15	UB2381 SW CASH POSTING		90.00
		4/17/15	UB2381 SW CASH POSTING		1,392.06
		4/17/15	UB2381 SW CASH POSTING		87.50
		4/17/15	UB2381 SW CASH POSTING		521.67
		4/17/15	UB2383 SW CASH POSTING		294.00
		4/17/15	UB2383 SW CASH POSTING		5.00
		4/17/15	UB2383 SW CASH POSTING		120.00
		4/17/15	UB2385 SW CASH POSTING		2,125.00
		4/17/15	UB2385 SW CASH POSTING		280.00
		4/20/15	UB2388 SW CASH POSTING		795.25
		4/20/15	UB2388 SW CASH POSTING		10.00
		4/20/15	UB2388 SW CASH POSTING		400.00
		4/20/15	UB2390 SW CASH POSTING		630.00
		4/21/15	UB2392 SW CASH POSTING		15.00
		4/21/15	UB2392 SW CASH POSTING		36.25
		4/21/15	UB2393 SW PENALTY CALC		175.00
		4/21/15	UB2393 SW PENALTY CALC		35.00
		4/24/15	UB2399 SW CASH POSTING		5.00
		4/24/15	UB2399 SW CASH POSTING		74.50
		4/24/15	UB2399 SW CASH POSTING		45.00
					-----
			ACCOUNT TOTAL		8,016.15
i10-815-4560	SALES TAX COLLECTED				2.40
		4/13/15	UB2375 SW CASH POSTING		4.80
		4/17/15	UB2381 SW CASH POSTING		31.30
		4/17/15	UB2383 SW CASH POSTING		7.20
		4/17/15	UB2385 SW CASH POSTING		16.80
		4/20/15	UB2388 SW CASH POSTING		2.40
		4/24/15	UB2399 SW CASH POSTING		-----
			ACCOUNT TOTAL		64.90
i70-840-4501	GARBAGE FEES				95.77
		4/13/15	UB2375 GB CASH POSTING		77.50
		4/13/15	UB2375 GB CASH POSTING		180.65
		4/17/15	UB2381 GB CASH POSTING		82.50
		4/17/15	UB2381 GB CASH POSTING		144.75
		4/17/15	UB2383 GB CASH POSTING		5.00
		4/17/15	UB2383 GB CASH POSTING		25.00
		4/17/15	UB2383 GB CASH POSTING		351.50
		4/17/15	UB2385 GB CASH POSTING		37.50
		4/17/15	UB2385 GB CASH POSTING		123.00
		4/20/15	UB2388 GB CASH POSTING		15.00
		4/20/15	UB2388 GB CASH POSTING		56.25
		4/20/15	UB2388 GB CASH POSTING		61.25
		4/20/15	UB2390 GB CASH POSTING		45.00
		4/20/15	UB2390 GB CASH POSTING		104.50
		4/21/15	UB2392 GB CASH POSTING		



\*\*\* CITY OF HILLS IA \*\*\*  
 GENERAL LEDGER REVENUE HISTORY REPORT  
 FROM 04/13/2015 TO 4/27/2015

ACCOUNT NUMBER	ACCOUNT NAME	RECEIPT NO REF/DESCRIPTION	AMOUNT
DATE	JOURNAL RECEIVED FROM/ALPHA ID		
670-840-4501	GARBAGE FEES		
4/21/15	UB2392 GB CASH POSTING		15.00
4/21/15	UB2393 GB PENALTY CALC		35.00
4/21/15	UB2393 GB PENALTY CALC		28.50
4/24/15	UB2399 GB CASH POSTING		9.50
4/24/15	UB2399 GB CASH POSTING		20.00
	ACCOUNT TOTAL		1,513.17
670-840-4502	GARBAGE BAGES		
4/15/15	GL1283 ALEX SHALLA	GARBAGE BAGS	20.00
4/15/15	GL1283 JEAN BIENHOFF	GARBAGE BAGS	25.00
4/15/15	GL1283 JAN BRANSON	GARBAGE BAGS	12.50
	ACCOUNT TOTAL		57.50
	REPORT TOTAL		156,309.34



