

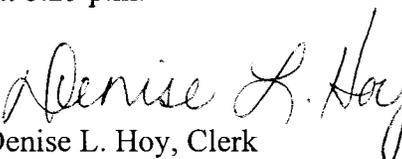
November 25, 1996

The Conrad City Council met in regular session at 3 p.m. in the First State Bank basement on 11-25-96. Answering roll call was Dorothy King, Robert Lutes, Steve Mugge, and Kenny Sanderson. Kevyn Zacharias arrived at 3:30 p.m. Mayor Gearhart presided. Also present was City Clerk Denise Hoy, Gary Moler, Matt Tapken, Mary Jane Button-Harrison, and Tim Shields.

Tim Shields, Institute of Public Affairs, began the meeting with a goal setting session for City Council and Staff. Mr. Shields will be submitting a written report of the goals and visions Council discussed during this session.

With no further business, the meeting was adjourned at 8:25 p.m.

Bill Gearhart, Mayor


Denise L. Hoy, Clerk

COMMUNITY DEVELOPMENT AND HOUSING NEEDS ASSESSMENT OF LOW AND MODERATE INCOME PERSONS

1. Provide sanitary sewer facilities for the entire community.
2. Provide a Day Care Facility for the entire community.
3. Replace and repair City streets after the installation of water and sanitary sewer lines.
4. Improve housing stock both existing and new construction
5. Provide job opportunities for LMI persons.

PLANNED ACTIVITIES TO ADDRESS NEEDS

1. Seek CDBG funding for sanitary sewer collection system and wastewater treatment facility improvements.
2. Seek funding for Construction of a Day Care Facility through the IDED, using CDBG funds.
3. Seek assistance through the RISE, CEBA, PFSA or EDSA programs to assist local manufacturing facilities to expand and create new low and moderate employment.
4. Work with and assist the Conrad Economic Development Committee to create moderate and low income housing for persons within the community.
5. Work with and the Grundy County Economic Development Committee to create LMI jobs in the City of Conrad and Grundy County.

GRANT ADMINISTRATION

LETTER OF UNDERSTANDING

This Letter of Understanding is between the City Council of Conrad, Iowa and the Iowa Northland Regional Council of Governments, hereinafter referred to as INRCOG.

Whereas, Conrad City Council wishes to engage INRCOG's grant administration service for the following project:

Type of Grant: Community Development Block Grant

Project Description: Construction of Wastewater Treatment Facilities

Charge for Grant Administration : \$ 12,500.00

Charges for administration shall be based upon a contract between the Conrad City Council and INRCOG after the Conrad City Council has been awarded the above listed grant.

Amount included in the grant:

For Grant Administration: \$ 12,500.00

IN WITNESS WHEREOF, INRCOG and the Conrad City Council have executed this memorandum of understanding as of this 11th day of November, 1996.

Iowa Northland Regional
Council of Governments

BY: _____
Executive Director

Attest: _____

City of Conrad

B. W. Yearhart

Mayor

Denise G. Hoy
City Clerk

DORSEY & WHITNEY LLP

MINNEAPOLIS
WASHINGTON, D.C.
LONDON
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DES MOINES
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GREAT FALLS

November 11, 1996

We hereby certify that we have examined certified copies of the proceedings of the Council of the City of Conrad, in Grundy County, Iowa (the "Issuer") passed preliminary to the issue by the Issuer of its Urban Renewal Tax Increment Revenue Bond Anticipation (Project) Note (the "Note"), in the maximum principal amount of \$600,000, dated November 11, 1996, for the purpose of paying costs in connection with construction of a Family Aquatic Center (the "Project"). The Note matures on November 1, 1997, and bears interest at the rate of 5.50% per annum, payable at maturity, but principal of the Note is subject to redemption prior to maturity at the times and on the terms specified in the Note. The purchaser has made a commitment to make advances to the Issuer in an aggregate principal amount not to exceed \$600,000 in minimum amounts equal to at least \$50,000 each under the Note.

