

# AGENDA

**City of University Heights, Iowa  
City Council Meeting**

*Monday, May 23, 2016*

**City Hall**

**1004 Melrose Avenue**

6:30-7:30 pm.

Meeting called by Mayor Wally Heitman

<b>Time</b>		<b>Topic</b>	<b>Owner</b>
<b>6:30</b>	Call to Order Meeting	Roll Call	Wally Heitman
		<b>Public Input</b>	<b>Public Comments</b>
		-Consideration of <a href="#">Resolution No. 16-30</a> , temporarily lifting the sound ordinance restrictions for entertainment related to the Farmers Market.	Silvia Quezada
		-Discussion and possible council approval of schematic for Community Center.	Wally Heitman
			Steve Ballard
		-Consideration of <a href="#">Resolution No. 16-31</a> , authorizing the mayor to <a href="#">sign a letter of engagement</a> with John Danos and Dorsey & Whitney LLP for consulting on financial matters related to payment for One University Place Public Improvements (to be reimbursed through voluntary special assessment) and acquisition of a Community Space at OUP, with consulting fees not to exceed \$15,000.00, which will be reimbursed as part of the OUP project.	
		-Consideration of <a href="#">Resolution No. 16-32</a> , initiating action on proposals to enter into General Obligation Loan Agreements and to borrow money thereunder related to payment for One University Place Public Improvements (to be reimbursed through voluntary special assessment) and acquisition of a Community Space at OUP.	
	Announcements		Anyone
<b>7:30</b>	Adjournment		Wally Heitman

**Next Regular City Council Meeting is June 14, 2016: Oaknoll Retirement Community**

## May 23, 2016 SPECIAL MEETING – City Attorney's Report

1. **OUP – Bond Counsel Engagement.** The Council will consider Resolution No. 16-31 authorizing the Mayor to sign a letter of engagement with John Danos and Dorsey & Whitney LLP for consulting on financial matter 1) related to payment for One University Place Public Improvements (to be reimbursed to the City ultimately through voluntary special assessment) and 2) related to acquisition of a Community Space at OUP.
  - Resolution No. 16-31 does not obligate or commit the City to borrowing money by way of general obligation or other debt. Rather, it simply engages municipal finance counsel – Mr. Danos and his law firm – to help the City select and implement the most prudent financing vehicle.
  - The consulting fees will not exceed \$15,000.00. Those fees will be reimbursed to the City by OUP pursuant to agreement with OUP – whether or not the City undertakes general obligation financing, other financing, or nor financing. The reimbursement obligation is not subject to the credit OUP has received for its payment of City-required permit fees.
  - The Resolution and proposed engagement letter are attached. The engagement letter will have some revisions, and I will send the final version as soon as I have it. There are a few typos (“OUP” not “OVP”), and the approximate amount of the proposed borrowing will be \$950,000.00, not \$900,000.00, as discussed more fully below.
  
2. **OUP – Setting Hearing on Proposed Borrowing.** The Council will consider Resolution No. 16-32 setting a public hearings on proposed general obligation borrowing (indebtedness) 1) related to OUP street improvements and 2) related to acquisition of community space. The Resolution is attached
  - The public hearings are scheduled for the next regular Council meeting – 7:00 p.m. June 14, 2016, at Oaknoll Retirement Residence.
  - The Resolution schedules public hearings; it does not obligate or commit the City to borrowing money for the OUP street improvements or for the community space acquisition.
  - What follows is a thumbnail sketch of the background for this Resolution:
    - There are two items the City has committed or expressed an intention to complete:
      - 1) OUP street improvements (The City has committed to paying for that project – subject to reimbursement from OUP); and

- 2) Acquisition of the community space (the City has expressed its intention to acquire the space).
- With regard to each of these items, the Council has yet to determine and select a financing mechanism – how will the City pay?
    - City Staff has been directed to inquire into financing options.
    - Municipal finance counsel (Mr. Danos and his firm) are included most particularly in this process.
    - Various financing mechanisms will be considered and presented to the Council at the June Council meeting.
    - The Council has the discretion to finance both items together as one “package” or to finance one with one financing mechanism and the other with another.
  - Keeping in mind that there are two separate items and that there are various funding mechanisms available for each will help in digesting the information in this report.
  - The City has agreed to complete the OUP street improvements (left-turn lane off Melrose Avenue, realignment of Melrose Avenue-Sunset Street intersection), and related utility work.
    - The City directed Staff at the May 2016 Council meeting to inquire into options for the City to borrow money for these improvements and receiving reimbursement from the OUP property by way of voluntary special assessment.
    - That inquiry is underway – though not complete.
    - The Resolution permits the City to move forward with general obligation debt at the June Council meeting if the Council determines such debt is the most prudent financing mechanism.
    - The OUP street improvements are presently estimated to cost approximately \$566,068.06 now that Bid Alternate #1 has been removed from the project and certain change orders have been approved (some of which presently operate to increase the construction cost, more of which presently operate to decrease the construction cost). The OUP property will reimburse the City for all these costs, whatever the total ends up being.

