

# Agenda: Newton City Council

Special Meeting  
September 23rd, 2019  
6:00 p.m.

City Hall Council Chambers  
101 West 4<sup>th</sup> Street South  
Newton, Iowa 50208

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## Call to Order

Roll Call

## Public Hearings

1. Public hearing on a Resolution Taking Additional Action on Proposal to enter Into a Taxable General Obligation Refunding Loan Agreement and Authorizing the Use of a Preliminary Official Statement in Connection Therewith (Council Report 19-198)
  - Interest rates have declined and are at record low levels. DA Davidson, the City's Financial Advisors have estimated the City will save over \$234,000 in interest over the life of the 2018A General Obligation Bond if refinanced at current rates.
  - Staff recommends moving forward on the refinancing of the 2018A General Obligation Bond and authorizing the use of the Preliminary Official Statement.
2. Resolution Taking Additional Action on Proposal to enter Into a Taxable General Obligation Refunding Loan Agreement and Authorizing the Use of a Preliminary Official Statement in Connection Therewith (Council Report 19-198)
3. Public hearing on a Resolution Taking Additional Action on Proposal to Enter into a General Obligation Loan Agreement and Repurposing Bond Proceeds (Council Report 19-199)
  - Council previously approved bonding for grading and site preparation in the Fairmeadows North Urban Renewal Area in the amount of \$1,600,000. There are wetlands located on this land and undeveloped building lots have all been sold.
  - To keep lots available for builders while the wetlands issue is resolved, it is recommended that Phase 1 in Arbor Estates be constructed before the grading project begins. This would ensure lots will be ready for development by July 1, 2020.
  - To use these bonded funds for a different purpose, the Council must approve the reallocation of the bonded funds. This action does not borrow additional funds, only reallocates funds the City has on hand.
4. Resolution Taking Additional Action on Proposal to Enter into a General Obligation Loan Agreement and Repurposing Bond Proceeds (Council Report 19-199)

## Adjourn

The City of Newton is pleased to provide reasonable accommodations, in compliance with the Americans with Disabilities Act, for those individuals or groups who require assistance to be able to participate in the public meeting. Should special accommodations be required, please contact the City Clerk's Office at least 48 hours in advance of the meeting, at 641-792-2787 to arrange for accommodations to be provided.



# City of Newton Council Report

**Item:** Resolution Taking Additional Action on Proposal to enter Into a Taxable General Obligation Refunding Loan Agreement and Authorizing the Use of a Preliminary Official Statement in Connection Therewith

**Summary:** Resolution to Hold a Public Hearing on Refinancing the 2018A Bond and Approve a Preliminary Official Statement

**Financial Impact:** Estimated Savings in Interest Costs \$200,000 over the Life of the Bond



**Report Number:** 19-198

**Date:** September 23, 2019

**Lead Department:**  
Finance

**Recommendation:**  
Approval

## **BACKGROUND**

DA Davidson, the City's Financial Advisors, continually reviews the City's bonds and notes for potential savings of interest when rates drop. Since June of this year, the rates have dropped as much as 40 basis points (0.40%). Rates are now at record low levels and it is projected that refinancing the 2018A bond would save the City \$234,486 on a cash flow basis.

At this time, there are no other outstanding Bonds that are callable or the existing rates are too low to merit refinancing. Next year, the 2014A and 2014B will be callable and potential refinancing could happen in conjunction with the spring bonding.

During the September 16th meeting, the City Council set a date of September 23, 2019 for a public hearing on this refinancing and approval of a Preliminary Official Statement.

The City Council will consider the approval of a Bond Purchase Agreement, lock in interest rates, and authorize the redemption of the outstanding Series 2018A Bond at the October 7<sup>th</sup> meeting. The final step would be authorizing the issuance of the Series 2019C Bond at the October 21<sup>st</sup> meeting.

## **Recommendation:**

Staff recommends approval of the attached Resolution.

A handwritten signature in black ink, appearing to read "Matt Muckler".

Matt Muckler  
City Administrator

## Memorandum

To: Honorable Mayor Michael L. Hansen and the City Council  
CC: Lisa Frasier, Finance Officer, City of Newton  
From: Michael Maloney, Senior Vice President – D.A. Davidson & Co.  
Telephone: 515.471.2723 Email: [mmaloney@dadco.com](mailto:mmaloney@dadco.com)  
Date: Monday, August 26, 2019  
Re: Refinancing of Outstanding Bonds

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This correspondence is being provided because interest rates have dropped and that has presented an opportunity to realize interest cost savings on the City's outstanding General Obligation debt. Davidson continually reviews the City's bonds and notes for this potential, but provides updates when these start approaching the industry standard benchmark of net present value (NPV) savings of 3% of refunded principal amount. In late June, this opportunity did not exist.

However, the last couple weeks have seen a large drop in rates, with yields of the municipal index AAA MMD curve down as much as 40 basis points (0.40%). We have seen rates nearing record low levels and, in turn, refinancing the City's outstanding Series 2018A would exceed not only the minimum 3% savings threshold, but actually as much as a 10% savings level based on current market rates.

Attached is a preliminary savings estimate based on today's interest rates and a summary of the Bonds to be refunded. Overall, savings is projected at \$234,486 on a cash flow basis and \$200,968 on a present value basis (this is 10.42% of refunded principal amount).

Authority for the refinancing would be established by a simple public hearing process (set, publish, hold). To market the refinancing issue, the City will need to approve a Preliminary Official Statement, which is the offering document used in the municipal market. Davidson has a draft assembled that we are prepared to circulate for review by the City and bond counsel for approval at the City's next Council meeting (9/16). The approval of this document would align with the public hearing process so that the City could lock-in rates and interest cost savings at any subsequent meeting.

To take advantage of these unique market conditions, we would then be able to lock rates at the next Council meeting and complete the refinancing. While this is reflected in the attached timeline at the first October meeting (10/7), note that this is simply a suggestion and that the key is to simply outline the necessary steps to complete this process.

The City will start the public hearing process at this meeting (9/3) to provide authority for this potential refinancing, Davidson will continue to work with staff and Dorsey (the City's bond counsel) to work through the necessary action steps of the timeline and to ensure a successful refinancing transaction for the City.

CITY OF NEWTON, IOWA

General Obligation Refunding Bonds, Series 2019C  
Refinancing of Series 2018A

Projected Timeline

Date Prepared: August 21, 2019

September 2019						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October 2019						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**Council Meeting, Tuesday, September 3<sup>rd</sup>:**

**Week of September 9<sup>th</sup> (no meeting necessary):**

**Council Meeting, Monday, September 16<sup>th</sup>:**

**Council Meeting, Monday, October 7<sup>th</sup>:**

**Council Meeting, Monday, October 21<sup>st</sup>:**

**Thursday, November 7<sup>th</sup> (no meeting necessary):**

- Council sets public hearing on refinancing
- Potential Rating Call with S&P Global
- Council holds public hearing on refinancing
- Council approves Preliminary Official Statement
- Council considers approval of Bond Purchase Agreement (locks in rates on refinancing)
- Council authorizes redemption of outstanding Series 2018A
- Council authorizes issuance of Series 2019C
- Closing / delivery of funds
- Redemption of Series 2018A

## SAVINGS

**CITY of NEWTON, IOWA**  
**Proposed Taxable G.O. Refunding Bonds, Series 2019C**  
**Assumes S&P Global 'A+' Rated, Taxable Issue**  
**Callable June 1, 2026 @ Par**  
**- Preliminary Numbers as of August 23, 2019 -**