# SPEER FINANCIAL, INC.

KEVIN W. McCANNA  
PRESIDENT

DAVID F. PHILLIPS  
SR. VICE PRESIDENT

LARRY F. BURGER  
VICE PRESIDENT

DANIEL D. FORBES  
VICE PRESIDENT

BARBARA L. CHEVALIER  
VICE PRESIDENT

RAPHAELATA T. MCKENZIE  
VICE PRESIDENT

MAGGIE J. BURGER  
VICE PRESIDENT

April 27, 2015

The Honorable Tim Kemp and  
Members of the City Council  
City of Hills  
201 N 1st Street  
Hills, IA 52235-0345

**RE: City of Hills, Johnson County, Iowa  
\$320,000 Water Revenue Notes, Series 2015**

Dear Mayor Kemp and Council Members:

Hills Bank and Trust Company, Hills, Iowa, has submitted a bid for the purchase of \$320,000 Water Revenue Notes, Series 2015 being sold by the City of Hills, Johnson County, Iowa.

Upon examination, it is our opinion that the bid is favorable to the City and should be accepted. We therefore recommend that the Notes be awarded to the bidder at a price of \$320,000, being at a true interest cost of 2.6707%.

The amounts and rates for each year are as follows:

<u>Year</u>	<u>Principal</u>	<u>Rates</u>
2016.....	\$18,000 .....	0.700%
2017.....	19,000 .....	0.900%
2018.....	19,000 .....	1.150%
2019.....	19,000 .....	1.400%
2020.....	19,000 .....	1.650%
2021.....	20,000 .....	1.900%
2022.....	20,000 .....	2.100%
2023.....	21,000 .....	2.300%
2024.....	21,000 .....	2.450%
2025.....	22,000 .....	2.600%
2026.....	23,000 .....	2.750%
2027.....	24,000 .....	2.900%
2028.....	24,000 .....	3.100%
2029.....	25,000 .....	3.300%
2030.....	26,000 .....	3.500%

Sincerely,

SPEER FINANCIAL, INC.

*Maggie Burger*  
Maggie Burger  
Vice President

MB/af

**OFFICIAL PROPOSAL FORM**

**\$320,000 WATER REVENUE NOTES, SERIES 2015**

City of Hills  
201 N 1<sup>st</sup> Street  
Hills, IA 52235-0345

April 23, 2015  
Speer Financial, Inc.  
Facsimile: (319) 291-8628

City Council:

For the \$320,000 Water Revenue Notes, Series 2015 (the "Notes"), of the City of Hills, Johnson County, Iowa, (the "City") as described in the annexed Official Terms of Offering, which is expressly made a part of this proposal, we will pay you \$ 320,000 (no less than \$316,800), to the date of delivery bearing interest as follows (each rate a multiple of 1/100 or 1/8 of 1%).

**MATURITIES\* - JUNE 1**

\$18,000 ..... 2016	<u>0.70</u> %	\$20,000 ..... 2021	<u>1.90</u> %	\$23,000 ..... 2026	<u>2.75</u> %
19,000 ..... 2017	<u>0.90</u> %	20,000 ..... 2022	<u>2.10</u> %	24,000 ..... 2027	<u>2.90</u> %
19,000 ..... 2018	<u>1.15</u> %	21,000 ..... 2023	<u>2.30</u> %	24,000 ..... 2028	<u>3.10</u> %
19,000 ..... 2019	<u>1.40</u> %	21,000 ..... 2024	<u>2.45</u> %	26,000 ..... 2029	<u>3.30</u> %
19,000 ..... 2020	<u>1.65</u> %	22,000 ..... 2025	<u>2.60</u> %	26,000 ..... 2030	<u>3.50</u> %

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

Maturities: \_\_\_\_\_ Term Maturity: \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity: \_\_\_\_\_  
 Maturities: \_\_\_\_\_ Term Maturity: \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity: \_\_\_\_\_  
 Maturities: \_\_\_\_\_ Term Maturity: \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity: \_\_\_\_\_

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

Account Manager Information

Bank/Underwriter Hills Bank and Trust Company  
 Address 131 Main Street  
 By Shari DeMaris  
 City Hills State/Zip IA 52235  
 Direct Phone 319 679 2102  
 FAX Number 319 679 2554  
 Email Address shari-demaris@hillsbank.com

Bidders Outlan Insurance

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

The foregoing proposal was accepted and the Notes sold by resolution of the City on April 27, 2015.

