

Date of Sale: August 19, 2019 (Alternative Bid Methods)
 Series 2019A Between 10:30 and 11:00 A.M., C.D.T. (Closed Speer Auction)
 Before 11:00 A.M., C.D.T. (Sealed Bids)
 Series 2019B Between 11:00 and 11:30 A.M., C.D.T. (Closed Speer Auction)
 Before 11:30 A.M., C.D.T. (Sealed Bids)

Official Statement

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Series 2019A Bonds will be excluded from gross income for federal income tax purposes. Interest on the Series 2019A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax under the Internal Revenue Code of 1986 (the "Code"). In the opinion of Bond Counsel, the Series 2019A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein.

In the opinion of Dorsey & Whitney LLP., Bond Counsel, under present law interest on the Series 2019B Bonds is includable in gross income of the owners thereof for purposes of present federal income taxation as more fully discussed under the heading "TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2019D)" herein. Interest on the Series 2019B Bonds is exempt from present Iowa income taxes.

CITY OF PALO

Linn County, Iowa

\$440,000* General Obligation Corporate Purpose Bonds, Series 2019A \$310,000* Taxable General Obligation Corporate Purpose Bonds, Series 2019B

Dated Date of Delivery Book-Entry Bank Qualified (Series 2019A) Due Serially as Described Herein

The \$440,000* General Obligation Corporate Purpose Bonds, Series 2019A (the "Tax-Exempt Bonds" or "Series 2019A Bonds") and the \$310,000* Taxable General Obligation Corporate Purpose Bonds, Series 2019B (the "Taxable Bonds" or "Series 2019B Bonds" and collectively with the Series 2019A Bonds the "Bonds") are being issued by the City of Palo, Linn County, Iowa (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2020. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on June 1 as described herein.

OPTIONAL REDEMPTION

The Series 2019A Bonds due June 1, 2021 - 2027, inclusive, are not subject to optional redemption. The Series 2019A Bonds due June 1, 2028 - 2035, inclusive, are callable in whole or in part on any date on or after June 1, 2027, at a price of par and accrued interest. If less than all the Series 2019A Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

The Series 2019B Bonds due June 1, 2021 - 2026, inclusive, are not subject to optional redemption. The Series 2019B Bonds due June 1, 2027 - 2030, inclusive, are callable in whole or in part on any date on or after June 1, 2026, at a price of par and accrued interest. If less than all the Series 2019B Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

The Series 2019A Bond proceeds are expected to be used to: (i) pay the costs of constructing street, water system, sanitary sewer system, storm water drainage, and sidewalk improvements; (ii) acquire and install street lighting, signage and signalization; and (iii) pay the costs of issuing the Series 2019A Bonds.

The Series 2019B Bond proceeds are expected to be used to: (i) pay the costs of undertaking an urban renewal project in the Palo Urban Renewal Area consisting of funding an economic development forgivable loan in connection with the development of residential housing, and (ii) pay the costs of issuing the Series 2019B Bonds.

In the opinion of Dorsey & Whitney LLP, Des Moines, Iowa, the Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. The City will furnish the written approving opinion of Bond Counsel, Dorsey & Whitney LLP, Des Moines, Iowa, evidencing legality of the Bonds and that the interest thereon is exempt from federal income as and to the extent discussed under the heading "TAX EXEMPTION AND RELATED CONSIDERATIONS" and "TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2019B)" herein.

The City intends to designate the Series 2019A Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

This Official Statement is dated August 5, 2019, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Official Statement Sales Calendar". Additional copies may be obtained from Ms Lenna Goodale, City Clerk, City of Palo, 2800 Hollenbeck Road, Palo, Iowa, 52324, or from the Registered Municipal Advisors to the City.



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

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the City.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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OFFICIAL BID FORMS

OFFICIAL TERMS OF OFFERING

 Exhibit A – Example Issue Price Certificate

BOND ISSUE SUMMARY

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

Issuer:	City of Palo, Linn County, Iowa.
Dated Date:	Date of delivery (expected to be on or about September 17, 2019).
Interest Due:	Each June 1 and December 1, commencing June 1, 2020.
Authorization:	The Bonds are being issued pursuant to authority established in Code of Iowa, Chapter 384 (the "Act") for the Series 2019A Bonds, and Chapters 384 and 403 for the Series 2019B Bonds, and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution (the "Resolution" or the "Bond Resolution") of the City Council duly passed and approved.
Security:	The Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
No Investment Rating:	The City does not intend to apply for an investment rating on the Bonds.
Bond Registrar/Paying Agent:	UMB Bank, N.A., West Des Moines, Iowa.
Delivery:	The Bonds are expected to be delivered on or about September 17, 2019.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

**Subject to change.*

\$440,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2019A

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

<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>
\$25,000	2021	_____ %	_____ %	_____	\$30,000	2029	_____ %	_____ %	_____
25,000	2022	_____ %	_____ %	_____	30,000	2030	_____ %	_____ %	_____
25,000	2023	_____ %	_____ %	_____	30,000	2031	_____ %	_____ %	_____
25,000	2024	_____ %	_____ %	_____	30,000	2032	_____ %	_____ %	_____
25,000	2025	_____ %	_____ %	_____	35,000	2033	_____ %	_____ %	_____
30,000	2026	_____ %	_____ %	_____	35,000	2034	_____ %	_____ %	_____
30,000	2027	_____ %	_____ %	_____	35,000	2035	_____ %	_____ %	_____
30,000	2028	_____ %	_____ %	_____					

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

- Issue:** \$440,000* General Obligation Corporate Purpose Bonds, Series 2019A.
- Principal Due:** Serially each June 1, commencing June 1, 2021 through 2035, as detailed above.
- Optional Redemption:** The Series 2019A Bonds maturing on or after June 1, 2028, are callable at the option of the City on any date on or after June 1, 2027, at a price of par plus accrued interest. See **“OPTIONAL REDEMPTION”** herein.
- Purpose:** The Series 2019A Bond proceeds are expected to be used to: (i) pay the costs of constructing street, water system, sanitary sewer system, storm water drainage, and sidewalk improvements; (ii) acquire and install street lighting, signage and signalization; and (iii) pay the costs of issuing the Series 2019A Bonds.
- Tax Exemption:** Dorsey & Whitney LLP, Des Moines, Iowa, will provide an opinion as to the tax exemption of the Series 2019A Bonds as discussed under **“TAX EXEMPTION AND RELATED CONSIDERATIONS”** in this Official Statement.
- Bank Qualified:** The City intends to designate the Series 2019A Bonds as “qualified tax-exempt obligations”.

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

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\$310,000* TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2019B

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

<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>
\$25,000	2021	_____ %	_____ %	_____	\$30,000	2026	_____ %	_____ %	_____
30,000	2022	_____ %	_____ %	_____	30,000	2027	_____ %	_____ %	_____
30,000	2023	_____ %	_____ %	_____	35,000	2028	_____ %	_____ %	_____
30,000	2024	_____ %	_____ %	_____	35,000	2029	_____ %	_____ %	_____
30,000	2025	_____ %	_____ %	_____	35,000	2030	_____ %	_____ %	_____

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

- Issue:** \$310,000* Taxable General Obligation Corporate Purpose Bonds, Series 2019B.
- Principal Due:** Serially each June 1, commencing June 1, 2021 through 2030, as detailed above.
- Optional Redemption:** The Series 2019B Bonds maturing on or after June 1, 2027, are callable at the option of the City on any date on or after June 1, 2026, at a price of par plus accrued interest. See **“OPTIONAL REDEMPTION”** herein.
- Purpose:** The Series 2019B Bond proceeds are expected to be used to: (i) pay the costs of undertaking an urban renewal project in the Palo Urban Renewal Area consisting of funding an economic development forgivable loan in connection with the development of residential housing, and (ii) pay the costs of issuing the Series 2019B Bonds.
- Taxability:** The interest to be paid on the Taxable Bonds is subject to federal and Iowa state income taxes as discussed under **“TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2019B)”** in this Official Statement. See **APPENDIX C** for a draft form of legal opinion for the Taxable Bonds.