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 10/31/2019 @ 2.3135049%
12/01/2019	6,555.20		6,555.20		6,477.37
06/01/2020	92,331.20	90,513.97	1,817.23	8,372.43	1,792.89
12/01/2020	38,250.00	21,103.45	17,146.55		16,723.48
06/01/2021	93,250.00	96,103.45	(2,853.45)	14,293.10	(2,751.22)
12/01/2021	37,128.00	20,422.83	16,705.17		15,922.50
06/01/2022	109,128.00	110,422.83	(1,294.83)	15,410.34	(1,220.05)
12/01/2022	35,659.20	19,619.58	16,039.62		14,940.48
06/01/2023	165,659.20	164,619.58	1,039.62	17,079.24	957.30
12/01/2023	33,007.20	18,316.75	14,690.45		13,372.60
06/01/2024	167,007.20	163,316.75	3,690.45	18,380.90	3,320.97
12/01/2024	30,273.60	16,971.15	13,302.45		11,833.76
06/01/2025	170,273.60	166,971.15	3,302.45	16,604.90	2,904.24
12/01/2025	27,417.60	15,489.15	11,928.45		10,370.15
06/01/2026	172,417.60	165,489.15	6,928.45	18,856.90	5,954.46
12/01/2026	24,459.60	13,926.15	10,533.45		8,949.16
06/01/2027	175,459.60	168,926.15	6,533.45	17,066.90	5,487.31
12/01/2027	21,379.20	12,242.08	9,137.12		7,586.32
06/01/2028	179,379.20	172,242.08	7,137.12	16,274.24	5,858.01
12/01/2028	18,156.00	10,450.08	7,705.92		6,252.54
06/01/2029	182,156.00	170,450.08	11,705.92	19,411.84	9,389.50
12/01/2029	14,810.40	8,588.48	6,221.92		4,933.63
06/01/2030	185,810.40	173,588.48	12,221.92	18,443.84	9,580.47
12/01/2030	11,322.00	6,585.38	4,736.62		3,670.46
06/01/2031	188,322.00	176,585.38	11,736.62	16,473.24	8,990.85
12/01/2031	7,711.20	4,477.38	3,233.82		2,448.94
06/01/2032	192,711.20	179,477.38	13,233.82	16,467.64	9,907.25
12/01/2032	3,937.20	2,261.88	1,675.32		1,239.85
06/01/2033	196,937.20	177,261.88	19,675.32	21,350.64	14,394.61
	2,580,908.80	2,346,422.65	234,486.15	234,486.15	199,287.84

### Savings Summary

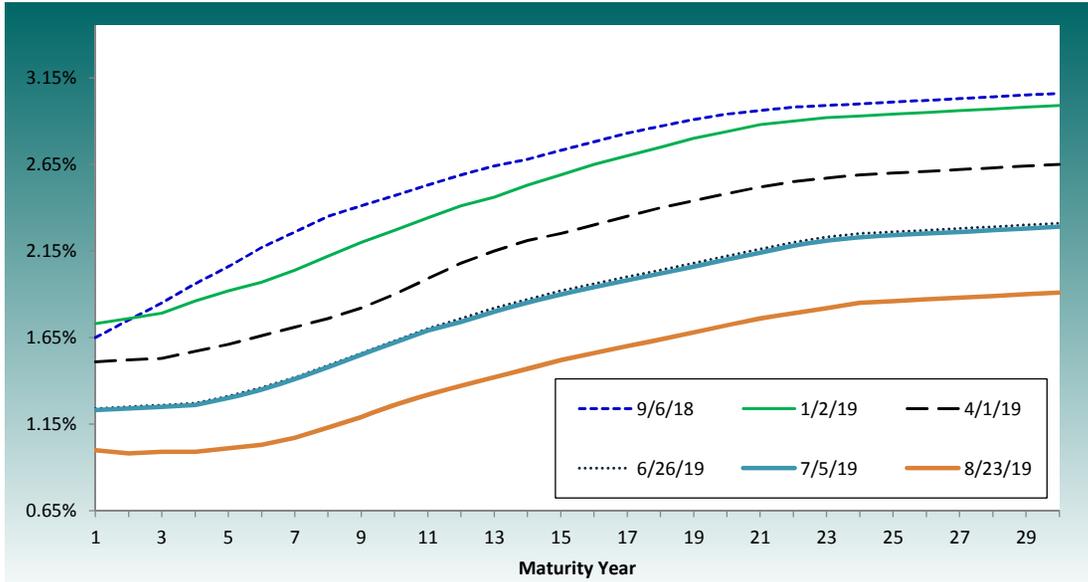
Dated Date	10/31/2019
Delivery Date	10/31/2019
PV of savings from cash flow	199,287.84
Plus: Refunding funds on hand	1,680.00
	200,967.84
Net PV Savings	200,967.84

## SUMMARY OF BONDS REFUNDED

**CITY of NEWTON, IOWA**  
**Proposed Taxable G.O. Refunding Bonds, Series 2019C**  
**Assumes S&P Global 'A+' Rated, Taxable Issue**  
**Callable June 1, 2026 @ Par**  
**- Preliminary Numbers as of August 23, 2019 -**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2018 - Projects/Equipment (Paid by Debt Levy):					
BOND	06/01/2022	4.080%	15,000.00	10/31/2019	100.000
	06/01/2023	4.080%	70,000.00	10/31/2019	100.000
	06/01/2024	4.080%	72,000.00	10/31/2019	100.000
	06/01/2025	4.080%	75,000.00	10/31/2019	100.000
	06/01/2026	4.080%	78,000.00	10/31/2019	100.000
	06/01/2027	4.080%	81,000.00	10/31/2019	100.000
	06/01/2028	4.080%	85,000.00	10/31/2019	100.000
	06/01/2029	4.080%	88,000.00	10/31/2019	100.000
	06/01/2030	4.080%	92,000.00	10/31/2019	100.000
	06/01/2031	4.080%	95,000.00	10/31/2019	100.000
	06/01/2032	4.080%	99,000.00	10/31/2019	100.000
	06/01/2033	4.080%	104,000.00	10/31/2019	100.000
			954,000.00		
2018 - Barton Land Purchase (Paid by TIF):					
BOND	06/01/2020	4.080%	53,000.00	10/31/2019	100.000
	06/01/2021	4.080%	55,000.00	10/31/2019	100.000
	06/01/2022	4.080%	57,000.00	10/31/2019	100.000
	06/01/2023	4.080%	60,000.00	10/31/2019	100.000
	06/01/2024	4.080%	62,000.00	10/31/2019	100.000
	06/01/2025	4.080%	65,000.00	10/31/2019	100.000
	06/01/2026	4.080%	67,000.00	10/31/2019	100.000
	06/01/2027	4.080%	70,000.00	10/31/2019	100.000
	06/01/2028	4.080%	73,000.00	10/31/2019	100.000
	06/01/2029	4.080%	76,000.00	10/31/2019	100.000
	06/01/2030	4.080%	79,000.00	10/31/2019	100.000
	06/01/2031	4.080%	82,000.00	10/31/2019	100.000
	06/01/2032	4.080%	86,000.00	10/31/2019	100.000
	06/01/2033	4.080%	89,000.00	10/31/2019	100.000
			974,000.00		
			1,928,000.00		

## Aaa MMD Municipal Yield Curve Movement



Source: Thomson Reuters

Yield Difference (6/26/19 vs. Current)	
Maturity	Difference
5	-0.30%
10	-0.37%
15	-0.40%
20	-0.40%
25	-0.40%
30	-0.40%