ATTEST:

CITY OF HILLS  
JOHNSON COUNTY, IOWA

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

\_\_\_\_\_  
Mayor

.....NOT PART OF THE BID.....  
(Calculation of net interest cost)

Gross Interest	\$ 73,714.40
Less Premium/Plus Discount	\$ 0.00
True Interest Cost	\$ 73,714.40
True Interest Rate	2.6767 %
TOTAL NOTE YEARS	2,729.11
AVERAGE LIFE	8.528 years

**SPEER FINANCIAL, INC.**

**City of Hills, Iowa**

**\$320,000 Water Revenue Notes, Series 2015**

**\*\*FINAL\*\***

Part 1 of 2

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/14/2015	-	-	-	-	-
12/01/2015	-	-	3,979.40	3,979.40	-
06/01/2016	18,000.00	0.700%	3,636.00	21,636.00	25,615.40
12/01/2016	-	-	3,573.00	3,573.00	-
06/01/2017	19,000.00	0.900%	3,573.00	22,573.00	26,146.00
12/01/2017	-	-	3,487.50	3,487.50	-
06/01/2018	19,000.00	1.150%	3,487.50	22,487.50	25,975.00
12/01/2018	-	-	3,378.25	3,378.25	-
06/01/2019	19,000.00	1.400%	3,378.25	22,378.25	25,756.50
12/01/2019	-	-	3,245.25	3,245.25	-
06/01/2020	19,000.00	1.650%	3,245.25	22,245.25	25,490.50
12/01/2020	-	-	3,088.50	3,088.50	-
06/01/2021	20,000.00	1.900%	3,088.50	23,088.50	26,177.00
12/01/2021	-	-	2,898.50	2,898.50	-
06/01/2022	20,000.00	2.100%	2,898.50	22,898.50	25,797.00
12/01/2022	-	-	2,688.50	2,688.50	-
06/01/2023	21,000.00	2.300%	2,688.50	23,688.50	26,377.00
12/01/2023	-	-	2,447.00	2,447.00	-
06/01/2024	21,000.00	2.450%	2,447.00	23,447.00	25,894.00
12/01/2024	-	-	2,189.75	2,189.75	-
06/01/2025	22,000.00	2.600%	2,189.75	24,189.75	26,379.50
12/01/2025	-	-	1,903.75	1,903.75	-
06/01/2026	23,000.00	2.750%	1,903.75	24,903.75	26,807.50
12/01/2026	-	-	1,587.50	1,587.50	-
06/01/2027	24,000.00	2.900%	1,587.50	25,587.50	27,175.00
12/01/2027	-	-	1,239.50	1,239.50	-
06/01/2028	24,000.00	3.100%	1,239.50	25,239.50	26,479.00
12/01/2028	-	-	867.50	867.50	-
06/01/2029	25,000.00	3.300%	867.50	25,867.50	26,735.00
12/01/2029	-	-	455.00	455.00	-
06/01/2030	26,000.00	3.500%	455.00	26,455.00	26,910.00
<b>Total</b>	<b>\$320,000.00</b>	-	<b>\$73,714.40</b>	<b>\$393,714.40</b>	-

15 Hills Water Rev Final | SINGLE PURPOSE | 4/21/2015 | 2:04 PM

**Speer Financial, Inc.**  
Independent Public Financial Advisors since 1954

**SPEER FINANCIAL, INC.**

**City of Hills, Iowa**

**\$320,000 Water Revenue Notes, Series 2015**

**\*\*FINAL\*\***

Part 2 of 2

**Debt Service Schedule**

**Yield Statistics**

Bond Year Dollars	\$2,729.11
Average Life	8.528 Years
Average Coupon	2.7010406%
Net Interest Cost (NIC)	2.7010406%
True Interest Cost (TIC)	2.6707767%
Bond Yield for Arbitrage Purposes	2.6707767%
All Inclusive Cost (AIC)	2.9900267%
<b>IRS Form 8038</b>	2.7010406%
Net Interest Cost	8.528 Years
Weighted Average Maturity	

(Sale/Iss – Water Revenue)

420816-6

Hills, Iowa

April 27, 2015

The City Council of the City of Hills, Iowa, met on April 27, 2015, at \_\_\_\_\_ o'clock p.m., at the \_\_\_\_\_, Hills, Iowa.