- In addition, OUP will reimburse the City for the expenses associated with inquiring into and implementing a financing mechanism. Those expenses will include professional fees and expenses for municipal finance counsel (Mr. Danos and his law firm), the City Attorney, and the City Engineer, who will prepare documents required for the voluntary special assessment mechanism for having the OUP property reimburse the City for the entire project costs.
  - The Resolution schedules a hearing on a proposal for the City to borrow up to \$625,000.00 for the OUP street improvements. That figure exceeds significantly the figures outlined above and those that have been discussed. The number was selected for purposes of the hearing notice only and to give the Council flexibility to accommodate the Council's selection of a financing mechanism.
- The City has also expressed its intention to acquire a community space at OUP.
  - Details of the precise cost of the space and the precise size of the space were discussed at the May 2016 Council meeting; determinations concerning these specific items, perhaps among others, have yet to be finalized.
  - The Resolution permits the City to move forward with general obligation debt at the June Council meeting if the Council determines such debt is the most prudent financing mechanism for acquiring the community space.
  - City Staff is inquiring into financing options, and options will be presented at the June Council meeting.
  - The Resolution schedules a hearing on a proposal for the City to borrow up to \$325,000.00 for the community space. That figure exceeds significantly the community center cost (and financing expenses) that have been discussed. The number was selected for purposes of the hearing notice only and to give the Council flexibility to accommodate upcoming discussions with OUP and the Council's own inquiry into and selection of a financing mechanism.
- If the Council decides that general obligation financing is the most prudent financial mechanism for the OUP street improvements and the community space acquisition, the most likely will be economies of scale that will permit the City to save financing costs and borrowing the total for both items together. The Council will hear more about that possibility in June.

- In conclusion, Resolution No. 16-32 lays the groundwork for the City to consider general obligation financing for both or either of the OUP street improvements and the community space acquisition by setting public hearings. The Resolution does not commit the City to a particular funding mechanism for both or either item.

RESOLUTION NO. 16-31

**RESOLUTION AUTHORIZING MAYOR TO SIGN ENGAGEMENT LETTER WITH JOHN DANOS AND DORSEY & WHITNEY, LLP FOR CONSULTING SERVICES ON OUP FINANCIAL MATTERS**

**WHEREAS**, the University Heights City Council has deemed it desirable to contract with John Danos and Dorsey & Whitney, LLP for consulting services on financial matters related to payment for One University Place Public Improvements (to be reimbursed through voluntary special assessment) and acquisition of a Community Space at OUP; and

**WHEREAS**, Mr. Danos has expertise in municipal finance; and

**WHEREAS**, the City and Mr. Danos agreed to terms of their engagement as set forth in Mr. Danos' letter of engagement, a copy of which is attached hereto as Exhibit "A"; and

**WHEREAS**, Mr. Danos' letter of engagement establishes fees not to exceed \$15,000.00, which will be reimbursed to the City as part of the OUP project,

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of University Heights, Iowa, that the Mayor is authorized to sign the letter of engagement with John Danos and Dorsey & Whitney, LLP in the form attached as Exhibit "A".

Upon motion by \_\_\_\_\_, and seconded by \_\_\_\_\_, the vote was as follows:

	AYES:	NAYS	ABSENT
Haverkamp	_____	_____	_____
Lane	_____	_____	_____
Maher	_____	_____	_____
Quezada	_____	_____	_____
Zimmermann	_____	_____	_____

Upon Roll Call thus recorded, the Resolution is declared adopted this 23<sup>rd</sup> day of May, 2016.

\_\_\_\_\_  
Weldon E. Heitman (Wally), Mayor  
City of University Heights

ATTEST:

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Christine M. Anderson, City Clerk

UH - Resolution 16-31 authorizing mayor to sign Danos engagement 05 23 16

May 20, 2016

Chris Anderson  
City Clerk/City Hall  
University Heights, IA

Re: University Heights, Iowa  
2016 General Obligation Financing and Voluntary Special Assessments

Dear Chris:

I am writing to explain our role as legal counsel for the City of University Heights's 2016 General Obligation Financing and Voluntary Special Assessments. It is our understanding that the City will issue a General Obligation Corporate Purpose Note (the "Note Issue") in the approximate amount of \$900,000 through a local bank private placement in order to finance the O.V.P. Infrastructure Projects and Community Center Project (together, the "Projects"). In addition, we understand that the City will pursue levying special assessments (the "Special Assessments") against the O.V.P. properties for the O.V.P. Infrastructure Project through the negotiation of a voluntary assessment process.