Maturity		9/6/18	1/2/19	4/1/19	6/26/19	7/5/19	8/23/19
1	2020	1.65%	1.73%	1.51%	1.24%	1.23%	1.00%
2	2021	1.75%	1.76%	1.52%	1.25%	1.24%	0.98%
3	2022	1.85%	1.79%	1.53%	1.26%	1.25%	0.99%
4	2023	1.96%	1.86%	1.57%	1.27%	1.26%	0.99%
5	2024	2.06%	1.92%	1.61%	1.31%	1.30%	1.01%
6	2025	2.17%	1.97%	1.66%	1.36%	1.35%	1.03%
7	2026	2.26%	2.04%	1.71%	1.42%	1.41%	1.07%
8	2027	2.35%	2.12%	1.76%	1.49%	1.48%	1.13%
9	2028	2.41%	2.20%	1.82%	1.56%	1.55%	1.19%
10	2029	2.47%	2.27%	1.90%	1.63%	1.62%	1.26%
11	2030	2.53%	2.34%	1.99%	1.70%	1.69%	1.32%
12	2031	2.59%	2.41%	2.08%	1.76%	1.74%	1.37%
13	2032	2.64%	2.46%	2.15%	1.82%	1.80%	1.42%
14	2033	2.68%	2.53%	2.21%	1.87%	1.85%	1.47%
15	2034	2.73%	2.59%	2.25%	1.92%	1.90%	1.52%
16	2035	2.78%	2.65%	2.30%	1.96%	1.94%	1.56%
17	2036	2.83%	2.70%	2.35%	2.00%	1.98%	1.60%
18	2037	2.87%	2.75%	2.40%	2.04%	2.02%	1.64%
19	2038	2.91%	2.80%	2.44%	2.08%	2.06%	1.68%
20	2039	2.94%	2.84%	2.48%	2.12%	2.10%	1.72%
21	2040	2.96%	2.88%	2.52%	2.16%	2.14%	1.76%
22	2041	2.98%	2.90%	2.55%	2.20%	2.18%	1.79%
23	2042	2.99%	2.92%	2.57%	2.23%	2.21%	1.82%
24	2043	3.00%	2.93%	2.59%	2.25%	2.23%	1.85%
25	2044	3.01%	2.94%	2.60%	2.26%	2.24%	1.86%
26	2045	3.02%	2.95%	2.61%	2.27%	2.25%	1.87%
27	2046	3.03%	2.96%	2.62%	2.28%	2.26%	1.88%
28	2047	3.04%	2.97%	2.63%	2.29%	2.27%	1.89%
29	2048	3.05%	2.98%	2.64%	2.30%	2.28%	1.90%
30	2049	3.06%	2.99%	2.65%	2.31%	2.29%	1.91%

NEW ISSUE - DTC BOOK ENTRY ONLY

RATING: S&P: “\_\_\_\_\_”  
(See “Rating” herein.)

*Interest on the Bonds is includible in gross income of the owners thereof for the purposes of federal income taxation as discussed under the heading “TAX MATTERS” herein. Interest on the Bonds is not exempt from present Iowa income taxes.*

**\$1,980,000\***  
**City of Newton, Iowa**  
**Taxable General Obligation Refunding Bonds,**  
**Series 2019C**

**Dated:** Date of Delivery

**Due:** As shown on inside cover

The \$1,980,000\* Taxable General Obligation Refunding Bonds, Series 2019C (the “Bonds”), are being issued in fully registered form in denominations of \$5,000 or any integral multiple thereof pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2019, as amended and a resolution authorizing issuance of the Bonds (the “Resolution”) expected to be adopted by the City of Newton, Iowa (the “Issuer” or the “City”) on October 21, 2019\*. The Depository Trust Company, New York, New York (“DTC”) will act as the securities depository for the Bonds and its nominee, Cede & Co., will be the registered owner of the Bonds. Individual purchases of the Bonds will be recorded on a book-entry only system operated by DTC. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by BOKF, N.A., Lincoln, Nebraska, as Registrar and Paying Agent (the “Registrar”), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds. See “APPENDIX E – BOOK-ENTRY SYSTEM” herein.

The Bonds will bear interest from their dated date, payable semiannually on each June 1 and December 1, commencing June 1, 2020\*. The Bonds are subject to redemption by the Issuer prior to their stated maturities in the manner and at the time described herein. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2026\*, or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium. See “THE BONDS – Redemption” herein.

The Bonds and the interest thereon are general obligations of the Issuer, and 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 Bonds without constitutional or statutory limitation as to rate or amount. See “SECURITY AND SOURCE OF PAYMENT” herein.

Proceeds of the Bonds will be used for the purpose of paying the cost, to that extent of current refunding the outstanding balance of certain notes and paying certain costs of issuance related to the Bonds. See “PLAN OF FINANCING” herein.

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality and validity by Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with the issuance of the Bonds. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about November 7, 2019.\*



The Date of this Official Statement is October \_\_, 2019

\* Preliminary, subject to change

**\$1,980,000\***  
**City of Newton, Iowa**  
**Taxable General Obligation Refunding Bonds,**  
**Series 2019C**

**MATURITY SCHEDULE**

<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **
June 1, 2020	\$ 65,000			
June 1, 2021	\$ 75,000			
June 1, 2022	\$ 90,000			
June 1, 2023	\$145,000			
June 1, 2024	\$145,000			
June 1, 2025	\$150,000			
June 1, 2026	\$150,000			
June 1, 2027	\$155,000			
June 1, 2028	\$160,000			
June 1, 2029	\$160,000			
June 1, 2030	\$165,000			
June 1, 2031	\$170,000			
June 1, 2032	\$175,000			
June 1, 2033	\$175,000			

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\* Preliminary, subject to change.

\*\* CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

No dealer, broker, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The information set forth herein has been obtained from the Issuer and from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No representation is made regarding whether the Bonds constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "ANTICIPATED," "PLAN," "EXPECT," "PROJECTED," "ESTIMATE," "BUDGET," "PRO FORMA," "FORECAST," "INTEND," OR OTHER WORDS OF SIMILAR IMPORT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

In connection with the issuance of the Bonds, the Issuer will enter into a Continuing Disclosure Certificate. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

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## OFFICIAL STATEMENT

**\$1,980,000\***  
**City of Newton, Iowa**  
**Taxable General Obligation Refunding Bonds,**  
**Series 2019C**

### INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is to set forth certain information in conjunction with the sale of \$1,980,000\* Taxable General Obligation Refunding Bonds, Series 2019C (the “Bonds”), of the City of Newton, Iowa (the “Issuer” or the “City”). This Introduction is not a summary of this Official Statement, but is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Copies of statutes, resolutions, ordinances, reports or other documents referred to herein are available, upon request, from the Issuer.

The Bonds are being issued pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2019, as amended (collectively, the “Act”) and a Resolution expected to be adopted by the Issuer on October 21, 2019\* (the “Resolution”), to evidence the obligations of the Issuer under a Loan Agreement between the Issuer and the Underwriter.

The Bonds and the interest thereon are general obligations of the Issuer, and 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 Bonds without constitutional or statutory limitation as to rate or amount. See “SECURITY AND SOURCE OF PAYMENT” herein.

Proceeds of the Bonds will be used for the purpose of paying the cost, to that extent, of current refunding the outstanding balance of the callable maturities of the City’s Taxable General Obligation Corporate Purpose Notes, Series 2018A, dated March 19, 2018 (the “Refunded Notes”) and paying certain costs of issuance related to the Bonds. See “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS” herein.

### THE ISSUER

The Issuer, with a 2010 U.S. Census population of 15,254, comprises approximately 11.19 square miles. The Issuer operates under a statutory form of government consisting of a six-member City Council, of which the Mayor is not a voting member. Additional information concerning the Issuer is included in “APPENDIX A – INFORMATION ABOUT THE ISSUER” hereto.

### THE BONDS

#### General

The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Interest on and principal of the Bonds are payable in lawful money of the United States of America.

The Bonds are dated as of the date of their delivery, will mature on June 1 in the years and in the amounts set forth on the inside cover page hereof, and will bear interest at the rates to be set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 in each year, beginning on June 1, 2020\*, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the interest payment date, to the addresses appearing on the registration books maintained by the Registrar or such other address as is furnished to the Registrar in writing by a registered owner. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

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\* Preliminary, subject to change.