The meeting was called to order by the Mayor, and the roll was called showing the following Council Members 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.

RESOLUTION NO. 2015-19

Resolution approving and authorizing a Loan Agreement and providing for the issuance and securing the payment of its \$320,000 Water Revenue Notes

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

WHEREAS, the management and control of the Utility are vested in the City Council and no board of trustees exists for this purpose; and

WHEREAS, the City has heretofore proposed to enter into a loan agreement (the "Loan Agreement") in a principal amount not to exceed \$4,600,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of planning, designing and constructing improvements and extensions to the Utility (the "Project"), and has published notice of the proposed action and has held a hearing thereon on May 12, 2014; and

WHEREAS, pursuant to a resolution (the "Series 2014 Resolution") adopted and approved by the City Council on November 10, 2014, the City has previously authorized a first iteration of the Loan Agreement and issued its \$4,151,000 SRF Water Revenue Bond, Series 2014, dated November 21, 2014 (the "Series 2014 Bond") in evidence of its obligations thereunder, a portion of which remains outstanding; and

WHEREAS, pursuant to the Series 2014 Resolution, the City reserved the right to issue additional obligations payable from the Net Revenues (as hereinafter defined) of the Utility and ranking on a parity with the Series 2014 Bond; and

WHEREAS, the City now proposes to use its remaining authority to enter into a second iteration of the Loan Agreement and to issue \$320,000 Water Revenue Notes (the "Notes") in evidence of its obligations thereunder; and

WHEREAS, Speer Financial, Inc., the City's financial advisor, has negotiated the sale of the Notes to Hills Bank & Trust Company, Hills, Iowa (the "Lender"); and

WHEREAS, it is necessary at this time to authorize and approve the Loan Agreement and to make provision for the issuance of the Notes;

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

Section 1. It is hereby determined that the City shall enter into the Loan Agreement with the Lender in substantially the form attached hereto providing for a loan to the City in the amount of \$320,000, for the purpose or purposes set forth in the preamble hereof.

The Mayor and City Clerk are authorized and directed to sign the Loan Agreement on behalf of the City, and the Loan Agreement is hereby approved.

Section 2. The Notes are hereby authorized to be issued in the principal amount of \$320,000, and shall be dated as of the date of its delivery to the Lender (anticipated to be May 14, 2015) and shall be payable as to both principal and interest in the manner hereinafter specified.

The City Clerk is hereby designated as the Registrar and Paying Agent for the Notes and may be hereinafter referred to as the "Registrar" or the "Paying Agent."

Accrued interest on the Notes shall be payable semiannually on June 1 and December 1 each year, commencing December 1, 2015. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Notes shall mature on June 1 in each of the years, in the respective and bear interest at the respective rates, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Coupon</u>
2016	\$18,000	0.70%	2024	\$21,000	2.45%
2017	\$19,000	0.90%	2025	\$22,000	2.60%
2018	\$19,000	1.15%	2026	\$23,000	2.75%
2019	\$19,000	1.40%	2027	\$24,000	2.90%
2020	\$19,000	1.65%	2028	\$24,000	3.10%
2021	\$20,000	1.90%	2029	\$25,000	3.30%
2022	\$20,000	2.10%	2030	\$26,000	3.50%
2023	\$21,000	2.30%			

Payment of both principal of and interest on the Notes shall be made to the registered owner appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the payment date and shall be paid by check or draft mailed to the registered owner at the address shown on such registration books; provided, however, that the final installment of principal and interest shall be payable only upon presentation and surrender of the Notes to the Paying Agent.

The City reserves the right to prepay principal of the Notes in whole or in part at any time prior to and in any order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the prepayment date.

The Notes shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk and shall have the City's seal impressed or printed thereon, and shall be a fully registered Notes without interest coupons. The issuance of the Notes shall be recorded in the office of the City Treasurer, and the certificate on the back of the Notes shall be executed with the official manual or facsimile signature of the City Treasurer. In case any officer whose signature or the facsimile of whose signature appears on the Notes shall cease to be such officer before the delivery of the Notes, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.