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CITY OF PALO
Linn County, Iowa

Andrea Rahe
Mayor

Council Members

Angie Brekke

Pete Hagstrom

Doug Hanover

Travis Rieck

Eric Van Kerckhove

Officials

Lenna Goodale
City Clerk

Erek Sittig, Esq.
City Attorney

SECURITY AND SOURCE OF PAYMENT

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

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

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

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

BONDHOLDERS' RISKS

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

Changes in Property Taxation

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

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

Matters Relating to Enforceability of Agreements

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

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

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

Secondary Market

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

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

Forward-Looking Statements

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

Tax Matters, Bank Qualification and Loss of Tax Exemption (Series 2019A)

As discussed under the heading “**TAX EXEMPTION AND RELATED CONSIDERATIONS**” herein, the interest on the Series 2019A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2019A Bonds, as a result of acts or omissions of the City in violation of its covenants in the Resolution. Should such an event of taxability occur, the Series 2019A Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Series 2019A Bonds, and there is no provision for an adjustment of the interest rate on the Series 2019A Bonds.

The City intends to designate the Series 2019A Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The City has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the City in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Series 2019A Bonds.

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

It is also possible that actions of the City after the closing of the Series 2019A Bonds will alter the tax status of the Series 2019A Bonds, and, in the extreme, remove the tax exempt status from the Series 2019A Bonds. In that instance, the Series 2019A Bonds are not subject to mandatory prepayment, and the interest rate on the Series 2019A Bonds does not increase or otherwise reset. A determination of taxability on the Series 2019A Bonds, after closing of the Series 2019A Bonds, could materially adversely affect the value and marketability of the Series 2019A Bonds.

DTC-Beneficial Owners

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

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

Continuing Disclosure

The Bonds are exempt from the continuing disclosure requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 because the Bonds are in an aggregate principal amount of less than \$1,000,000. No continuing disclosure undertaking will be entered into with respect to the Bonds.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the City's information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the City's operations and financial condition. The City has a \$3,000,000 Cyber-Liability Policy. The City cannot predict whether this policy will be sufficient in the event of a cyberattack. However, the Bonds are secured by an unlimited ad valorem property tax as described herein.

Suitability of Investment

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

Bankruptcy

The rights and remedies of the Bondholders 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 creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

Legislation

From time to time, there are proposals pending in Congress and in the Iowa Legislature that could, if enacted, alter or amend one or more of the matters described herein in certain respects or would adversely affect the market value of the Bonds, or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

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

Tax Levy Procedures

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

Federal Funds Orders and State Funds Legislation

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

Other Factors

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

THE CITY

The City is located on the northwest edge of the greater Cedar Rapids metropolitan statistical area (MSA) and has a land area of approximately 1.3 square miles. The City was originally founded in 1854 as a community trading center due to its location off the Cedar River and between Waterloo/Cedar Falls and Cedar Rapids. The small city later thrived when the railroad passed through the City in 1869.

The City is located approximately ten miles to the north of Cedar Rapids, along Interstate 380 which connects Cedar Rapids and Waterloo, Iowa. Interstate 380 intersects with Interstate 80 approximately 35 miles to the south of the City. The Cedar Rapids MSA is a regional center of commerce, industry and transportation and has a population of over 126,000.

City Organization and Services

The City has a Mayor-Council form of government. Policy is established by a Mayor and five Council members. Council members are elected for four-year staggered terms. The City Clerk and City Attorney are appointed by the City Council.

The City has four full-time and two full-time temporary employees. The City is served by a volunteer Fire Department. Approximately 20 volunteers operate out of a centrally located fire station. The fire insurance classification for the City is Class 9.

Electric power is supplied to the City by Alliant Energy and Linn County REC (Rural Electric Co.), and natural gas service is provided by Alliant Energy. The City is in the process of establishing a water system, which will include a water treatment plant and water tower. Sewer lines are maintained by the City with all waste being pumped to a regional treatment facility in Cedar Rapids, Iowa. Palo Cooperative Telephone Association provides telephone, internet and cable service to the City.

Community Life

The City has five parks with other recreational and leisure opportunities located throughout the Palo/Cedar Rapids area. These opportunities include over 78 developed parks covering over 4,210 acres, as well as golf, professional baseball, basketball, hockey and automobile racing. Cultural facilities in the area include numerous museums and theaters, along with the Cedar Rapids Symphony Orchestra. The University of Iowa Hawkeyes in Iowa City, approximately 35 miles from the City, offers spectator sports opportunities in the college Big Ten conference. Riverboat and casino gambling are offered in such cities as Dubuque, Clinton, Riverside, Waterloo and the Quad Cities, all within a 75 mile radius of the City.

Education

The residents of the City are served by the Cedar Rapids Community School District with an approximate enrollment of 16,963 students.

Post-secondary educational opportunities are readily available. Kirkwood Community College, Mount Mercy College and Coe College are located within Cedar Rapids, only minutes from the City. The University of Iowa is located in Iowa City, which is 35 miles south of the City and the University of Northern Iowa, located in Cedar Falls, Iowa, is 55 miles north along the I-380 corridor.

Transportation

The City is located approximately five miles west of Interstate 380. Via the Interstate system Palo is approximately: four hours from Chicago; four and one-half hours from Milwaukee; five hours from Minneapolis, Omaha, or St. Louis; and six hours from Kansas City. The City of Cedar Rapids' rail service is provided by the mainline of the Cedar Rapids and Iowa City Railway Co., Canadian National, Union Pacific and Iowa Northern Railroad Co. The City is located within fifteen miles of the Eastern Iowa Airport. The Eastern Iowa Airport is served by approximately five airlines offering over 30 flights per day.

SOCIOECONOMIC INFORMATION

The following demographic information is for the City. Additional comparisons are made with Linn County (the "County") and the State of Iowa (the "State").

Population

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

Population Comparison(1)

Year	The City	Percent Change	The County	Percent Change	The State	Percent Change
1970	430	n/a	163,213	n/a	2,824,376	n/a
1980	529	23.02%	169,775	4.02%	2,913,808	3.17%
1990	514	(2.84%)	168,767	(0.59%)	2,776,755	(4.70%)
2000	614	19.46%	191,701	13.59%	2,926,324	5.39%
2010	1,026	67.10%	211,226	10.19%	3,046,355	4.10%

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

Employment

Following are lists of large employers located in the surrounding area.

Major Area Employers(1)

Location	Name	Product/Service	Approximate Employment
Iowa City	University of Iowa	Higher Education	24,715
Iowa City	University of Iowa Hospitals & Clinics	Health Care	12,670
Cedar Rapids/Coralville	Collins Aerospace	Aircraft Parts and Equipment	9,600
Waterloo	John Deere	Manufacturing	5,600
Cedar Rapids	Transamerica	Insurance	3,800
Cedar Rapids	Unity Point Health - St. Luke's Hospital	Health Care	2,980
Waterloo	Tyson Fresh Meats	Meat Processing	2,950
Cedar Rapids	Cedar Rapids Community Schools	Education	2,880
Cedar Rapids	Hy-Vee Food Stores	Grocer	2,325
Cedar Rapids	Nordstrom Direct	Logistics/Distribution	2,150
Iowa City	Veterans Administration Medical Center	Health Care	2,150
Cedar Rapids	Mercy Medical Center	Health Care	2,140
Amana	Whirlpool Corporation	Manufacturing	2,100
Iowa City	Iowa City Community School District	Education	1,575
Cedar Rapids	City of Cedar Rapids	Government	1,310
Cedar Rapids/Iowa City	Pearson Educational Measurement	Education Publishing	1,300
Iowa City	ACT, Inc.	Education Testing	1,243

Note: (1) Source: Area Economic Alliance and the 2018 Manufacturers database.

The following tables show employment by industry and by occupation for the City, the County and the State as reported by the U.S. Census Bureau 2013 - 2017 American Community Survey 5-year estimated values.

Employment By Industry(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	7	1.1%	1,264	1.1%	61,618	3.9%
Construction.....	92	14.7%	7,960	6.8%	100,925	6.3%
Manufacturing.....	94	15.0%	19,138	16.3%	241,327	15.1%
Wholesale trade.....	24	3.8%	3,072	2.6%	46,221	2.9%
Retail trade.....	103	16.5%	14,574	12.4%	186,277	11.6%
Transportation and warehousing, and utilities.....	38	6.1%	6,346	5.4%	73,774	4.6%
Information.....	14	2.2%	2,664	2.3%	26,772	1.7%
Finance and insurance, and real estate and rental and leasing.....	62	9.9%	8,904	7.6%	121,725	7.6%
Professional, scientific, and management, and administrative and waste management services.....	36	5.8%	11,786	10.0%	117,560	7.3%
Educational services, and health care and social assistance.....	96	15.4%	25,748	21.9%	387,957	24.3%
Arts, entertainment, and recreation, and accommodation and food services.....	22	3.5%	8,774	7.5%	117,554	7.3%
Other services, except public administration.....	24	3.8%	4,477	3.8%	68,339	4.3%
Public administration.....	13	2.1%	2,677	2.3%	49,669	3.1%
Total.....	625	100.0%	117,384	100.0%	1,599,718	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2013 - 2017.