## **Redemption**

Optional Redemption. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, beginning June 1, 2026\* or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium.

Selection of Bonds for Redemption. Bonds subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Bonds to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Notice of Redemption. Prior to the redemption of any Bonds under the provisions of the Resolution, the Registrar shall give notice by certified mail or electronic means not less than thirty (30) days prior to the redemption date to each registered owner thereof.

## **SECURITY AND SOURCE OF PAYMENT**

### **General**

Pursuant to the Resolution and the Act, the Bonds and the interest thereon are general obligations of the Issuer, and 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 Bonds without constitutional or statutory limitation as to rate or amount. See “APPENDIX A – INFORMATION ABOUT THE ISSUER.”

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 Issuer 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 issuer, 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 Issuer in each of the years while the Bonds are outstanding. The Issuer 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 Issuer and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the Issuer 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 Issuer 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 Issuer’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 judgment as to whether the Bonds are an appropriate investment.

### **Tax Levy Procedures**

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the taxable property within the boundaries of the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the taxable property within the boundaries of the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on 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.

### **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 Bonds 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.

### **Rating Loss**

S&P Global Ratings, a Standard and Poor's Financial Services LLC business ("S&P") 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 S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

### **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 Issuer 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 Issuer 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.

### **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 “anticipated,” “plan,” “expect,” “projected,” “estimate,” “budget,” “pro forma,” “forecast,” “intend,” 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 Issuer to pay debt service when due on the 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 Issuer 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 E – BOOK-ENTRY SYSTEM.”

### **Proposed Federal Tax Legislation**

From time to time, Presidential proposals, federal legislative committee proposals or legislative proposals are made that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. See “TAX MATTERS” herein.

### **Pension Information**

The Issuer contributes to the Iowa Public Employees’ Retirement System (“IPERS”), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer not covered by MFPRSI (defined below) are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2018 (the “IPERS CAFR”), indicates that as of June 30, 2018, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 82.36%, and the unfunded actuarial liability was \$6.815 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2018, at approximately \$6.328 billion, while its net pension liability at June 30, 2017, was approximately \$6.661 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on IPERS.

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

In fiscal year ended June 30, 2018, the Issuer’s IPERS contribution totaled approximately \$337,567. The Issuer is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer’s identified portion at June 30, 2018, at approximately \$3,452,264. While the Issuer’s contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its

contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on pension and liabilities of the Issuer.

The Issuer also contributes to the Municipal Fire and Police Retirement System of Iowa (“MFPRSI”), which is a multiple-employer cost-sharing defined benefit pension plan for fire fighters and police officers, administered under Chapter 411 of the Code of Iowa. MFPRSI plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to MFPRSI. Contribution amounts are set by State statute. The MFPRSI Comprehensive Annual Financial Report for its fiscal year ended June 30, 2018 (the “MFPRSI Report”), indicates that as of June 30, 2018, the date of the most recent actuarial valuation for MFPRSI, the funded ratio of MFPRSI was 82.00%, and the unfunded actuarial liability was \$566.2 million. The MFPRSI Report identifies the MFPRSI Net Pension Liability at June 30, 2018, at approximately \$595.4 million, while its net pension liability at June 30, 2017, was approximately \$586.5 million. The MFPRSI Report is available on the MFPRSI website. See “APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on MFPRSI.

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

In fiscal year ended June 30, 2018, the Issuer’s MFPRSI contribution totaled approximately \$795,034. The Issuer is current in its obligations to MFPRSI.

Pursuant to Governmental Accounting Standards Board Statement No. 68, MFPRSI has allocated the net pension liability among its members, with the Issuer’s identified portion at June 30, 2018, at approximately \$6,212,020. While the Issuer’s contributions to MFPRSI are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” hereto for additional information on pension liabilities of the Issuer.

#### **Other Post-Employment Benefits (“OPEB”) Information**

The Issuer operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. As of June 30, 2018, there were 100 active and eight retired members in the plan. Participants must be age 55 or older at retirement. The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark Blue Cross and Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPES liability.

The contribution requirements of plan members are established and may be amended by the Issuer. The Issuer currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$757 to \$1,506 for single coverage and \$1,395 to \$2,235 for family coverage. For the year ended June 30, 2018, the City contributed \$2,146,512 and plan members eligible for benefits contributed \$211,867 to the plan. See “APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on OPEB obligations of the Issuer.

#### **Summary**

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.

#### **LITIGATION**

The Issuer encounters litigation occasionally, as a course of business; however, no litigation currently exists that is not believed to be covered by current insurance carriers and the Issuer is not aware of any pending litigation that questions the validity of these Bonds.

#### **ACCOUNTANT**

The financial statements of the Issuer included as “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” to this Official Statement have been examined by Gronewold, Bell, Kyhnn & Co. P.C., Atlantic, Iowa, to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said office, and said office expresses no opinion with respect to the Bonds or the Official Statement.

The financial statements are prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.

### PLAN OF FINANCING

The Issuer will use the proceeds of the Bonds to provide funds for the purpose of paying the cost, to that extent, of current refunding the outstanding balance of the callable maturities of the “Refunded Notes and paying certain costs of issuance related to the Bonds.

The following table includes the maturities and amounts of the Refunded Notes that will be refunded on November 7, 2019 at a price of par plus accrued interest:

<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Amount</b>
June 1, 2020	4.08%	\$ 53,000	June 1, 2027	4.08%	\$151,000
June 1, 2021	4.08%	\$ 55,000	June 1, 2028	4.08%	\$158,000
June 1, 2022	4.08%	\$ 72,000	June 1, 2029	4.08%	\$164,000
June 1, 2023	4.08%	\$130,000	June 1, 2030	4.08%	\$171,000
June 1, 2024	4.08%	\$134,000	June 1, 2031	4.08%	\$177,000
June 1, 2025	4.08%	\$140,000	June 1, 2032	4.08%	\$185,000
June 1, 2026	4.08%	\$145,000	June 1, 2033	4.08%	\$193,000

### SOURCES AND USES OF FUNDS\*

The following are estimated sources and uses of funds, with respect to the Bonds.

<b>Sources of Funds</b>	
Bond Principal	\$1,980,000*
<b>Total Sources of Funds</b>	<u>\$</u>
<b>Uses of Funds</b>	
Refunding Fund	\$
Costs of Issuance & Contingency <sup>(1)</sup>	\$
<b>Total Uses of Funds</b>	<u>\$</u>

(1) Includes, among other things, payment of certain legal, financial and other expenses related to the issuance of the Bonds (including, without limitation, underwriters' discount). See the discussion under the caption "UNDERWRITING" herein.

### TAX MATTERS

Interest on the Bonds is includable in gross income of owners thereof for federal income tax purposes and is includable in income for State of Iowa income tax purposes.

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 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 Bonds at a gain or loss and the determination of the amount thereof, and rules applicable if 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 Bonds, and the amortization of bond premium).

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the 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.

\* Preliminary, subject to change.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as “APPENDIX B – FORM OF BOND COUNSEL OPINION.” Signed copies of the opinion, 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. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Bonds.

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.

## RATING

The Bonds are rated “\_\_\_” by S&P. The rating reflects only the views of S&P, and an explanation of the significance of that rating may be obtained only from S&P and its published materials. The rating described above is not a recommendation to buy, sell or hold the Bonds. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. Therefore, after the date hereof, investors should not assume that the rating is still in effect. A downward revision or withdrawal of the rating is likely to have an adverse effect on the market price and marketability of the Bonds. The Issuer has not assumed any responsibility either to notify the owners of the Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Certificate, or to contest any revision or withdrawal.