The Notes, together with the Series 2014 Bond any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith (which additional obligations are hereinafter sometimes referred to as "Parity Obligations"), shall be payable solely from the Net Revenues hereinafter referred to. Neither the Notes nor the Loan Agreement shall be a general obligation of the City, nor payable in any manner by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the Net Revenues of the Utility to be sufficient for the payment in whole or in part of the Notes and the interest thereon or to otherwise discharge the obligation created under the Loan Agreement; but the Notes, the Series 2014 Bond and any Parity Obligations shall be payable both as to principal and interest solely and only from the future Net Revenues of the Utility, which are hereby pledged for such purpose.

The Notes shall be fully registered as to principal and interest in the name of the owner on the registration books of the City kept by the Registrar, and after such registration, payment of the principal and interest thereof shall be made only to the registered owner, its legal representatives or assigns. The Notes shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of any owners of the Notes shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 3. The Notes shall be in substantially the following form:

(Form of Note)

**UNITED STATES OF AMERICA**  
**STATE OF IOWA** **COUNTY OF JOHNSON**  
**CITY OF HILLS**

**WATER REVENUE NOTE**

No. _____		\$ _____
RATE	MATURITY DATE	NOTE DATE
_____ %	June 1, 2030	May 14, 2015

The City of Hills (the "City"), in the County of Johnson, State of Iowa, for value received, promises to pay in the manner hereinafter provided to

Hills Bank & Trust Company  
Hills, Iowa

or registered assigns, the principal sum of

THOUSAND DOLLARS,

in lawful money of the United States of America, with interest on said sum, until paid, at the rate per annum specified above from the date of this Note, or from the most recent interest payment date on which interest has been paid, on June 1 and December 1 of each year, commencing December 1, 2015, except as the provisions hereinafter set out with respect to redemption prior to maturity may be or become applicable hereto. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Both principal of and interest on this Note are payable to the registered owner appearing on the registration books of the City maintained by the City Clerk (hereinafter referred to as the "Registrar" or the "Paying Agent") at the close of business on the fifteenth day of the month next preceding the payment date in lawful money of the United States of America by check or draft mailed to the registered owner at the address shown on such registration books; provided, however, that the final installment of principal and interest shall be payable only upon presentation and surrender of this Note to the Paying Agent.

The City reserves the right to prepay principal of this Note in whole or in part at any time prior to and in inverse order of maturity on terms of par and accrued interest. All principal so prepaid shall cease to bear interest on the prepayment date.

This Note is one of a series of Water Revenue Notes (the "Notes") issued by the City to evidence its obligation under a certain Loan Agreement, dated as of May 14, 2015 (the "Loan Agreement") entered into by the City for the purpose of paying the cost, to that extent, of constructing improvements and extensions to the Municipal Waterworks System of the City.

The Notes are issued pursuant to and in strict compliance with the provisions of Chapter 384 of the Code of Iowa, 2015, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Loan Agreement and providing for the issuance and securing the payment of this Note (the "Resolution"), and reference is hereby made to the Resolution and the Loan Agreement for a more complete statement as to the source of payment of the Notes and the rights of the owners thereof.

The Notes are not general obligations of the City but, together with its \$4,151,000 SRF Water Revenue Bond, Series 2014, dated November 21, 2014, and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith, are payable solely and only out of the future Net Revenues of the Municipal Waterworks System of the City. The City has reserved the right to issue additional obligations payable from the same source as and ranking on a parity with the Notes.

This Note is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Note to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Notes have existed, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of the Notes does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, the City of Hills, Iowa, by its City Council, has caused this Note to be executed by its Mayor and attested by its City Clerk, all as of May 14, 2015.

CITY OF HILLS, IOWA

By: (DO NOT SIGN)  
Mayor

Attest:

(DO NOT SIGN)  
City Clerk

CITY TREASURER'S CERTIFICATE

STATE OF IOWA  
CITY OF HILLS  
COUNTY OF JOHNSON

SS:

The original issuance of the Notes was duly and properly recorded in my office as of May 14, 2015.

(DO NOT SIGN)  
\_\_\_\_\_  
City Treasurer

ABBREVIATIONS

The following abbreviations, when used in this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UTMA _____
TEN ENT	- as tenants by the entireties	As Custodian for _____
TEN	- as joint tenants with right of survivorship and not as tenants in common	(Minor) under Uniform Transfers to Minors Act _____ (State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Note to

\_\_\_\_\_  
(Please print or type name and address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint \_\_\_\_\_, Attorney, to transfer this Note on the books kept for registration thereof with full power of substitution.