Employment By Occupation(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, business, science, and arts occupations.....	166	26.6%	45,353	38.6%	564,694	35.3%
Service occupations.....	84	13.4%	17,873	15.2%	263,453	16.5%
Sales and office occupations.....	186	29.8%	28,700	24.4%	363,159	22.7%
Natural resources, construction, and maintenance occupations.....	101	16.2%	10,173	8.7%	151,391	9.5%
Production, transportation, and material moving occupations.....	88	14.1%	15,285	13.0%	257,021	16.1%
Total.....	625	100.0%	117,384	100.0%	1,599,718	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2013 - 2017.

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

Annual Average Unemployment Rates(1)(2)

Calendar Year	The County	The State	United States
2010.....	6.0%	6.0%	9.6%
2011.....	5.7%	5.5%	8.9%
2012.....	5.2%	5.0%	8.1%
2013.....	5.0%	4.7%	7.4%
2014.....	4.4%	4.2%	6.2%
2015.....	3.8%	3.8%	5.3%
2016.....	3.6%	3.6%	4.9%
2017.....	3.3%	3.1%	4.4%
2018.....	2.8%	2.5%	3.9%
2019(3).....	2.3%	2.4%	3.7%

Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.
 (2) Not seasonally adjusted.
 (3) Preliminary rates for the month of June 2019.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$159,200. This compares to \$150,600 for the County and \$137,200 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2013 - 2017 American Community Survey.

Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	20	6.1%	4,170	6.3%	90,767	10.2%
\$50,000 to \$99,999	43	13.1%	9,328	14.1%	203,149	22.8%
\$100,000 to \$149,999	86	26.1%	19,340	29.3%	196,759	22.1%
\$150,000 to \$199,999	83	25.2%	13,837	20.9%	153,250	17.2%
\$200,000 to \$299,999	93	28.3%	12,712	19.2%	147,859	16.6%
\$300,000 to \$499,999	4	1.2%	4,905	7.4%	73,685	8.3%
\$500,000 to \$999,999	0	0.0%	1,502	2.3%	19,079	2.1%
\$1,000,000 or more	0	0.0%	295	0.4%	4,737	0.5%
Total	329	100.0%	66,089	100.0%	889,285	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 - 2017.

Mortgage Status(1)

Mortgage Status	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing units with a mortgage	287	87.2%	44,712	67.7%	541,664	60.9%
Housing units without a mortgage	42	12.8%	21,377	32.3%	347,621	39.1%
Total	329	100.0%	66,089	100.0%	889,285	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 - 2017.

Income

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$76,250. This compares to \$81,032 for the County and \$72,270 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2013 - 2017 American Community Survey.

Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000	0	0.0%	1,349	2.4%	24,497	3.1%
\$10,000 to \$14,999	15	5.5%	1,146	2.0%	16,991	2.1%
\$15,000 to \$24,999	17	6.3%	2,409	4.3%	46,528	5.8%
\$25,000 to \$34,999	14	5.2%	3,691	6.6%	59,737	7.5%
\$35,000 to \$49,999	21	7.7%	6,325	11.3%	102,312	12.8%
\$50,000 to \$74,999	64	23.6%	10,648	19.0%	168,411	21.0%
\$75,000 to \$99,999	56	20.7%	10,047	17.9%	139,013	17.4%
\$100,000 to \$149,999	67	24.7%	12,450	22.2%	150,051	18.7%
\$150,000 to \$199,999	12	4.4%	4,662	8.3%	50,929	6.4%
\$200,000 or more	5	1.8%	3,445	6.1%	42,107	5.3%
Total	271	100.0%	56,172	100.0%	800,576	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$68,889. This compares to \$62,702 for the County and \$56,570 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2013 - 2017 American Community Survey.

Household Income(I)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	5	1.3%	3,935	4.4%	71,544	5.7%
\$10,000 to \$14,999.....	13	3.3%	3,439	3.9%	57,984	4.6%
\$15,000 to \$24,999.....	30	7.5%	7,571	8.5%	124,425	9.9%
\$25,000 to \$34,999.....	45	11.3%	8,542	9.6%	123,477	9.9%
\$35,000 to \$49,999.....	36	9.0%	11,907	13.4%	175,714	14.0%
\$50,000 to \$74,999.....	95	23.8%	16,697	18.7%	244,762	19.6%
\$75,000 to \$99,999.....	66	16.5%	13,249	14.9%	175,018	14.0%
\$100,000 to \$149,999.....	91	22.8%	14,796	16.6%	174,081	13.9%
\$150,000 to \$199,999.....	12	3.0%	5,095	5.7%	56,730	4.5%
\$200,000 or more.....	7	1.8%	3,830	4.3%	47,852	3.8%
Total.....	400	100.0%	89,061	100.0%	1,251,587	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 - 2017.

Agriculture

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

Average Value Per Acre(I)

	2014	2015	2016	2017	2018
Average Value Per Acre:					
Linn County.....	\$9,658	\$9,093	\$8,578	\$8,748	\$8,720
State of Iowa.....	7,943	7,633	7,183	7,326	7,264

Note: (1) Source: Cooperative Extension Service - Iowa State University.

Local Option Sales Tax

The City approved a 1% local option sales and service tax (“Local Option Tax”) at a special referendum with an effective date of April 1, 2009. In 2011 the citizens voted to renew the local option sales and service tax effective from July 1, 2014 until June 30, 2034. The City’s Local Option Tax referendum question stated that proceeds of such tax would be designated for road improvements, sanitary sewer expenses, municipal water expenses, park and recreational expenses, infrastructure improvements and other community improvement projects.

Once approved, a Local Option Tax can only be repealed through a public referendum at which a majority voting approve the repeal or tax rate change, or, in certain circumstances, upon adoption of a motion by the governing body of the incorporated city requesting the repeal. If a Local Option Tax is not imposed county-wide, then the question of repeal is voted upon only by voters in such areas of a county where the tax has been imposed. A Local Option Tax may not be repealed within one year of the effective date.

The State of Iowa Department of Revenue (the “Department”) administers collection and disbursement of all local option sales and services taxes in conjunction with administration of the State-wide sales, services and use tax presently assessed at 6%. The Department is required by statute to remit at least 95% of the estimated tax receipts to a county board of supervisors (for taxes imposed in unincorporated areas) and to each incorporated city. Such remittances are on a monthly basis. Once a year the Department reconciles its monthly estimated payments and makes an adjustment payment or debit at the November 10 payment date. Remittance of collections within a county are based upon the following statutory formula for county-wide collections:

- 75 percent: Based on a pro rata share of population (the most recent certified federal census) of those incorporated or unincorporated areas in a county which have approved a Local Option Tax.
- 25 percent: Based on a pro rata share of total property tax dollars levied during the three year period beginning July 1, 1982, through June 30, 1985, for those incorporated or unincorporated areas of a county which have approved a Local Option Tax.

Local Option Taxes are based on the same sales currently taxed by the state-wide 6% sales and services tax, with the present statutory exceptions of (i) certain sales of motor fuel or special fuel as defined in Chapter 452A, (ii) the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, (iii) the sales price from a pay television service consisting of a direct-to-home satellite service, or (iv) the sale of equipment by the State Department of Transportation.

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

Local Option Tax Receipts(1)

Fiscal Year Ending June 30	Local Option Sales Tax Receipts(2)	Percent Change +(-)
2010.....	\$113,173	n/a
2011.....	121,589	7.44%
2012.....	119,557	(1.67%)
2013.....	121,510	1.63%
2014.....	126,322	3.96%
2015.....	127,834	1.20%
2016.....	130,270	1.91%
2017.....	129,454	(0.63%)
2018.....	129,474	0.02%
2019.....	120,626(3)	(6.83%)

- Notes: (1) Source: Iowa Department of Revenue.
 (2) Includes a reconciliation payment in November attributable to the previous fiscal year.
 (3) Collections received or expected to be received, not including any allowance for the reconciliation payment.