## CONTINUING DISCLOSURE

The Issuer 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 Issuer (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than twelve months after the close of each fiscal year, commencing with the fiscal year ending June 30, 2019, 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 C – 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 C – 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”).

[During the previous five years, the Issuer did not timely link audited financial statements and annual operating data for its fiscal year ended June 30, 2016 to its Series 2009B Bonds; did not timely file notice of a bond call in connection with its Series 2009A Bonds; did not timely file notice of rating change, and did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings.]

## UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by D.A. Davidson & Co. (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$\_\_\_\_\_ (reflecting the par amount of the Bonds with original issue premium of \$\_\_\_\_\_ and an underwriter’s discount of \$\_\_\_\_\_).

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

## MISCELLANEOUS

Brief descriptions or summaries of the Issuer, the Bonds, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the Issuer.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or Owners of any of the Bonds.

The attached APPENDICES A, B, C, D and E are integral parts of this Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The Issuer has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement. The execution and delivery of this Official Statement has been duly authorized by the Issuer.

City of Newton, Iowa

/s/ \_\_\_\_\_

APPENDIX A

INFORMATION ABOUT THE ISSUER

CITY OFFICIALS

<b>Michael Hansen</b> , Mayor .....	December 31, 2019
<b>Mark Hallam</b> , Council Member – First Ward .....	December 31, 2019
<b>Dean Stonner</b> , Council Member – Second Ward .....	December 31, 2021
<b>Craig Trotter</b> , Council Member – Third Ward .....	December 31, 2019
<b>Steve Mullan</b> , Council Member – Fourth Ward .....	December 31, 2021
<b>Evelyn George</b> , Council Member – At-Large.....	December 31, 2021
<b>Lin Chape</b> , Council Member – At-Large.....	December 31, 2019

CITY ADMINISTRATION

**Matt Muckler**, City Administrator  
**Katrina Davis**, City Clerk  
**Lisa Frasier**, Finance Officer

BOND AND DISCLOSURE COUNSEL

DORSEY & WHITNEY, LLP  
801 Grand Avenue, Suite 4100  
Des Moines, IA 50309

UNDERWRITER

D.A. Davidson & Co.  
515 East Locust Street, Suite 200  
Des Moines, IA 50309  
515.471.2700

GENERAL INFORMATION

The City of Newton (the “City”), the county seat of Jasper County, is located in central Iowa on Interstate 80, one of the busiest interstate highways in the United States, and is just 25 miles from the Des Moines metropolitan area and Interstate 35. The City was first organized in 1857 and covers an area of 11.1 square miles.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council that consists of a mayor and six-member council. The City Council is responsible for adopting ordinances, policy resolutions, the annual budget and six-year Capital Improvements Program, appointing committees, and hiring the City Administrator, City Clerk, and City Attorney. The City Administrator is responsible for overseeing the day-to-day operations of the government and for appointing and supervising the City’s department directors. The City Council is elected on a non-partisan basis to four-year staggered terms with three council members elected every two years. The Mayor is elected to a two-year term. Four of the council members are elected within their respective wards, and the Mayor and the two remaining council members are elected at-large.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery and parks and recreation activities. In addition to general government activities, the municipality owns and operates enterprises for a regional landfill, water pollution control facility, parking facilities, and golf course. Transportation facilities are provided by the Iowa Interstate Railroad and a network of paved county roads. Newton Municipal Airport provides both private and commercial charter air service. The Des Moines International Airport provides commercial air service to residents of Newton.

Educational services are provided to the community through the Newton Community School District that has a district population of 21,271 and estimated enrollment of 3,000. The District operates one high school, one alternative school, one middle school and four elementary schools. Continuing education opportunities are available through the Des Moines Area Community College Polytechnic Campus. The Newton Polytechnic Campus offers a wide selection of academic courses that lead to a two-year degree, as well as a unique partnership with business and industry in the area of employee training. The City has also formed a partnership with Buena Vista University, which allows students to obtain four-year degrees.

Additional post-secondary education within commuting distance of the City is provided by Drake University and Grand View College, Des Moines; Central College, Pella; Grinnell College, Grinnell; Simpson College, Indianola; Iowa State University, Ames; Marshalltown Community College, Marshalltown; University of Iowa, Iowa City; and the University of Northern Iowa, Cedar Falls.

Population trends for the city, county and state over the past three decades are as follows:

	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of Newton	14,799	15,579	15,254
County of Jasper	34,795	37,213	36,842
State of Iowa	2,776,831	2,926,324	3,046,355

Source: U.S. Department of Commerce.

### **BUILDING PERMIT TREND (Calendar Year)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Single Family Homes</u>					
No. of New Homes	10	19	10	7	9
Valuation	\$1,988,900	\$4,691,000	\$2,231,000	\$1,710,574	\$2,352,064
<u>Multiple Family Dwellings</u>					
No. of New Buildings	0	1	4	0	0
Valuation	\$0	\$453,995	\$1,500,000	\$0	\$0
<u>Commercial/Industrial/Other</u>					
No. of New Buildings	0	9	9	3	9
Valuation	\$0	\$13,451,000	\$30,567,000	\$1,303,400	\$1,848,860
<u>Additions/Remodeling</u>					
No. of Additions/Remodeling	47	67	62	71	79
Valuation	\$6,947,267	\$3,057,365	\$2,409,624	\$3,671,423	\$3,951,641
Total Permits	57	96	85	81	97
Total Valuations	\$8,936,167	\$21,653,360	\$36,707,624	\$6,685,397	\$8,152,565

Source: The City.

### **AGRICULTURE STATISTICS**

	<u>Jasper County</u>	<u>State of Iowa</u>
Farmland values, per acre	\$7,583	\$7,326
Corn/grain:		
Acres harvested	170,900	12,900,000
Yield per acre	204.6	202.0
Production (000 bu.)	34,965	2,605,800
Soybeans:		
Acres harvested	141,500	9,940,000
Yield per acre	59.9	56.5
Production (000 bu.)	8,480	561,610

Source: 2018 Iowa Agricultural Statistics Bulletin, USDA, National Agriculture Statistics Service.

## TAXABLE RETAIL SALES TREND

<u>Year Ended June 30</u>	<u>No. of Businesses</u>	<u>City of Newton Retail Sales</u>	<u>Taxes Collected</u>
2018	528	\$252,339,293	\$15,094,726
2017	525	241,833,332	14,460,090
2016	538	242,097,318	14,480,259
2015	536	248,404,476	14,857,337
2014	539	245,936,074	14,718,515

Source: Iowa Department of Revenue and Finance, Iowa Retail Sales and Use Tax Reports.

## UNEMPLOYMENT STATISTICS

<u>Year</u>	<u>Jasper County</u> <sup>1)</sup>	<u>State of Iowa</u>
2018 (December)	2.70%	2.40%
2017	3.00%	2.80%
2016	3.60%	3.70%
2015	3.80%	3.80%
2014	4.40%	4.30%

1) Not seasonally adjusted annual average.

2) Seasonally adjusted annual average.

Source: Iowa Workforce Development website.

## LARGER EMPLOYERS

<u>Employer</u>	<u>Product/Service</u>	<u>Approx. No. of Employees</u>
TPI	Wind Turbine Blades	1,000
Newton Community School District	Education	481
Hy-Vee Corporation	Food Retailer	317
Wal-Mart, Inc	Retail	263
Trinity Structural Towers	Industrial/Warehouse	250
Rock Communications	Commercial Printing	200
Skiff Medical Center	Hospital	186
The Vernon Company	Specialty Advertising	179
Windstream	Utility	134
Graphic Packaging	Carton Manufacturer	130
Thombert, Inc	Polyurethane Wheels	125

Source: The City.