Dated: \_\_\_\_\_

Signature guaranteed:  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Note in every particular, without alteration or enlargement or any change whatever.

Section 4. The Notes shall be executed as herein provided as soon after the adoption of this resolution as may be possible and thereupon it shall be delivered to the Registrar for registration and delivery to the Lender, upon receipt of the loan proceeds (the "Loan Proceeds"), and all action heretofore taken in connection with the Loan Agreement is hereby ratified and confirmed in all respects. The Loan Proceeds shall be used to pay the costs of the Project and the costs of issuance of the Notes. Any Loan Proceeds remaining after the full payment of such costs shall be deposited in the Sinking Fund, as hereinafter defined, and used for the payment of principal of and interest on the Notes. It is anticipated that closing of the credit transaction contemplated herein shall occur on May 14, 2015. To the extent that the date of closing needs to be adjusted, the City Staff, with advice from the Lender, the Financial Advisor and Bond Counsel to the City, is hereby authorized to make such adjustment and to modify the transaction documents accordingly.

Section 5. So long as the Notes, the Series 2014 Bond or any Parity Obligations are outstanding, the City shall continue to maintain the Utility in good condition, and the Utility shall continue to be operated in an efficient manner and at a reasonable cost as a revenue producing undertaking. The City shall establish, impose, adjust and provide for the collection of rates to be charged to customers of the Utility, including the City, to produce gross revenues (hereinafter sometimes referred to as the "Gross Revenues") at least sufficient to pay the expenses of operation and maintenance of the Utility (the "Operating Expenses"), which shall include salaries, wages, cost of maintenance and operation, materials, supplies, insurance and all other items normally included under recognized accounting practices (but does not include allowances for depreciation in the valuation of physical property) and to leave a balance of net revenues (herein referred to as the "Net Revenues") equal to at least 110% of the principal of and interest on the Notes, the Series 2014 Bond and any other Parity Obligations due in such fiscal year, as the same become due.

Section 6. From and after the issuance of the Notes, and throughout the time any of the Notes, the Series 2014 Bond or Parity Obligations are outstanding, the Gross Revenues of the Utility shall be set aside into a separate and special fund which is hereby established, to be known and hereinafter referred to as the "Water Revenue Fund". The Water Revenue Fund shall be used in maintaining and operating the Utility, and after payment of the Operating Expenses shall, to the extent hereinafter provided, be used to pay the principal of and interest on the Notes, the Series 2014 Bond and any Parity Obligations and to create and maintain the several separate funds hereinafter established.

Section 7. The provisions in and by the 2014 Resolution, whereby there has been created and is to be maintained a Water Revenue Bond Sinking Fund (herein referred to as the "Sinking Fund"), and for the payment into said fund from the Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of the 2014 Bond, are all hereby ratified and confirmed, and all such provisions shall inure and constitute the security for the payment of the interest on and principal of the Notes hereby authorized as may be outstanding from time to time; provided, however that on the first day of each month of each year, the minimum amount to be set aside, in addition to the amounts required to be set aside in the 2014 Resolution and paid into the Sinking Fund shall be not less than as follows:

Commencing June 1, 2015, an amount equal to 1/6th of the installment of interest coming due on the Notes on the next succeeding interest payment date, plus an amount equal to 1/12th of the installment of principal coming due on the Notes on the next succeeding principal payment date until the full amount of such installment is on deposit in the Sinking Fund.

Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Notes, the Series 2014 Bond and any Parity Obligations as the same shall become due and payable. Whenever Parity Obligations are issued under the conditions and restrictions hereinafter set forth, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

No further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire the Notes, the Series 2014 Bond and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement or if provision for such payment has been made.

All of such payments required to be made into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day.

Section 8. The provisions in and by the 2014 Resolution whereby there has been created and is to be maintained a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first making the required payments into the Sinking Fund are all hereby ratified and confirmed. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Notes, the 2014 Bond and any Parity Obligations.

As long as the Sinking Fund has the full amounts required to be deposited therein by the 2014 Resolution and this resolution, any balance in the Surplus Fund may be expended by the City in such manner as the Council, or such other duly constituted body as may then be charged with the operation of the Utility, may from time to time direct.