As legal counsel, it will be our responsibility to coordinate activity and legal proceedings necessary to enable the City to (i) authorize the Note Issue; (ii) negotiate and draft the voluntary assessment agreement; and (iii) authorize the Special Assessments for the Infrastructure Project. As part of the representation, we will consult with the City, the lender and the project engineer; review the preliminary and final special assessment plats and schedules; and prepare appropriate resolutions, notices, agreements and closing certificates as required by state law, the Note Issue and the Projects.

At closing of the Note Issue, assuming the proper conditions are in place, we will deliver our opinion that: (1) the Note is a valid and binding general obligation of the City, and (2) the interest paid on the Note will be excluded from gross income for federal income tax purposes.

In performing our services as legal counsel, our sole client will be the City of University Heights. We will not represent any other party in this matter, and it is mutually understood that the services to be provided by us as described herein are solely for the benefit of the City of University Heights.

Based upon: (i) our current understanding of the Projects, (ii) the duties we will undertake, (iii) the time we anticipate devoting to the Note Issue and the Voluntary Special Assessments, and (iv) the responsibilities we assume, we estimate that our fees and expenses for serving as legal counsel will not exceed \$15,000. Should the City require additional credit facilities (like construction period interim financing) to finance the Projects, or choose to issue debt into the municipal bond market, we will revisit our fee arrangements with you to account for the additional work.

After this arrangement is approved on behalf of the City, please have this letter executed in the space below and either fax an executed copy of this letter to our office at (515) 283-1060 or scan and email an executed copy to [lemke.susan@dorsey.com](mailto:lemke.susan@dorsey.com). If you have questions, please call me.

We look forward to working with you. Thank you for the opportunity to serve.

Best regards,



John F. Danos

JPD/sl

I understand and agree to the arrangements stated above.

**CITY OF UNIVERSITY HEIGHTS, IOWA**

BY: \_\_\_\_\_  
Mayor

Date: \_\_\_\_\_

ATTEST: \_\_\_\_\_  
City Clerk

Date: \_\_\_\_\_

RESOLUTION NO. 16-32

**RESOLUTION INITIATING ACTION ON PROPOSALS TO ENTER INTO  
GENERAL OBLIGATION LOAN AGREEMENTS AND TO BORROW  
MONEY THEREUNDER RELATED TO PAYMENT FOR ONE  
UNIVERSITY PLACE PUBLIC IMPROVEMENTS (TO BE  
REIMBURSED THROUGH VOLUNTARY SPECIAL ASSESSMENT)  
AND ACQUISITION OF A COMMUNITY SPACE AT OUP.**

**WHEREAS**, the City of University Heights (the "City"), in Johnson County, State of Iowa, proposes to enter into a General Obligation Loan Agreement (the "Essential Purpose 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 \$625,000.00 for the purpose of paying the cost, to that extent, of constructing street improvements and the costs associated with arranging financing for those improvements (the "Essential Purpose Project"), and it is now necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Essential Purpose Loan Agreement and to give notice thereof as required by such law; and

**WHEREAS**, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City also proposes to enter into a General Obligation Loan Agreement (the "General Purpose Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$325,000.00 for the purpose of paying the cost, to that extent, of acquiring, constructing, furnishing and equipping a community center/city hall facility, and the costs associated with arranging financing for that acquisition, construction, furnishing, and equipping (the "General Purpose Project") (together, the Essential Purpose Project and the General Purpose Project shall be referred to hereinafter as the "Projects"), and it is now necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the General Purpose Loan Agreement and to give notice thereof as required by such law, including notice of the right to petition for an election on such proposal,

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of University Heights, Iowa, as follows:

Section 1. The City Council shall meet on June 14, 2016, at Oaknoll Retirement Residence, 1 Oaknoll Court, Iowa City, Iowa 52246, or at such other place as selected, designated, and announced by the Mayor, University Heights, Iowa, at 7:00 o'clock p.m., at which time and place a hearing will be held and proceedings will be instituted and action taken to enter into the Essential Purpose Loan Agreement described in the preamble hereof.

Section 2. The City Clerk is hereby directed to give notice of the proposed action on the Essential Purpose Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than four (4) and not more than twenty (20) days before the date of said meeting, in a legal newspaper which has a

general circulation in the City. The notice shall be in substantially the following form:

**NOTICE OF PROPOSED ACTION TO INSTITUTE  
PROCEEDINGS TO ENTER INTO A LOAN AGREEMENT AND  
TO BORROW MONEY THEREUNDER IN A PRINCIPAL  
AMOUNT NOT TO EXCEED \$625,000.00**

(GENERAL OBLIGATION)

The City Council of the City of University Heights, Iowa, will meet on June 14, 2016, at Oaknoll Retirement Residence, 1 Oaknoll Court, Iowa City, Iowa 52246, at 7:00 o'clock p.m., for the purpose of instituting proceedings and taking action on a proposal to enter into a loan agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$625,000.00 for the purpose of paying the cost, to that extent, of constructing street improvements and the costs associated with arranging financing for those improvements.