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

1. The aforementioned proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Note is being issued in anticipation of and is payable from the proceeds of an authorized issue of Urban Renewal Tax Increment Revenue Bonds (the "Bonds") which the Issuer has appropriated to pay the principal of and interest on the Note, or the Note may be paid from any other sources to be received and expended in connection with the Project during the acquisition and installation period thereof.
3. The interest on the Note is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Note in order that interest thereon be,

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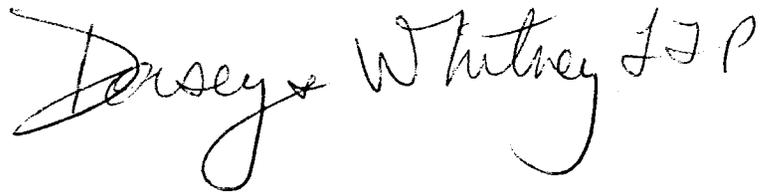
or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Note in gross income for federal income tax purposes to be retroactive to the date of issuance of the Note.

4. The Note is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 per cent of that portion of such financial institutions' interest expense allocable to interest on the Note.

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

The rights of the owners of the Note 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

A handwritten signature in black ink that reads "Dorsey & Whitney LLP". The signature is written in a cursive, flowing style with a large initial 'D' and 'W'.

For Your Records

**MINUTES FOR HEARING AND
PROVIDING FOR ISSUANCE OF A
PROJECT NOTE**

420912-4

Conrad, Iowa

November 11, 1996

The City Council of the City of Conrad, Iowa, met on November 11, 1996, at 7:45 o'clock p.m., at the Conrad City Hall, in the City, pursuant to prior action of the Council and to law.

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

Present: Lutes, King, Sanderson, Zacharias, Mugge

Absent: None

The Council investigated and found that a notice of intention to institute proceedings for the issuance of \$600,000 Urban Renewal Tax Increment Revenue Bonds had been duly published as provided by law and that this is the time and place at which the Council shall receive oral or written objections from any resident or property owner of the City.

The Clerk announced that no written objections had been previously filed; the Mayor called for any oral or written objections from any resident or property owner of the City and there being none, the Mayor announced that the Council may take additional action for the issuance of the bonds.

Council Member Sanderson introduced and moved the adoption of the resolution next hereinafter set out; seconded by Council Member Mugge. After due consideration, the Mayor put the question on the motion and the roll being called, the following named Council Members voted:

Ayes: Lutes, Sanderson, Zacharias, Mugge

Nays: None

Abstained: King

Whereupon, the Mayor declared the resolution duly adopted, as follows:

RESOLUTION NO. 120-11.96

Determining to issue \$600,000 Urban Renewal Tax Increment Revenue Bonds and providing for the issuance of a \$600,000 Urban Renewal Tax Increment Revenue Bond Anticipation (Project) Note

WHEREAS, the City of Conrad, Iowa (the "City") has heretofore proposed to contract indebtedness and issue \$600,000 Urban Renewal Tax Increment Revenue Bonds (the "Bonds") to pay the cost, to that extent, of a project in the Conrad Urban Renewal Area, consisting of paying a portion of the cost of the construction of a Family Aquatic Center (hereinafter referred to as the "Project") and has published notice of the proposed action and held a hearing thereon; and

WHEREAS, pursuant to the provisions of Section 76.13 of the Code of Iowa, the City has authority to issue bond anticipation (project) notes in anticipation of the receipt of the proceeds from the issuance of the Bonds; and

WHEREAS, in order to pay authorized costs of the Project it is necessary at this time to issue an Urban Renewal Tax Increment Revenue Bond Anticipation (Project) Note in the maximum principal amount of \$600,000 (the "Note");

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

Section 1. The City Council hereby determines to issue the Bonds at such time as the final costs of the Project are known.

Section 2. The Note is hereby authorized to be issued to First State Bank, Conrad, Iowa (the "Purchaser"), pursuant to a private sale at a price of par, anticipating the receipt of and payable from the proceeds of the Bonds or from other sources to be received and expended for the Project during the construction and/or acquisition period thereof. The Note shall be dated November 11, 1996, shall bear interest at the rate of 5.50% per annum payable at maturity and shall mature on November 1, 1997.