Section 9. All money held in any fund or account created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public funds. All interest received by the City as a result of investments under this section shall be considered to constitute Gross Revenues of the Utility and shall be deposited in or transferred to the Water Revenue Fund and used solely and only for the purposes specified herein for such funds.

Section 10. The City hereby covenants and agrees with the owner or owners of the Notes, the Series 2014 Bond and any Parity Obligations that from time to time may be

outstanding, that it will faithfully and punctually perform all duties with reference to the Utility required and provided by the Constitution and laws of the State of Iowa, that it will segregate the Gross Revenues of the Utility and make application thereof in accordance with the provisions of this resolution and that it will not sell, lease or in any manner dispose of the Utility or any part thereof, including any and all extensions and additions that may be made thereto, until all of the Notes, the Series 2014 Bond and any Parity Obligations shall have been paid in full, both principal and interest, or unless and until provision shall have been made for the payment thereof in full, both principal and interest; provided, however, that the City may dispose of any property which in the judgment of the Council, or the duly constituted body as may then be charged with the operation of the Utility, is no longer useful or profitable in the operation of the Utility nor essential to the continued operation thereof and when the sale thereof will not operate to reduce the revenues to be derived from the operation of the Utility.

Section 11. Upon a breach or default of a term of the Notes, the Series 2014 Bond or Parity Obligations and this resolution, a proceeding may be brought in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required under the terms of this resolution and Division V of Chapter 384 of the Code of Iowa or an action may be brought to obtain the appointment of a receiver to take possession of and operate the Utility and to perform the duties required by this resolution and Division V of Chapter 384 of the Code of Iowa.

Section 12. Neither the Notes, the Series 2014 Bond nor any Parity Obligations shall be entitled to priority or preference one over the other in the application of the Net Revenues of the Utility, regardless of the time or times of the issuance of the Notes, the Series 2014 Bond or any Parity Obligations, it being the intention that there shall be no priority between the Notes, the Series 2014 Bond or any Parity Obligations, regardless of the fact that they may have been actually issued and delivered at different times. The City hereby reserves the right from time-to-time to issue Parity Obligations payable from the same source as and ranking on a parity with the Notes.

Section 13. The City agrees that so long as the Notes, the Series 2014 Bond or any Parity Obligations remain outstanding, it will maintain insurance for the benefit of the owners of the Notes, the Series 2014 Bond and any Parity Obligations on the insurable portions of the Utility of a kind and in an amount which usually would be carried by private companies or municipalities engaged in a similar type of business. The City will keep proper books of record and account, separate from all other records and accounts, showing the complete and correct entries of all transactions relating to the Utility, and the owners of the Notes, the Series 2014 Bond or any Parity Obligations shall have the right at all reasonable times to inspect the Utility and all records, accounts and data of the City and the Utility relating thereto.

Section 14. The provisions of this resolution shall constitute a contract between the City and the owners of the Notes and after the issuance of the Notes, no change, variation or alteration of any kind of the provisions of this resolution shall be made which will adversely affect any owners of the Notes until the Notes and the interest thereon shall have been paid in full.

Section 15. It is the intention of the City that interest on the Notes be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in

effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof, the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with the applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Notes will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

The City hereby designates the Notes as "Qualified Tax Exempt Obligations" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 16. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 17. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 18. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved April 27, 2015.

\_\_\_\_\_  
Mayor

Attest:

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

••••

On motion and vote, the meeting adjourned.

\_\_\_\_\_  
Mayor

Attest:

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



STATE OF IOWA  
COUNTY OF JOHNSON  
CITY OF HILLS

SS:

I, the undersigned, do hereby certify that I have in my possession or have access to the complete corporate records of the City and of its Council and officers and that I have carefully compared the transcript hereto attached with the aforesaid corporate records and that the transcript hereto attached is a true, correct and complete copy of all the corporate records in relation to the authorization and approval of a certain Loan Agreement and the issuance of its \$320,000 Water Revenue Notes of said City evidencing the City's obligation under the Loan Agreement and that the transcript hereto attached contains a true, correct and complete statement of all the measures adopted and proceedings, acts and things had, done and performed up to the present time with respect thereto.

I further certify that no appeal has been taken to the District Court from the decision of the City Council to enter into the Loan Agreement or to issue the Notes.

WITNESS MY HAND this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

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