Retail Sales

The Department of Revenue of the State of Iowa provides retail sales figures based on sales tax reports for years ending June 30. The Department of Revenue figures provide recent data to confirm trends in retail sales activity in the City. The following amounts exclude the City's Local Option Tax.

Retail Taxable Sales(1)

Fiscal Year Ending June 30	Taxable Sales	Annual Percent Change + (-)
2009.....	\$31,431,795	n/a
2010.....	13,070,705	(58.42%)
2011.....	27,312,636	108.96%
2012.....	31,880,992	16.73%
2013.....	51,675,303	62.09%
2014.....	30,926,751	(40.15%)
2015.....	55,178,068	78.42%
2016.....	35,728,446	(35.25%)
2017.....	43,226,664	20.99%
2018.....	41,348,649	(4.34%)

Growth from 2009 to 2018..... 31.55%

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

THE PROJECT

The Series 2019A Bond proceeds are expected to be used to: (i) pay the costs of constructing street, water system, sanitary sewer system, storm water drainage, and sidewalk improvements; (ii) acquire and install street lighting, signage and signalization; and (iii) pay the costs of issuing the Series 2019A Bonds.

The Series 2019B Bond proceeds are expected to be used to: (i) pay the costs of undertaking an urban renewal project in the Palo Urban Renewal Area consisting of funding an economic development forgivable loan in connection with the development of residential housing, and (ii) pay the costs of issuing the Series 2019B Bonds.

DEFAULT RECORD

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

SHORT-TERM BORROWING

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

DEBT INFORMATION

After issuance of the Bonds, the City will have outstanding \$2,595,000* principal amount of general obligation debt. In addition, the City has outstanding approximately \$2,521,000 principal amount of sewer revenue debt issued through the State Revolving Fund (SRF) program.

The City has a general obligation legal debt limit equal to 5% of Actual Valuation. For the January 1, 2018 Actual Valuation of \$89,914,831 (including tax increment valuation and excluding military exemption valuation) applied to fiscal year 2019/20 the total limit is \$4,495,742. Including the Bonds, the estimated principal amount of bonded and non-bonded debt applicable to this limit is \$2,595,000*, resulting in a net legal debt margin of \$1,900,742*.

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

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

Series 2012.....	\$1,155,000
Series 2015.....	690,000
The Series 2019A Bonds(2)	440,000
The Series 2019B Bonds(2)	<u>310,000</u>
Total(2)	<u>\$2,595,000</u>

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

*Subject to change.

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

Fiscal Year Ending June 30	Series 2012	Series 2015	Total Outstanding GO Debt	The Series 2019A Bonds(2)	The Series 2019B Bonds(2)	Total General Obligation Debt(2)	Cumulative Retirement(2)	
							Amount	Percent
2020	\$ 135,000	\$ 55,000	\$ 190,000	\$ 0	\$ 0	\$ 190,000	\$ 190,000	7.32%
2021	135,000	55,000	190,000	25,000	25,000	240,000	430,000	16.57%
2022	140,000	55,000	195,000	25,000	30,000	250,000	680,000	26.20%
2023	140,000	60,000	200,000	25,000	30,000	255,000	935,000	36.03%
2024	145,000	60,000	205,000	25,000	30,000	260,000	1,195,000	46.05%
2025	150,000	60,000	210,000	25,000	30,000	265,000	1,460,000	56.26%
2026	155,000	65,000	220,000	30,000	30,000	280,000	1,740,000	67.05%
2027	155,000	65,000	220,000	30,000	30,000	280,000	2,020,000	77.84%
2028	0	70,000	70,000	30,000	35,000	135,000	2,155,000	83.04%
2029	0	70,000	70,000	30,000	35,000	135,000	2,290,000	88.25%
2030	0	75,000	75,000	30,000	35,000	140,000	2,430,000	93.64%
2031	0	0	0	30,000	0	30,000	2,460,000	94.80%
2032	0	0	0	30,000	0	30,000	2,490,000	95.95%
2033	0	0	0	35,000	0	35,000	2,525,000	97.30%
2034	0	0	0	35,000	0	35,000	2,560,000	98.65%
2035	0	0	0	35,000	0	35,000	2,595,000	100.00%
Total	\$1,155,000	\$690,000	\$1,845,000	\$440,000	\$310,000	\$2,595,000		

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

Statement of Bonded Indebtedness(1)(2)

City Actual Value, January 1, 2018.....	\$89,914,831
City Taxable Value, January 1, 2018.....	\$50,502,816

	Total	Applicable		Ratio to City Actual Value	Ratio to City Taxable Value	Per Capita (2010 Pop. 1,026)
		Percent	Amount			
Direct Bonded Debt(3)(4).....	\$ 2,595,000	100.00%	\$ 2,595,000	2.89%	5.14%	\$2,529.24
Total Direct Debt.....	\$ 2,595,000	100.00%	\$ 2,595,000	2.89%	5.14%	\$2,529.24
Overlapping Debt:						
Cedar Rapids School District.....	\$ 5,300,000	0.83%	\$ 44,084	0.05%	0.09%	\$ 42.97
Kirkwood Community College(5)	78,591,169	0.18%	144,645	0.16%	0.29%	140.98
Linn County.....	34,550,000	0.42%	144,227	0.16%	0.29%	140.57
Total Overlapping Bonded Debt.....	\$118,441,169		\$ 332,955	0.37%	0.67%	\$ 324.52
Total Direct and Overlapping Bonded Debt(3)			\$ 2,927,955	3.26%	5.81%	\$2,853.76

Per Capita Actual Value	\$87,636.29
Per Capita Taxable Value.....	\$49,223.02

Notes: (1) Source: the City, Audited Financial Statements and EMMA for the County, School District and Community College.
 (2) As of the date of issuance for the Direct Bonded Debt and June 26, 2019 for Overlapping Debt.
 (3) Subject to change.
 (4) Excludes \$36,535,000 in Industrial New Jobs Training Certificates, which are expected to be paid by proceeds from anticipated job credits from withholding taxes.

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PROPERTY ASSESSMENT AND TAX INFORMATION

Property Tax Assessment

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Taxable Valuation. Such rollback percentages may be changed in future years. Certain historical rollback percentages for residential, multi-residential, agricultural and commercial valuations are as follows:

Percentages for Taxable Valuation After Rollbacks(1)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-Residential(2)</u>	<u>Ag Land & Buildings</u>	<u>Commercial</u>
2010/11.....	46.9094%	N/A	66.2715%	100.0000%
2011/12.....	48.5299%	N/A	69.0152%	100.0000%
2012/13.....	50.7518%	N/A	57.5411%	100.0000%
2013/14.....	52.8166%	N/A	59.9334%	100.0000%
2014/15.....	54.4002%	N/A	43.3997%	95.0000%
2015/16.....	55.7335%	N/A	44.7021%	90.0000%
2016/17.....	55.6259%	86.2500%	46.1068%	90.0000%
2017/18.....	56.9391%	82.5000%	47.4996%	90.0000%
2018/19.....	55.6209%	78.7500%	54.4480%	90.0000%
2019/20.....	56.9180%	75.0000%	56.1324%	90.0000%

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

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following tax year. For example, the assessments finalized on January 1, 2018, are used to calculate tax liability for the tax year starting July 1, 2019 through June 30, 2020.

Property Tax Collection

Each county is required by State law to collect all tax levies within its jurisdiction and remit, before the fifteenth of each month, the amount collected through the last day of the preceding month to underlying units of government, including the City. Property tax payments are made at the office of each county treasurer in full or one-half by September 30 and March 31, pursuant to the Code of Iowa, Sections 445.36 and 445.37. Where the first half of any property tax has not been paid by October 1, such installment becomes delinquent. If the second installment is not paid, it becomes delinquent on April 1. Delinquent taxes and special assessments are subject to a penalty at the rate of one and one-half percent per month, to a maximum of eighteen percent per annum.

If taxes are not paid when due, the property may be offered at the regular tax sale on the third Tuesday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property, and funds so received are applied to the payment of taxes. A property owner may redeem from the regular tax sale, but failing redemption within two years, the tax sale purchaser is entitled to a deed which in general conveys the title free and clear of all liens except future installments of taxes.