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

Section 3. The Mayor and City Clerk are hereby authorized to request advances on the Note in minimum amounts equal to at least \$50,000 each (the

"Advances"), in such amounts and at such times as are needed to pay costs of the Project, and the date and amount of each Advance shall be entered by the Purchaser on Schedule I to the Note, and each Advance shall bear interest from the date of such entry.

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

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

The Note shall be fully registered as to principal and interest in the names of the owners on the registration books of the City kept by the Registrar, and after such registration, payment of the principal and interest thereof shall be made only to the registered owners, their legal representatives or assigns.

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

Section 4. The Note shall be in substantially the following form and shall be payable as to principal and interest in accordance with the terms set forth therein:

Section 5. It is the intention of the City that interest on the Note be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof, the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with the applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Note will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

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

Section 6. The proceeds of the Bonds are hereby appropriated, to that extent, to pay principal of and interest on the Note.

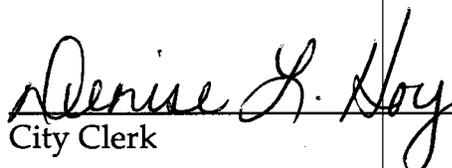
Section 7. All resolutions or parts thereof in conflict herewith be and the same are hereby repealed to the extent of such conflict.

Passed and approved November 11, 1996.



Mayor

Attest:



City Clerk

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On motion and vote, the meeting adjourned.

Bruce Earhart

Mayor

Attest:

Denise H. Hoy
City Clerk

STATE OF IOWA
COUNTY OF GRUNDY
CITY OF CONRAD

SS:

I, the undersigned, City Clerk of the aforementioned City, do hereby certify that attached hereto is a true and correct copy of the proceedings of the Council of the City relating to the hearing on the Council's intention to issue Urban Renewal Tax Increment Revenue Bonds and providing for the issuance of Urban Renewal Tax Increment Revenue Bond Anticipation (Project) Note.

I further certify that no objections were filed in my office and no objections of any kind were made to the matter of issuing the aforesaid bonds at the time and place set for hearing thereon.

WITNESS MY HAND and the seal of the City hereto affixed this 18th
day of November, 1996.


City Clerk

(Seal)

ARBITRAGE CERTIFICATE

We, the undersigned Mayor and City Clerk, of the City of Conrad, Iowa (the "City"), do hereby certify, with respect to the \$600,000 Urban Renewal Tax Increment Revenue Bond Anticipation (Project) Note (the "Project Note"), presently being delivered by the City, as follows:

1. The City is issuing and delivering the Project Note simultaneously with the delivery of this certificate for the purpose of paying the cost, to that extent, of a project in the Conrad Urban Renewal Area consisting of paying a portion of the cost of the construction of a Family Aquatic Center (the "Project").

2. The Project Note is payable from the proceeds of an authorized issue of Urban Renewal Tax Increment Revenue Bonds (the "Bonds") or from other sources to be received and expended in connection with the Project during the acquisition and installation period thereof.

3. First State Bank, Conrad, Iowa (the "Purchaser") shall loan to the City the maximum sum of \$600,000, and the City's obligation to repay shall be evidenced by the issuance of the Project Note, in the maximum principal amount of \$600,000. Advances on the Project Note in minimum amounts equal to at least \$50,000 each (the "Advances") may be requested from time to time by the City, and the date and amount of each Advance shall be entered by the Purchaser on Schedule I on the Project Note and each Advance shall bear interest from the date of such entry.

4. We further certify that no controversy or litigation is pending, prayed or threatened involving the incorporation, organization, existence or boundaries of the City, or the titles of the aforesaid officers to their respective positions, or the validity of the Project Note, or the power and duty of the City to provide for the full and prompt payment of the principal of and interest on the Project Note, and that none of the proceedings incident to the authorization and issuance of the Project Note has been repealed or rescinded.

5. We further certify that no petition of protest or objections of any kind have been filed or made objecting to the Bonds or to the issuance of the Project Note, and that no appeal of the decision of the City Council to issue the Bonds or to issue the Project Note has been taken to the district court.