Larger employers in the Des Moines metropolitan area include:

<u>Employer</u>	<u>Business</u>	<u>Employees</u>
Wells Fargo & Co	Financial Services	14,500
UnityPoint Health	Healthcare	8,026
Principal	Financial Services	6,500
Hy-Vee, Inc.	Retail Grocery	6,400
Nationwide	Insurance	4,525
Mercy Medical Center	Healthcare	4,228
John Deere	Ag Machinery	3,089
Vermeer Corporation	Ag Manufacturing	2,500
DuPont Pioneer	Agribusiness	2,495
JBS USA	Pork Processing	2,300

Source: Greater Des Moines Partnership Major Employers report, January 4, 2019.

**FINANCIAL SERVICES**

Financial services for residents of the City of Newton are provided First Newton National Bank and by branch offices of Bank Iowa, Community Bank, Great Southern Bank, Great Western Bank and U.S. Bank N.A. The following deposits were reported as of June 30<sup>th</sup> for each year:

<u>Year</u>	<u>First Newton National Bank</u>	<u>Bank Iowa</u>	<u>TruBank</u>	<u>Great Southern Bank</u>	<u>Great Western Bank</u>	<u>U.S. Bank N.A.</u>
2018	\$75,192,000	\$43,584,000	\$21,036,000	\$70,269,000	\$48,751,000	\$115,190,000
2017	74,902,000	34,742,000	21,540,000	74,052,000	44,221,000	114,677,000
2016	75,321,000	32,476,000	20,109,000	72,812,000	44,183,000	103,914,000
2015	72,711,000	32,764,000	20,747,000	65,868,000	43,191,000	113,736,000
2014	73,065,000	32,312,000	20,344,000	63,318,000	47,311,000	115,913,000

Source: Federal Deposit Insurance Corporation's (FDIC).

**LARGER TAXPAYERS BY VALUATION**

Set forth in the following table are the persons or entities which represent larger taxpayers within the boundaries of the City, as provided by the Jasper County Auditor's office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. With the exception of the electric and natural gas providers (which is subject to an excise tax in accordance with Iowa Code chapter 437A), the City's tax levy is applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Taxable Value As of 1/1/18</u>
IA Speedway	Commercial	\$20,603,691
ILPT Newton Iowa LLC	Commercial	12,966,957
Phoenix Newton LLC	Commercial	12,118,716
Wesley Retirement Services	Residential	6,452,748
Wal-Mart Real Estate Business	Commercial	5,586,786
Newton Village	Residential	4,953,829
Hy-Vee Inc	Commercial	3,945,654
GPI WG Acquisition Sub LLC	Commercial	3,397,797
Love's Travel Stop & Country Store	Commercial	2,751,282
Newton Lodge and Suites, LLC	Commercial	<u>2,340,000</u>
	<b>TOTAL:</b>	<b>\$75,117,460</b>
Top 10 as to % of total Taxable Valuation	16.91%	

Source: Jasper County.

**TAX COLLECTION TREND (All Funds)**

<u>Valuation Year</u>	<u>Collection Year</u>	<u>Amount Levied</u>	<u>Amount Collected*</u>	<u>Percent Collected</u>
2018	2019/20	\$7,682,105	(In the process of collection.)	
2017	2018/19	\$7,512,096	\$7,476,826	99.53%
2016	2017/18	\$7,699,692	\$7,724,200	100.32%
2015	2016/17	\$7,555,603	\$7,551,361	99.94%
2014	2015/16	\$7,242,751	\$7,230,604	99.83%

\* Includes delinquent taxes, if any

Source: The City.

**BREAKDOWN OF CITY TAX LEVY**

Valuation Year:	2018	2017	2016	2015	2014
Collection Year:	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
General	8.10000	8.10000	8.10000	8.10000	8.10000
Outside \$8.10	0.69939	0.68624	0.73168	0.68283	0.68589
Debt Service	2.25249	2.35050	2.29537	2.30968	1.50001
Total Levy	17.14000	17.14000	17.14000	17.15000	16.20000
City Ag Land	3.00375	3.00375	2.93029	3.00375	3.00375

Source: Iowa Department of Management.

**TAX RATE PER \$1,000 OF TAXABLE VALUATION (Combined Levy for all Taxing Districts)**

Valuation Year:	2018	2017	2016	2015	2014
Collection Year:	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
City of Newton	17.14000	17.14000	17.14000	17.15000	16.20000
Jasper County	8.25697	8.25697	8.25697	8.25697	7.84586
County Assessor	0.40028	0.36790	0.40053	0.28232	0.22547
Ag. Extension	0.17674	0.18527	0.16972	0.17427	0.17615
Newton CSD	15.79274	15.78622	15.80758	15.81033	15.57540
DMACC	0.65249	0.69468	0.67458	0.72334	0.67574
State (Bruc./T.B.)	<u>0.0028</u>	<u>0.0029</u>	<u>0.0031</u>	<u>0.0033</u>	<u>0.0033</u>
Newton Resident	42.42202	42.43394	42.45248	42.40053	40.70192

Source: Iowa Department of Management.

**CURRENT FUND BALANCES (Unaudited, as of June 30, 2019)**

General Fund	\$1,980,176	Wastewater Fund	\$746,961
Tort Liability Fund	7,099	Perpetual Care Fund	342,194
Road Use Tax Fund	992,897	Fred Maytag Park Endowment Fund	233,320
Employment Benefits Fund	155,340	Landfill Post Closure Fund	2,226,641
Self-Insurance Fund	111,533	City Garage Fund	26,138
Tax Increment Fund	(118,400)	Hotel/Motel Tax Fund	9,940
Debt Service Fund	351,584	Central Business District Fund	6,112
Capital Improvement Fund	7,020,232	Hometown Rewards Funds	11,144
Golf Fund	(248,086)	Local Option Tax Fund	0
Landfill Fund	5,627,851	Housing Initiative Fund	<u>303,130.00</u>
		Total	\$19,785,806

Source: The City.

Note: Negative fund balances will be eliminated with future transfers.

## VALUATION BY PROPERTY CLASSIFICATION

The following table presents the January 1, 2018 100% Assessed and Taxable Valuations of the City by property classification (for Fiscal Year 2019/20 tax levies).

	100% Actual Value <u>(1/1/18)</u>	Taxable Value (1/1/18) <u>(With Rollback)</u>
Residential	\$558,619,890	\$310,608,534
Commercial	87,734,490	74,986,336
Industrial	25,607,166	21,742,661
Multiresidential	26,360,667	19,544,436
Railroads	442,880	398,592
Utilities w/o Gas & Electric	1,453,300	1,453,300
Gross Valuation	\$700,218,393	\$428,733,859
Less: Military Exemption	1,342,700	1,342,700
Net Valuation	\$698,875,693	\$427,391,159
TIF Increment - (used to compute debt service levies and constitutional debt limit)	\$70,756,610	\$70,756,610
Taxed Separately		
Ag. Land	\$3,459,400	\$1,941,842
Ag. Buildings	109,160	61,273
Gas & Electric	62,846,717	10,012,960

Source: Iowa Department of Management.

## VALUATION TREND

Valuation <u>Year</u>	Payable <u>Fiscal Year</u>	100% <u>Actual Valuation</u>	Taxable Valuation <u>(With Rollback)</u>	Taxable TIF <u>Increment Valuation</u>	Total Taxable <u>Valuation</u>
2018	2019/20	\$836,191,397	\$437,547,936	\$70,756,610	\$508,304,546
2017	2018/19	\$814,886,719	\$427,351,699	\$70,492,342	\$497,844,041
2016	2017/18	\$803,670,578	\$439,438,977	\$66,351,112	\$505,790,089
2015	2016/17	\$795,748,093	\$430,884,204	\$65,133,342	\$496,017,546
2014	2015/16	\$813,671,491	\$438,811,677	\$78,976,806	\$517,788,483

The 100% actual valuations, before rollback and after reduction of military exemption, include ag land and buildings, TIF increment, and gas and electric utilities and are used for calculating debt capacity. The taxable valuations, with the rollback and after the reduction of military exemption, include gas and electric utilities, exclude ag land and buildings and exclude taxable TIF increment value, which is shown separately. Iowa cities certify operating levies against taxable value excluding TIF increment. However, debt service levies are certified against taxable value including TIF increment.