Actual (100%) Valuations for the City(1)(2)

Property Class	Fiscal Year:	2015/16	2016/17	2017/18	2018/19	2019/20
	Levy Year:	2014	2015	2016	2017	2018
Residential		\$58,776,200	\$61,601,500	\$62,937,300	\$69,673,300	\$75,088,500
Agricultural		1,010,100	889,200	775,642	668,647	651,300
Commercial		5,105,100	4,967,180	6,119,860	6,628,160	7,018,610
Industrial		0	0	0	0	0
Multi-residential(3)		0	96,320	100,540	114,640	408,490
Railroads		35,693	34,151	37,013	32,646	39,645
Utilities without Gas and Electric(4)		230,087	187,786	174,311	173,102	183,076
Gas and Electric Utility(4)		2,546,342	2,743,582	4,081,069	4,572,221	6,599,290
Less: Military Exemption		(77,784)	(75,932)	(68,524)	(68,524)	(74,080)
Total		\$67,625,738	\$70,443,787	\$74,157,211	\$81,794,192	\$89,914,831
Percent Change +/-		4.66%(5)	4.17%	5.27%	10.30%	9.93%

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

January 1:	2014	2015	2016	2017	2018
TIF Valuation	\$ 6,965,589	\$ 5,932,884	\$ 5,618,951	\$ 6,191,391	\$ 8,643,768

- (3) New Class as of January 1, 2015, previously reported as Commercial Property.
 (4) See **"PROPERTY TAX INFORMATION - Utility Property Tax Replacement"** herein.
 (5) Based on 2013 Actual Valuation of \$64,612,676.

For the January 1, 2018 levy year, the City's Taxable Valuation was comprised of approximately 84% residential, 13% commercial, 2% utilities and less than 1% agriculture and military exemption.

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

Property Class	Fiscal Year:	2015/16	2016/17	2017/18	2018/19	2019/20
	Levy Year:	2014	2015	2016	2017	2018
Residential		\$32,758,029	\$34,266,373	\$35,835,913	\$38,752,903	\$42,738,873
Agricultural		451,534	409,982	356,001	356,752	365,593
Commercial		4,594,590	4,470,462	5,507,874	5,965,344	6,316,749
Industrial		0	0	0	0	0
Multi-residential(3)		0	83,076	82,946	90,280	30,368
Railroads		32,124	30,736	33,312	29,381	35,681
Utilities without Gas and Electric(4)		230,088	187,786	174,311	173,102	183,076
Gas and Electric Utility(4)		578,471	564,511	871,849	849,227	906,556
Less: Military Exemption		(77,784)	(75,932)	(68,524)	(68,524)	(74,080)
Total		\$38,567,052	\$39,936,994	\$42,793,682	\$46,148,465	\$50,502,816
Percent Change +/-		4.41%(5)	3.55%	7.15%	7.84%	9.44%

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

January 1:	2014	2015	2016	2017	2018
TIF Valuation	\$ 6,965,589	\$ 5,932,884	\$ 5,618,951	\$ 6,191,391	\$ 8,643,768

- (3) New Class as of January 1, 2015, previously reported as Commercial Property.
 (4) See **"PROPERTY TAX INFORMATION - Utility Property Tax Replacement"** herein.
 (5) Based on 2013 Taxable Valuation of \$36,938,981.

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

Tax Extensions and Collections(1)

Levy Year	Fiscal Year	Amount Levied	Amount Collected(2)	Percent Collected
2010.....	2011-12.....	\$278,911	\$279,496	100.21%
2011.....	2012-13.....	340,069	338,560	99.56%
2012.....	2013-14.....	370,793	373,369	100.69%
2013.....	2014-15.....	370,783	429,908	115.95%
2014.....	2015-16.....	408,738	413,871	101.26%
2015.....	2016-17.....	427,255	422,074	98.79%
2016.....	2017-18.....	481,476	457,280	94.97%
2017.....	2018-19.....	529,843	530,385	100.10%
2018.....	2019-20.....	546,933	- - In Collection - -	

- Notes: (1) Source: the State of Iowa Department of Management and the City. Does not include Levies or Collections for Utility Replacement. Does not include levies and collections for the City's tax increment finance district.
 (2) Includes delinquent taxes.

Principal Taxpayers(1)

Taxpayer Name	Business/Service	Levy Year 2018 Taxable Valuation(2)
Interstate Power & Light Co.....	Utility.....	\$ 699,934
Ralston Mini LLC.....	Convenience Store.....	613,530
Individual.....	Real Estate.....	468,630
Ralston Construction Inc.....	Construction.....	456,930
D & D Investment Co.....	Real Estate.....	455,400
CBC Homes Inc.....	Construction.....	443,880
M D Concrete Co.....	Concrete and Asphalt.....	358,380
Dinderman Properties LLC.....	Real Estate.....	357,390
Palo Savings Bank.....	Financial Institution.....	329,220
Individual.....	Real Estate.....	321,300
Total.....		\$4,504,594
Ten Largest Taxpayers as Percent of City's 2018 Taxable Valuation (\$50,502,816).....		8.92%

- Notes: (1) Source: the County.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

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Levy Limits

Normal municipal operations and maintenance costs are generally funded through the corporate property tax levy. Iowa State Code does not allow the municipal general fund to be taxed above \$8.10 per thousand dollars of taxable value in any one year. In addition to the General Fund, there are several other tax funds that the City can create and use for specific purposes.

The property tax rates for the City from levy year 2014 through levy year 2018 are shown below:

Property Tax Rates: Levy Years 2014 - 2018(1)(2) (Per \$1,000 Actual Valuation)

	Fiscal Year: Levy Year:	2015/16 2014	2016/17 2015	2017/18 2016	2018/19 2017	2019/20 2018
City:						
General Fund	\$	8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000
Emergency Levy.....		0.27000	0.27000	0.27000	0.27000	0.27000
Debt Service Fund.....		1.40953	1.35313	1.79769	1.79543	1.67575
Employee Benefits		1.69358	1.19068	1.19097	1.18433	1.70059
Capital Improvement		0.00000	0.00000	0.00000	0.00000	0.00000
Other		1.53130	1.74138	1.72467	1.72221	1.25690
Total City	\$	13.00441	12.65519	13.08333	13.07197	13.00324
Linn County	\$	6.14225	6.14108	6.14108	5.83902	5.83902
Cedar Rapids Community School District		15.38030	15.37507	15.37529	15.07020	15.07063
Kirkwood Community College.....		1.06125	1.08048	1.13174	1.20354	1.21331
Other		0.41229	0.37645	0.37224	0.35010	0.34287
Total Tax Rate.....	\$	36.00050	35.62827	36.10368	35.53483	35.46907

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

Tax Levy Procedures

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

Notwithstanding the foregoing, Iowa Code section 76.2 provides when an Iowa political subdivision issues bonds, “the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditor(s) to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.”

Utility Property Tax Replacement

Property owned by entities involved primarily in the production, delivery, service and sale of electricity and natural gas (“Utilities”) pay a replacement tax based upon the delivery of energy by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies by the State Department of Revenue and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Utility properties paying the replacement tax are exempt from the levy of property tax by political subdivisions. In addition to the replacement tax, Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

By statute, the replacement tax collected by the State and allocated among local taxing bodies (including the City) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. It is possible that the general obligation debt capacity of the City could be adjudicated to be proportionately reduced in future years if Utility property were determined to be other than “taxable property” for purposes of computing the City’s debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the City can issue or (ii) adversely affect the City’s ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 2% of the City’s levy year 2018 taxable valuation currently is utility property.

Tax Increment Financing

The Code of Iowa currently authorizes the use of two types of tax increment financing by local taxing districts in the State of Iowa. The first type allows local governments to establish TIF districts to be established for the purposes of financing designated urban renewal projects which contribute to the urban redevelopment and economic development of the immediate area. The taxable valuation for this type of TIF district in the City for levy year 2018 was \$8,643,768.

The second type of tax increment financing was authorized by state legislative action in the mid-1980’s. The area community colleges can establish TIF districts by contract with specific local businesses and industries to provide jobs training programming for new employees of existing expanding businesses or employees of new businesses. The revenues from these job training TIF districts then retires the debt incurred from the issuance of jobs training certificates which finance the cost of jobs training programming over a maximum of ten years. Upon payment of all jobs training certificates, the district dissolves and the incremental value from the new or expanded business reverts to the general tax base. There is no current valuation for this second type of TIF district.