The Loan Agreement is proposed to be entered into pursuant to authority contained in Section 384.24A of the Code of Iowa and will constitute a general obligation of the City.

At that time and place, oral or written objections may be filed or made to the proposal to enter into the Loan Agreement. After receiving objections, the City may determine to enter into the Loan Agreement, in which case, the decision will be final unless appealed to the District Court within fifteen (15) days thereafter.

By order of the City Council of the City of University Heights, Iowa.

Christine M. Anderson  
City Clerk  
CITY OF UNIVERSITY HEIGHTS, IOWA

Section 3. The City Council shall meet on June 14, 2016, at Oaknoll Retirement Residence, 1 Oaknoll Court, Iowa City, Iowa 52246, or at such other place as selected, designated, and announced by the Mayor, University Heights, Iowa, at 7:00 o'clock P.m., at which time and place a hearing will be held and proceedings will be instituted and action taken to enter into the General Purpose Loan Agreement described in the preamble hereof.

Section 4. The City Clerk is hereby directed to give notice of the proposed action on the General Purpose Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than ten (10) and not more than twenty (20) days before the date selected for the meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

**NOTICE OF PROPOSED ACTION TO INSTITUTE  
PROCEEDINGS TO ENTER INTO A LOAN AGREEMENT AND  
TO BORROW MONEY THEREUNDER IN A PRINCIPAL  
AMOUNT NOT TO EXCEED \$325,000.00**

(GENERAL OBLIGATION)

The City Council of the City of University Heights, Iowa, will meet on June 14, 2016, at Oaknoll Retirement Residence, 1 Oaknoll Court, Iowa City, Iowa 52246, at 7:00 o'clock p.m., for the purpose of instituting proceedings and taking action on a proposal to enter into a loan agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed \$325,000.00 for the purpose of paying the cost, to that extent, of constructing, furnishing and equipping a community center/city hall facility.

The Loan Agreement is proposed to be entered into pursuant to authority contained in Section 384.24A of the Code of Iowa and will constitute a general obligation of the City.

The maximum rate of interest which may be payable under the Loan Agreement is 7% per annum.

At any time before the date fixed for taking action to enter into the Loan Agreement, a petition may be filed with the City Clerk of the City asking that the question of entering into the Loan Agreement be submitted to the registered voters of the City, pursuant to the provisions of Section 384.26 of the Code of Iowa. If no such petition is filed, at the aforementioned time and place, oral or written objections may be filed or made to the proposal to enter into the Loan Agreement. After receiving objections, the City may determine to enter into the Loan Agreement, in which case, the decision will be final unless appealed to the District Court within fifteen (15) days thereafter.

By order of the City Council of the City of University Heights, Iowa.

Christine M. Anderson  
City Clerk  
CITY OF UNIVERSITY HEIGHTS, IOWA

Section 5. Pursuant to Section 1.150-2 of the Income Tax Regulations (the "Regulations") of the Internal Revenue Service, the City declares (a) that it intends to undertake the Projects which are reasonably estimated to cost approximately \$950,000.00, (b) that other than (i) expenditures to be paid or reimbursed from sources other than the issuance of the Bonds, or (ii) expenditures made not earlier than 60 days prior to the date of this Resolution or a previous intent resolution of the City, or (iii) expenditures amounting to the lesser of \$100,000.00 or 5% of the proceeds of the Bonds, or (iv) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, no expenditures for the Projects have heretofore been made by the City and no expenditures will be made by the City until after the date of this Resolution or a prior intent resolution of the City, and (c) that the City reasonably expects to reimburse the expenditures made for costs of the City out of the proceeds of the Bonds. This declaration is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

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

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

Upon motion by \_\_\_\_\_, and seconded by \_\_\_\_\_, the vote was as follows:

	AYES	NAYS	ABSENT
Haverkamp	_____	_____	_____
Lane	_____	_____	_____
Maher	_____	_____	_____
Quezada	_____	_____	_____
Zimmermann	_____	_____	_____

Upon Roll Call thus recorded, the Resolution is declared adopted this 23<sup>rd</sup> day of May, 2016.

\_\_\_\_\_  
 Weldon E. Heitman (Wally), Mayor  
 City of University Heights

ATTEST:

\_\_\_\_\_  
 Christine M. Anderson, City Clerk

UH - Resolution 16-32 authorizing notice of intention to pursue GO financing 05 23 16