Source: Iowa Department of Management.

**DEBT LIMIT CALCULATION**

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by constitutional debt limit which is an amount equal to 5% of the value of taxable property within its limits as ascertained by the last state and county tax lists. The Issuer’s debt limit, based upon 2018 property valuations (payable FY 2020), is illustrated below:

	<u>2018 Valuation</u>
Actual Valuation, 1/1/2018	\$837,534,097
Less: Military Exemption	<u>\$1,342,700</u>
	\$836,191,397
	x 5%
Debt Limit	<u>\$41,809,570</u>
Less Debt Subject to Debt Limit:	
General Obligation Bonds	\$30,120,000 *
TIF Rebate Obligation (Total Development Agreements)	<u>761,000</u>
Total Debt Subject to Debt Limit	\$30,881,000
Amount of Debt Capacity Remaining	\$10,928,570
Percent of Debt Capacity Remaining	26.14%

- 1) City has guaranteed a Workforce Housing Loan through the Iowa Finance Authority (“IFA”). The total loan will be \$450,000 and \$337,000 has been drawn as of August 2019. While the developer repays the debt, it is a general obligation of the City (IFA and the City execute the loan and assign interest to an outside lender and developer, respectively).

**GENERAL OBLIGATION DEBT**

**General Obligation Debt Paid by Taxes and Tax Increment**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Amount Obligated as of 11/7/2019</u>
6/2012	9,385,000	Advance Crossover Refunding of 2006B	6/2025	\$5,290,000
6/2014A	4,330,000	Various Improvements Urban Renewal Projects & Refunding (Taxable)	6/2023	1,715,000
6/2014B	2,525,000	Various Improvements Urban Renewal Projects & Refunding	6/2024	1,540,000
6/2015A	4,790,000	Various Improvements Urban Renewal Projects & Refunding (Taxable)	6/2025	3,430,000
6/2015B	4,705,000	Various Improvements & Urban Renewal Projects	6/2026	3,510,000
8/2017A	1,447,000	Various Improvements & Urban Renewal Projects	6/2028	1,382,000
8/2017B	1,626,000	Various Improvements & Urban Renewal Projects	6/2028	1,615,000
12/2017C	2,388,000	Various Improvements & Urban Renewal Projects	6/2032	2,253,000
4/2019A	4,310,000	Various Improvements & Urban Renewal Projects	6/2038	4,310,000
4/2019B	3,095,000	Various Improvements & Urban Renewal Projects (Taxable)	6/2034	3,095,000
11/2019C	1,980,000	Various Improvements & Urban Renewal Projects (Taxable)	6/2033	<u>1,980,000*</u>
			Total	\$30,120,000

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**Annual Fiscal Year G.O. Debt Service Payments Paid by Tax and Tax Increment (Includes the Series 2019C Bonds)**

Fiscal Year	Current Outstanding		Series 2019C Bonds*		Total Projected Principal and Interest*
	G.O. Debt Outstanding Principal	G.O. Debt Outstanding Interest	Series 2019C Bonds* Principal	Series 2019C Bonds* Interest	
FY 2019-20	\$2,996,000	\$814,386	\$65,000	\$25,514	\$3,900,900
FY 2020-21	3,129,000	761,379	75,000	42,207	4,007,586
FY 2021-22	3,185,000	694,372	90,000	40,846	4,010,218
FY 2022-23	3,288,000	616,961	145,000	39,239	4,089,200
FY 2023-24	3,310,000	540,467	145,000	36,634	4,032,101
FY 2024-25	3,155,000	459,631	150,000	33,942	3,798,573
FY 2025-26	1,606,000	376,343	150,000	30,978	2,163,321
FY 2026-27	1,577,000	329,811	155,000	27,852	2,089,663
FY 2027-28	1,487,000	282,149	160,000	24,484	1,953,633
FY 2028-29	884,000	236,328	160,000	20,900	1,301,228
FY 2029-30	907,000	204,788	165,000	17,177	1,293,965
FY 2030-31	951,000	172,098	170,000	13,171	1,306,269
FY 2031-32	985,000	137,500	175,000	8,955	1,306,455
FY 2032-33	793,000	101,482	<u>175,000</u>	<u>4,524</u>	1,074,006
FY 2033-34	630,000	71,160			701,160
FY 2034-35	280,000	47,400			327,400
FY 2035-36	290,000	36,200			326,200
FY 2036-37	305,000	24,600			329,600
FY 2037-38	<u>310,000</u>	<u>12,400</u>			<u>322,400</u>
	\$30,068,000	\$5,919,455	\$1,980,000	\$366,423	\$38,333,878

\* Preliminary, subject to change.

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**OTHER CITY DEBT**

**Tax Increment Revenue Debt/Obligations:** The City has entered into various development agreements relating to urban renewal project as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Amount Obligated as of 6/30/20</u>
Various	Various	Urban Renewal Development Agreements	\$1,990,334

**Water Revenue Debt:** The Municipal Waterworks Utility of the City has revenue debt payable solely from net revenues of the municipal waterworks system as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Amount Outstanding as of 11/7/2019</u>
6/2001	\$2,261,000	Improvements (SRF Loan)	6/2020	\$81,000

**Sewer Revenue Debt:** The City has revenue debt payable solely from net revenues of the sewer enterprise fund as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Amount Outstanding as of 11/7/2019</u>
4/2002	\$2,261,000	Improvements (SRF Loan)	6/2023	\$565,000
4/2007	2,561,000	Improvements (SRF Loan)	6/2027	1,219,000
1/2010	548,000	Improvements (SRF Loan)	6/2030	<u>294,000</u>
			Total	\$2,078,000

**INDIRECT GENERAL OBLIGATION DEBT**

<u>Taxing District</u>	<u>1/1/2018 Taxable Valuation</u>	<u>Percent in City</u>	<u>G.O. Debt <sup>1)</sup> (as of 11/7/19)</u>	<u>City's Proportionate Share</u>
Jasper County	\$1,711,225,550	29.70%	\$6,460,000	\$1,918,886
Newton Community School District	\$831,033,729	61.17%	\$24,780,000	\$15,156,769
Des Moines Area Community College	\$50,504,396,751	1.01%	\$59,465,000	<u>\$598,489</u>
City's total share of overlapping debt				\$17,674,145

**DEBT RATIOS**

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value</u>	<u>Debt/Taxable Market Value</u>	<u>Debt/15,254 Population</u>
Total Direct General Obligation Debt	\$30,120,000	3.60%	5.93%	\$1,974.56
City's Share of Overlapping Debt	\$17,674,145	2.11%	3.48%	\$1,158.66

**APPENDIX B**

**\*(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 Newton (the "Issuer"), in Jasper County, State of Iowa, passed preliminary to the issue by the Issuer of its Taxable General Obligation Refunding Bonds, Series 2019C (the "Bonds") in the principal amount of \$1,980,000, in the denomination of \$5,000 each, or any integral multiple thereof, dated November 7, 2019, in evidence of the Issuer's obligation under a certain loan agreement (the "Loan Agreement"), dated as of November 7, 2019. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing June 1, 2020, 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>
2020	\$ 65,000	___%	2027	\$155,000	___%
2021	\$ 75,000	___%	2028	\$160,000	___%
2022	\$9 0,000	___%	2029	\$160,000	___%
2023	\$145,000	___%	2030	\$165,000	___%
2024	\$145,000	___%	2031	\$170,000	___%
2025	\$150,000	___%	2032	\$175,000	___%
2026	\$150,000	___%	2033	\$175,000	___%