Legislation

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on the future tax collections of the City. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

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

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

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the “2013 Act”). Among other things, the Act (i) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigned a “rollback” (the percentage of a property’s value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) created a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) and assigned a declining rollback percentage to such properties for each year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Beginning in fiscal year 2018 the standing appropriation cannot exceed the actual 2017 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act’s provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3%, the gradual transition for multi-residential properties from the residential rollback percentage (currently 53% of market value), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the 2013 Act on the City’s future property tax collections is uncertain and the City has not attempted to quantify the financial impact of the 2013 Act’s provisions on the City’s future operations.

Notwithstanding any decrease in property tax revenues that may result from the 2013 Act or the 2019 Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues bonds, "[t]he governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Final Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the City.

FINANCIAL INFORMATION

Financial Reports

The City is not required to undergo an annual audit. The City's financial statements are completed on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. The City is required to file a Financial Report annually with the State of Iowa; see **APPENDIX A** for a copy of this Financial Report from the City's fiscal year ended June 30, 2018.

Summary Financial Information

The following tables are summaries and do not purport to be the complete financial reports, copies of which are available upon request. See **APPENDIX A** for the City's 2018 Financial Report. The City's expects its General Fund balance for the fiscal year ending June 30, 2019 to decrease by approximately \$538,000. The City has approved a budget for fiscal year 2020 with an anticipated decrease to the General Fund balance of approximately \$175,000. The decrease is due to capital projects.

Statement of Revenues, Expenditures and Changes in Fund Balance General Fund(1)

	Audited Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
REVENUES:					
Property Taxes	\$ 275,736	\$321,603	\$ 302,727	\$ 324,488	\$ 335,811
Other City Taxes	1,852	0	5,982	7,092	10,051
Use of Money and Property	17,695	22,129	21,076	23,265	18,698
Licenses and Permits	1,440	1,028	1,166	5,167	3,645
Intergovernmental	653,958	51,645	2,458	20,919	24,890
Charges for Service.....	53,247	53,766	55,544	78,744	81,938
Miscellaneous.....	170,193	46,874	17,275	15,530	8,098
Total Revenue.....	<u>\$1,174,121</u>	<u>\$497,045</u>	<u>\$ 406,228</u>	<u>\$ 475,205</u>	<u>\$ 483,131</u>
EXPENDITURES:					
Current:					
Public Safety	\$ 61,596	\$ 88,894	\$ 61,014	\$ 72,867	\$ 62,401
Public Works	42,282	41,131	60,534	74,133	85,821
Health and Social Services.....	0	0	0	0	4,665
Culture and Recreation.....	233,678	121,550	132,794	139,982	144,075
Community and Economic Development	5,412	10,246	0	0	428
General Government.....	137,212	194,983	153,768	167,798	178,977
Debt Service.....	0	0	0	0	0
Total Expenditures.....	<u>\$ 480,180</u>	<u>\$456,804</u>	<u>\$ 408,110</u>	<u>\$ 454,780</u>	<u>\$ 476,367</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	\$ 693,941	\$ 40,241	\$ (1,882)	\$ 20,425	\$ 6,764
Other Financing Sources (Uses) Transfers (Net)	<u>(507)</u>	<u>38,710</u>	<u>161,384</u>	<u>39</u>	<u>(70,000)</u>
Net Change in Fund Balances.....	<u>\$ 693,434</u>	<u>\$ 78,951</u>	<u>\$ 159,502</u>	<u>\$ 20,464</u>	<u>\$ (63,236)</u>
Fund Balance - Beginning	<u>\$ 124,929</u>	<u>\$817,867(2)</u>	<u>\$ 894,755(2)</u>	<u>\$1,054,257</u>	<u>\$1,074,703(2)</u>
Fund Balance - Ending.....	\$ 818,363	\$896,818	\$1,054,257	\$1,074,721	\$1,011,467

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2014 through 2018.
 (2) Restated.

EMPLOYEE RETIREMENT OBLIGATIONS

Pensions

The City participates in the public pension systems, Iowa Public Employee’s Retirement System (IPERS). Summary descriptions of the Plan follows.

In fiscal year 2018, pursuant to the IPERS’ required rate, the City’s employees contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. The City’s share of the contributions, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to IPERS.

Defined Benefit Pension Plan – Iowa Public Employee’s Retirement System

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

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

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

<u>Fiscal Year</u>	<u>% of Payroll Paid by the City</u>	<u>% of Payroll Paid by Employee</u>
2015.....	8.93%	5.95%
2016.....	8.93%	5.95%
2017.....	8.93%	5.95%
2018.....	8.93%	5.95%
2019.....	9.44%	6.29%

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

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for fiscal years ended June 30, 2014 through, and including, 2018 (collectively, the “IPERS CAFRs (2014-2018)”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports (2014-2018)”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	UAAAL as a Percentage of Covered (Actuarial Value) Payroll [d]	UAAAL as a Percentage of Covered (Actuarial Value) [(b-a)/[c]]
2014	\$26,460,428,085	\$28,038,549,893	\$32,004,456,088	\$5,544,028,003	82.68%	\$3,965,906,195	87.61%	\$7,099,277,280	78.09%
2015	27,915,379,103	28,429,834,829	33,370,318,731	5,454,939,628	83.65%	4,940,483,902	85.19%	7,326,348,141	74.46%
2016	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86%	6,293,315,491	81.82%	7,556,515,720	73.92%
2017	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39%	6,661,265,703	82.21%	7,863,160,443	88.62%
2018	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36%	6,328,245,058	83.62%	7,983,219,527	85.37%

Source: IPERS Reports.

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

Fiscal Year Ended June 30	Investment Return %
2014.....	15.88%
2015.....	3.96%
2016.....	2.15%
2017.....	11.70%
2018.....	7.97%

Source: IPERS Reports

Detailed information about the pension plan’s fiduciary net position is available in the separately issue IPERS financial report which is available on IPERS’ website at www.ipers.org.

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the Auditor of State’s website or links to other website site or links to other websites through the IPERS website.

REGISTRATION, TRANSFER AND EXCHANGE

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

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

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Resolution. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

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

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

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2019A BONDS)

Tax Exemption

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Series 2019A Bonds 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 under the Internal Revenue Code of 1986 (the "Code").

The opinions set forth in the preceding sentence will be subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2019A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2019A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2019A Bonds. In the resolution authorizing the issuance of the Series 2019A Bonds, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Series 2019A Bonds by certain taxpayers, including without limitation, corporations subject to the branch profit tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Series 2019A Bonds. Prospective purchasers of the Series 2019A Bonds should consult with their tax advisors as to such matters.

Proposed Changes in Federal Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2019A Bonds or otherwise prevent holders of the Series 2019A Bonds from realizing the full benefit of the tax exemption of interest on the Series 2019A Bonds. Further, such proposals may impact the marketability or market value of the Series 2019A Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Series 2019A Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2019A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2019A Bonds would be impacted thereby.

Purchasers of the Series 2019A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2019A Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Qualified Tax-Exempt Qualification

In the resolutions authorizing the issuance of the Series 2019A Bonds, the City will designate the Series 2019A Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations. In the opinion of Bond Counsel, the Series 2019A Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Original Issue Premium

The Series 2019A Bonds maturing in the years _____ are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire the Series 2019A Bonds at a premium must, from time to time, reduce their federal tax bases for the Series 2019A Bonds for purposes of determining gain or loss on the sale or payment of such Series 2019A Bonds. Premium generally is amortized for federal income tax purposes on the basis of a bondholder’s constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Series 2019A Bonds at a premium might recognize taxable gain upon sale of the Series 2019A Bonds, even if such Series 2019A Bonds are sold for an amount equal to or less than their any original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Series 2019A Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Series 2019A Bonds acquired at a premium.

Original Issue Discount

The Series 2019A Bonds maturing in the years _____ (collectively, the “Discount Bonds”) are being sold at a discount from the principal amount payable on such Series 2019A Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the “Issue Price”) and the principal amount payable at maturity constitutes “original issue discount” under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner’s federal tax basis in determining gain or loss upon disposition of such Discount Bonds (whether by sale, exchange, redemption or payment at maturity).

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

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

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

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

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

TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2019B)

General

The following discussion is a summary of certain federal income tax consequences relating to the purchase, ownership, and disposition of the Taxable Bonds. This discussion does not purport to deal with all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, and is limited to initial purchasers who hold the Taxable Bonds as capital assets under Section 1221 of the Code, which generally means property held for investment. Prospective investors, particularly those subject to special rules, should consult their tax advisors regarding the consequences of purchasing, owning, and disposing of the Taxable Bonds for federal income tax purposes, and for State and local tax purposes.