6. We further certify that all meetings held in connection with the Bonds and the Project Note were open to the public at a place reasonably accessible to the public and that notice was given at least 24 hours prior to the commencement of all meetings by advising the news media who requested notice of the time, date, place and the tentative

agenda and by posting such notice and agenda at the City Hall or principal office of the City on a bulletin board or other prominent place which is easily accessible to the public and is the place designated for the purpose of posting notices of meetings.

7. The Total Project Costs are estimated to be as follows:

Cost of Construction or Acquisition	\$ <u>689,357.</u>
Engineering Costs	\$ <u>53,425.</u>
Qualified Administrative Costs:	
Underwriter's discount	\$ -0-
Other Costs of Issuance	\$ _____
 Total Project Costs:	 \$ <u>742,782.</u>

8. The net sales proceeds of the Project Note are \$600,000 (the "Net Sales Proceeds"), the same being the Issue Price thereof.

9. The Net Sales Proceeds, including investment earnings thereon will be invested by the City without restriction as to yield for a period not to exceed three years from the date hereof (the "Three Year Temporary Period"), the following three tests being reasonably expected to be satisfied by the City:

a. Time Test: The City has entered into or, within six months of the date hereof, will enter into binding contracts for the Projects with third parties (e.g. engineers or contractors);

(i) which are not subject to contingencies directly or indirectly within the City's control;

(ii) which provide for the payment by the City to such third parties of an amount equal to at least the lesser of \$100,000 or 5%;

b. Expenditure Test: At least 85% of Net Sales Proceeds will be applied to the payment of Total Project Costs within the Three Year Temporary Period; and

c. Due Diligence Test: Acquisition and construction of the Projects to completion and application of the Net Sales Proceeds to the payment of Total Project Costs will proceed with due diligence.

10. The City adopted a resolution declaring its official intent to acquire and construct the Project and finance the same with notes or other obligations of the City (the "Intent Resolution"); none of the Total Project Costs to be paid for from the Net Sales Proceeds are for expenditures made more than 60 days prior to the adoption of the Intent Resolution, except for (i) costs of issuance of the Project Note; (ii) costs aggregating an amount not in excess of the lesser of \$100,000 or 5% of the Net Sales Proceeds; (iii) costs for preliminary expenditures (including architectural, engineering, surveying, soil testing, and similar costs incurred prior to commencement of acquisition or construction of the Project, other than land acquisition, site preparation and similar costs) not in excess of 20% of the Issue Price of the Note; the City will allocate Net Sales Proceeds to reimbursement of such expenditures no later than three years after the later of (i) the date any such expenditure was originally paid or (ii) the date the Project is placed in service; and such allocations will be made by the City in writing.

11. Not more than 50% of the Net Sales Proceeds will be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Internal Revenue Code of 1986, as amended (the "Code")) having a substantially guaranteed yield for four years or more (e.g., a four-year guaranteed investment contract or a Treasury Obligation that does not mature for four years).

12. The weighted average maturity of the Project Note does not exceed the reasonably expected economic life of the Projects.

13. To our best knowledge and belief, there are no facts, estimates or circumstances which would materially change the foregoing conclusions.

On the basis of the foregoing, it is not expected that the Net Sales Proceeds will be used in a manner that would cause the Project Note to be an "arbitrage bond" under Section 148 of the Code and the regulations prescribed under that section. The City has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a Bond issuer whose arbitrage certifications may not be relied upon.

We further certify that the City does not currently have outstanding tax exempt obligations issued during the current calendar year, including the Project Note, equal to or in excess of \$5,000,000, nor will the City issue additional tax exempt obligations during the current calendar year which, when added to the City's current tax exempt obligations issued during the current calendar year, including the Project Note, would be equal to or in excess of \$5,000,000.

IN WITNESS WHEREOF, we have hereunto affixed our hands and the seal of the aforementioned City, on November 11, 1996.

CITY OF CONRAD, IOWA

By B. W. Yearhart
Mayor

Attest:

Denise L. Hoy
City Clerk

(Seal)