Principal of the Bonds maturing in the years 2027 to 2033, inclusive, are subject to optional redemption prior to maturity on June 1, 2026, 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 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 Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Bonds is not excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the 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 Bonds contemplated herein.**

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Newton, Iowa (the “Issuer”), in connection with the issuance of \$1,980,000 Taxable General Obligation Refunding Bonds, Series 2019C, dated November 7, 2019. The Bonds are being issued pursuant to a resolution of the Issuer approved on October 21, 2019 (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) Not later than June 30 (the “Submission Deadline”) of each year following the end of the 2018-2019 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) Tables, schedules or other information contained in the official statement for the Bonds, under the following captions:

- **GENERAL INFORMATION (only with respect to Issuer's population)**
- **BUILDING PERMIT TREND (Calendar Year)**
- **TAXABLE RETAIL SALES TREND**
- **LARGER TAXPAYERS BY VALUATION**
- **TAX COLLECTION TREND (All Funds)**
- **BREAKDOWN OF CITY TAX LEVY**
- **TAXABLE RATE PER \$1,000 OF TAXABLE VALUATION (only with respect to Issuer)**
- **CURRENT FUND BALANCES (as of June 30)**
- **VALUATION BY PROPERTY CLASSIFICATION**
- **VALUATION TREND**
- **DEBT LIMIT CALCULATION**
- **GENERAL OBLIGATION DEBT**
- **OTHER CITY DEBT**
- **DEBT RATIOS**

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 D.A. Davidson & Co.

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: November 7, 2019

CITY OF NEWTON, IOWA

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

Attest:

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

**APPENDIX D**

**AUDITED FINANCIAL STATEMENTS OF THE ISSUER**

The financial statements are prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.

## APPENDIX E

### BOOK-ENTRY SYSTEM

*The information in this Appendix concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC. Neither the Underwriter nor the Issuer take responsibility for the accuracy or completeness thereof, or for any material changes in such information subsequent to the date hereof, or for any information provided at the web sites referenced below. Beneficial Owners should confirm the following with DTC or the Direct Participants (as hereinafter defined). So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references in the Official Statement to the Bondowners or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.*

#### **Book-Entry System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for series of the Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

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 Standard & Poor’s 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).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

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

Direct Participant 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).

Principal and interest payments on the Bonds 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 Issuer or Trustee, on any payment 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 Bonds 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 Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, 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.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer does not take any responsibility for the accuracy thereof.

RESOLUTION NO. \_\_\_\_\_

Resolution taking additional action on proposal to enter into a Taxable General Obligation Refunding Loan Agreement and authorizing the use of a preliminary official statement in connection therewith

WHEREAS, the City of Newton (the “City”), in Jasper County, State of Iowa, previously issued its \$1,971,000 Taxable General Obligation Corporate Purpose Notes, Series 2018A, dated March 19, 2018 (the “2018 Notes”), a portion of which remains outstanding, maturing on June 1 in each of the years and in such amounts as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2020	\$ 53,000	2027	\$151,000
2021	\$ 55,000	2028	\$158,000
2022	\$ 72,000	2029	\$164,000
2023	\$130,000	2030	\$171,000
2024	\$134,000	2031	\$177,000
2025	\$140,000	2032	\$185,000
2026	\$145,000	2033	\$193,000

; and

WHEREAS, pursuant to the resolution (the “2018 Note Resolution”) authorizing the issuance of the 2018 Notes, the City reserved the right to prepay part or all of the 2018 Notes (the “Callable 2018 Notes”) at any time prior to and in inverse order of maturity on terms of par and accrued interest, subject to the provisions of the 2018 Note Resolution; and

WHEREAS, the City heretofore proposed to enter into a loan agreement (the “Loan Agreement”), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed \$2,200,000 for the purpose of paying the cost, to that extent, of current refunding the outstanding balance of the Callable 2018 Notes, and has published notice of the proposed action and has held a hearing thereon on September 23, 2019; and;

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared to facilitate the sale of \$1,980,000 Taxable General Obligation Refunding Bonds, Series 2019C (the “Bonds”) in evidence of the obligation of the City under the Loan Agreement, and it is now necessary to make provision for the approval of the P.O.S. and to authorize its use by D.A. Davidson & Co. (the “Underwriter”);

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

Section 1. The City Council hereby determines to enter into the 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 Administrator is hereby authorized to take such action as shall be deemed necessary and appropriate, with the assistance of the Underwriter and Dorsey & Whitney LLP, as the City’s Disclosure Counsel, 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 Underwriter of the P.O.S. relating to the Bonds in substantially the form as has been presented to and considered by the City Council is hereby approved, and Disclosure Counsel and the Underwriter are 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 Administrator 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. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 5. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved September 23, 2019.

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Mayor

Attest:

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City Clerk

# City of Newton Council Report

**Item:** Resolution Taking Additional Action on Proposal to Enter into a General Obligation Loan Agreement and Repurposing Bond Proceeds

**Summary:** Resolution Approving the Reallocation of a Portion of the 2019A Bond Proceeds

**Financial Impact:** No Financial Impact, this Action Changes the Use of Previously Bonded Funds



**Report Number:** 19-199

**Date:** September 23, 2019

**Lead Department:**  
Finance

**Recommendation:**  
Approval

## **BACKGROUND**

In April of 2019, the City Council approved bonding for the grading and site preparation in the Fairmeadows North Urban Renewal Area in the amount of \$1,600,000. Since that time, it has been discovered that there are wetlands located on this land and undeveloped building lots have all been sold.

In order to keep lots available for builders while the wetlands issue is resolved, it is recommended that Phase 1 in Arbor Estates be constructed before the grading project begins. This would ensure lots will be ready for development by July 1, 2020.

To use these previously bonded funds for a different purpose, the City Council must approve the reallocation of the previously bonded funds. This action does not borrow additional money, it only reallocates funds the City has on hand.

## **Recommendation:**

Staff recommends approval of the attached Resolution.

A handwritten signature in black ink, appearing to read "Matt Muckler". The signature is fluid and cursive.

Matt Muckler  
City Administrator

RESOLUTION NO. \_\_\_\_\_

Resolution taking additional action on proposal to enter into a General Obligation Loan Agreement and repurposing bond proceeds

WHEREAS, the City of Newton (the “City”), in Jasper County, State of Iowa, heretofore proposed to enter into a General Obligation Loan Agreement (the “Loan Agreement”), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed \$1,600,000 for the purpose of paying the cost, to that extent, of (1) constructing, street, sidewalk, water system and sanitary sewer system improvements; and (2) acquiring/installing street lighting and signage (the “Project”), and has published notice of the proposed action and has held a hearing thereon on September 23, 2019; and

WHEREAS, the authorization of the Loan Agreement will vest the City with authority to lawfully use up to \$1,600,000 of unspent proceeds (the “Bond Proceeds”) from the City’s prior issuance of \$4,310,000 General Obligation Corporate Purpose Bonds, Series 2019A, dated April 16, 2019, for the funding of the Project; and

WHEREAS, the City now proposes to use its authority to enter into the Loan Agreement, and in lieu of borrowing additional funds, to authorize the repurposing of the Bond Proceeds for paying the costs of the Project;

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

Section 1. The City Council hereby approves the Loan Agreement and declares that this resolution constitutes the “additional action” required by Section 384.24A of the Code of Iowa. It is hereby ordered that up to \$1,600,000 of the Bond Proceeds be expended to pay the costs of the Project.

Section 2. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 3. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved September 23, 2019.

\_\_\_\_\_  
Mayor

Attest:

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