Interest Income Taxable

In general, interest on the Taxable Bonds is includable in the gross income of the owners thereof as ordinary income at the time it is accrued or received, in accordance with the owner's regular method of accounting for tax purposes.

Sale, Exchange, or Other Disposition

In general, upon the sale, exchange, redemption or other disposition of a Taxable Bond, an owner will recognize taxable gain or loss in an amount equal to the difference between the amount realized and the owner's adjusted tax basis in the Taxable Bond. An owner's adjusted tax basis in a Taxable Bond generally will equal the owner's initial cost of the Taxable Bond. Such gain or loss generally will be capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if the owner has held the Taxable Bond for more than one year. Subject to various special rules, the Code currently provides preferential treatment for certain net long-term capital gains realized by individuals and generally limits the use by any taxpayer of capital losses to reduce ordinary income.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate owners of Taxable Bonds with respect to payments of the principal of and interest on the Taxable Bonds and proceeds of sale of such Taxable Bonds before maturity. Backup withholding generally will apply to such payments unless the owner: (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury when required that such owner is not subject to backup withholding (typically on IRS FORM W-9), and has not been notified by the IRS that it has failed to report all interest and dividends required to be shown on its federal income tax returns.

Opinions

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise. See "APPENDIX C" for form of Bond Counsel opinion for the Taxable Bonds.

SECONDARY MARKET DISCLOSURE

The aggregate principal amount of the Bonds is less than \$1,000,000. The information undertaking provisions of SEC Rule 15c2-12(b)(5) are therefore not applicable to this issue. Upon request, the City will provide annual financial statements including the comprehensive annual financial report if one is prepared.

OPTIONAL REDEMPTION

The Series 2019A Bonds due June 1, 2021 - 2027 inclusive, are not subject to optional redemption. The Series 2019A Bonds due June 1, 2028 - 2035, inclusive, are callable in whole or in part on any date on or after June 1, 2027, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Series 2019A Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Series 2019A Bonds to be called has been reached.

The Series 2019B Bonds due June 1, 2021 - 2026 inclusive, are not subject to optional redemption. The Series 2019B Bonds due June 1, 2027 - 2030, inclusive, are callable in whole or in part on any date on or after June 1, 2026, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Series 2019B Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Series 2019B Bonds to be called has been reached.

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

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

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see "**TAX EXEMPTION AND RELATED CONSIDERATIONS – (SERIES 2019A BONDS)**") and "**TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2019B)**") herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, draft forms of which are attached hereto as **APPENDIX C**. Signed copies of the opinions, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

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

Bond Counsel has not been engaged, nor has it undertaken, to prepare or to independently verify the accuracy of the Official Statement, including but not limited to financial or statistical information of the City and risks associated with the purchase of the Bonds, except Bond Counsel has reviewed the information and statements contained in the Official Statement under, "**TAX EXEMPTION AND RELATED CONSIDERATIONS – (SERIES 2019A BONDS)**" and "**TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2019B)**" and "**LEGAL MATTERS**", insofar as such statements contained under such captions purport to summarize certain provisions of the Internal Revenue Code of 1986, the Bonds and any opinions rendered by Bond Counsel. Bond Counsel has prepared the documents contained in **APPENDIX C**.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

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

UNDERWRITING

The Series 2019A Bonds were offered for sale by the City at a public, competitive sale on August 19, 2019. The best bid submitted at the sale was submitted by _____ (the “Series 2019A Underwriter”). The City awarded the contract for sale of the Series 2019A Bonds to the Series 2019A Underwriter at a price of \$ _____ (reflecting the par amount of \$ _____, plus a reoffering premium of \$ _____, and less an Series 2019A Underwriter’s discount of \$ _____). The Series 2019A Underwriter has represented to the City that the Series 2019A Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

The Series 2019B Bonds were offered for sale by the City at a public, competitive sale on August 19, 2019. The best bid submitted at the sale was submitted by _____ (the “Series 2019B Underwriter”). The City awarded the contract for sale of the Series 2019B Bonds to the Series 2019B Underwriter at a price of \$ _____ (reflecting the par amount of \$ _____, plus a reoffering premium of \$ _____, and less an Series 2019B Underwriter’s discount of \$ _____). The Series 2019B Underwriter has represented to the City that the Series 2019B Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City’s continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated August 5, 2019, for the \$440,000* General Obligation Corporate Purpose Bonds, Series 2019A and \$310,000* Taxable General Obligation Corporate Purpose Bonds, Series 2019B, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge, information and belief, information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **LENNA GOODALE**
City Clerk
CITY OF PALO
Linn County, Iowa

/s/ **ANDREA RAHE**
Mayor
CITY OF PALO
Linn County, Iowa

**Subject to change.*

APPENDIX A

**CITY OF PALO
LINN COUNTY, IOWA**

**FINANCIAL REPORT OF THE CITY
FILED WITH THE STATE OF IOWA
FOR THE CITY'S FISCAL YEAR ENDED
JUNE 30, 2018**

STATE OF IOWA
2018
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 2018

16205701300000
City Clerk
2800 Hollenbeck Road
Palo, IA 52324

CITY OF PALO , IOWA
DUE: December 1, 2018

(Please correct any error in name, address, and ZIP Code)

WHEN COMPLETED, PLEASE RETURN TO
Mary Mosiman, CPA
Office of Auditor of State
Lucas State Office Building
321 E. 12th Street, 2nd Floor
Des Moines, IA 50319

NOTE - The information supplied in this report will be shared by the Iowa State Auditor's Office, the U.S. Census Bureau, various public interest groups, and State and federal agencies.

ALL FUNDS

Item description	Governmental (a)	Proprietary (b)	Total actual (c)	Budget (d)
Revenues and Other Financing Sources				
Taxes levied on property	457,280		457,280	481,476
Less: Uncollected property taxes-levy year	0		0	
Net current property taxes	457,280		457,280	481,476
Delinquent property taxes	0		0	
TIF revenues	198,860		198,860	198,137
Other city taxes	126,757	0	126,757	141,406
Licenses and permits	3,645	0	3,645	1,400
Use of money and property	19,121	0	19,121	7,500
Intergovernmental	265,069	0	265,069	138,007
Charges for fees and service	81,938	600,656	682,594	629,100
Special assessments	0	0	0	
Miscellaneous	8,098	0	8,098	9,750
Other financing sources, including transfers in	314,177	0	314,177	357,977
Total revenues and other sources	1,474,945	600,656	2,075,601	1,964,753
Expenditures and Other Financing Uses				
Public safety	145,105	0	145,105	154,200
Public works	216,785	0	216,785	290,000
Health and social services	4,665	0	4,665	4,665
Culture and recreation	151,855	0	151,855	157,052
Community and economic development	553	0	553	1,200
General government	204,630	0	204,630	205,519
Debt service	236,410	0	236,410	235,910
Capital projects	396,835	0	396,835	396,835
Total governmental activities expenditures	1,356,838	0	1,356,838	1,445,381
Business type activities	0	504,143	504,143	504,950
Total ALL expenditures	1,356,838	504,143	1,860,981	1,950,331
Other financing uses, including transfers out	314,177	0	314,177	244,177
Total ALL expenditures/And other financing uses	1,671,015	504,143	2,175,158	2,194,508
Excess revenues and other sources over (Under) Expenditures/And other financing uses	-196,070	96,513	-99,557	-229,755
Beginning fund balance July 1, 2017	849,145	343,191	1,192,336	1,147,747
Ending fund balance June 30, 2018	653,075	439,704	1,092,779	917,992

Note - These balances do not include \$ _____ held in non-budgeted internal service funds; \$ _____ held in Pension Trust Funds; \$ _____ held in Private Purpose Trust funds and \$ _____ held in agency funds which were not budgeted and are not available for city operations.

Indebtedness at June 30, 2018	Amount - Omit cents	Indebtedness at June 30, 2018	Amount - Omit cents
General obligation debt	\$ 2,025,000	Other long-term debt	\$ 0
Revenue debt	\$ 2,612,000	Short-term debt	\$ 0
TIF Revenue debt	\$ 0		
		General obligation debt limit	\$ 3,709,043

CERTIFICATION

THE FOREGOING REPORT IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF

Signature of city clerk	Date Published/Posted	Mark (x) one
	11/9/2018	<input checked="" type="checkbox"/> Date Published <input type="checkbox"/> Date Posted
Printed name of city clerk	Area Code	Number
Trisca Dix	319	8512731
Signature of Mayor or other City official (Name and Title)	Date signed	
	11/9/2018	

PLEASE PUBLISH THIS PAGE ONLY

REVENUE AND OTHER FINANCING SOURCES FOR YEAR ENDED JUNE 30, 2018										CITY OF PALO		<input type="checkbox"/> GAAP Indicate by entering an X in the appropriate box on this sheet ONLY		SELECT ONLY ONE <input checked="" type="checkbox"/> NON-GAAP = CASH BASIS	
Line No.	Item description	General (a)	Special revenue (b)	TIF special revenue (c)	Debt service (d)	Capital projects (e)	Permanent (f)	Total governmental (Sum of cols. (a) through (f)) (g)	Proprietary (h)	Code	GRAND TOTAL (Sum of cols. (g) and (h)) (i)	Line No.			
1	Section A - TAXES											1			
2	Taxes levied on property	335,811	50,315		71,154			457,280			457,280	2			
3	Less: Uncollected property taxes - Levy year							0			0	3			
4	Net current property taxes	335,811	50,315		71,154			457,280		T01	457,280	4			
5	Delinquent property taxes							0		T01	0	5			
6	Total property tax	335,811	50,315		71,154		0	457,280		T01	457,280	6			
7	TIF revenues			198,860				198,860			198,860	7			
8	Other city taxes											8			
9	Utility tax replacement excise taxes	10,051						10,051		T15	10,051	9			
10	Utility franchise tax (Chapter 364.2, Code of laws)							0		T15	0	10			
11	Parimutual wager tax							0		C30	0	11			
12	Gaming wager tax							0		C30	0	12			
13	Mobile home tax							0		T19	0	13			
14	Hotel/motel tax							0		T19	0	14			
15	Other local option taxes		116,706					116,706		T09	116,706	15			
16	TOTAL OTHER CITY TAXES	10,051	116,706		0		0	126,757		T09	126,757	16			
17	Section B - LICENSES AND PERMITS	3,645						3,645		T29	3,645	17			
18	Section C - USE OF MONEY AND PROPERTY											18			
19	Interest	644		423				1,067		U20	1,067	19			
20	Rents and royalties	18,054						18,054		U40	18,054	20			
21	Other miscellaneous use of money and property							0		U20	0	21			
22	TOTAL USE OF MONEY AND PROPERTY	18,698	0	423	0		0	19,121			19,121	22			
23	Section D - INTERGOVERNMENTAL											23			
24	Federal grants and reimbursements											24			
25	Federal grants		113,840					113,840		B89	113,840	25			
26	Community development block grants		15					15		B50	15	26			
27	Housing and urban development							0		B50	0	27			
28	Public assistance grants							0		B79	0	28			
29	Payment in lieu of taxes							0		B30	0	29			
30	Total Federal grants and reimbursements	0	113,855		0		0	113,855			113,855	30			
31												31			
32												32			
33												33			
34												34			
35												35			
36												36			
37												37			
38												38			
39												39			
40												40			

Continued on next page

REVENUE AND OTHER FINANCING SOURCES FOR YEAR ENDED JUNE 30, 2018 - Continued										CITY OF PALO		GAAP		NON-GAAP = CASH BASIS	
Line No.	Item description	General (a)	Special revenue (b)	TIF special revenue (c)	Debt service (d)	Capital projects (e)	Permanent (f)	Total governmental (Sum of cols. (a) through (f)) (g)	Proprietary (h)	Code	GRAND TOTAL (Sum of cols. (g) and (h)) (i)	Line No.			
41	Section D - INTERGOVERNMENTAL - Continued											41			
42												42			
43	State shared revenues											43			
44	Road use taxes		117,170					117,170		C46	117,170	44			
45												45			
46												46			
47												47			
48	Other state grants and reimbursements											48			
49	State grants	24,890						24,890		C89	24,890	49			
50	Iowa Department of Transportation							0		C89	0	50			
51	Iowa Department of Natural Resources							0		C89	0	51			
52	Iowa Economic Development Authority							0		C89	0	52			
53	CEBA grants							0		C89	0	53			
54	Commercial & Industrial Replacement Claim		3,711		5,443			9,154		C89	9,154	54			
55								0			0	55			
56								0			0	56			
57								0			0	57			
58								0			0	58			
59								0			0	59			
60	Total state	24,890	120,881	0	5,443	0	0	151,214	0		151,214	60			
61												61			
62	Local grants and reimbursements											62			
63	County contributions							0			0	63			
64	Library service							0		D89	0	64			
65	Township contributions							0		D89	0	65			
66	Fire/EMT service							0		D89	0	66			
67								0		D89	0	67			
68								0			0	68			
69								0			0	69			
70	Total local grants and reimbursements	0	0	0	0	0	0	0	0		0	70			
71	TOTAL INTERGOVERNMENTAL (Sum of lines 33, 60, and 70)	24,890	234,736	0	5,443	0	0	265,069	0		265,069	71			
72	Section E - CHARGES FOR FEES AND SERVICE											72			
73	Water							0	180,177	A91	180,177	73			
74	Sewer							0	420,479	A90	420,479	74			
75	Electric							0	0	A92	0	75			
76	Gas							0	0	A93	0	76			
77	Parking							0	0	A60	0	77			
78	Airport							0	0	A01	0	78			
79	Landfill/garbage	80,168						80,168		A81	80,168	79			
80	Hospital							0		A36	0	80			

REVENUE AND OTHER FINANCING SOURCES FOR YEAR ENDED JUNE 30, 2018 -- Continued										<input type="checkbox"/> GAAP <input checked="" type="checkbox"/> NON-GAAP = CASH BASIS		
CITY OF PALO												
Part I	Item description	General (a)	Special revenue (b)	TIF special revenue (c)	Debt service (d)	Capital projects (e)	Permanent (f)	Total governmental (Sum of cols. (a) through (f)) (g)	Proprietary (h)	Code	GRAND TOTAL (Sum of cols. (g) and (h)) (i)	Line No.
81	Section E - CHARGES FOR FEES AND SERVICE - Continued											81
82	Transit							0		A94	0	82
83	Cable TV							0		T15	0	83
84	Internet							0		A03	0	84
85	Telephone							0		A03	0	85
86	Housing authority							0		A50	0	86
87	Storm water							0		A80	0	87
88	Other:											88
89	Nursing home							0		A89	0	89
90	Police service fees							0		A89	0	90
91	Prisoner care							0		A89	0	91
92	Fire service charges							0		A89	0	92
93	Ambulance charges							0		A89	0	93
94	Sidewalk street repair charges							0		A44	0	94
95	Housing and urban renewal charges							0		A50	0	95
96	River port and terminal fees							0		A87	0	96
97	Public scales							0		A89	0	97
98	Cemetery charges							0		A03	0	98
99	Library charges							0		A89	0	99
100	Park, recreation, and cultural charges							0		A61	0	100
101	Animal control charges							0		A89	0	101
102	Other charges - Specify	1,770						1,770			1,770	102
103	RENTAL INSPECTIONS							0			0	103
104	TOTAL CHARGES FOR SERVICE	81,938	0	0	0	0	0	81,938	600,656		682,594	104
105												105
106	Section F - SPECIAL ASSESSMENTS							0		U01	0	106
107	Section G - MISCELLANEOUS							6,973		U99	6,973	107
108	Contributions	6,973						729		U99	729	108
109	Deposits and sales/fuel tax refunds	286						286		U11	286	109
110	Sale of property and merchandise	110						110		U30	110	110
111	Fines							0		NR	0	111
112	Internal service charges							0			0	112
113	Other miscellaneous - Specify							0			0	113
114								0			0	114
115								0			0	115
116								0			0	116
117								0			0	117
118								0			0	118
119								0			0	119
120	TOTAL MISCELLANEOUS	8,098	0	0	0	0	0	8,098	0		8,098	120

REVENUE AND OTHER FINANCING SOURCES FOR YEAR ENDED JUNE 30, 2018 -- Continued										<input type="checkbox"/> GAAP <input checked="" type="checkbox"/> NON-GAAP = CASH BASIS			
CITY OF PALO													
Part I	Line No.	Item description	General (a)	Special revenue (b)	TIF special revenue (c)	Debt service (d)	Capital projects (e)	Permanent (f)	Total governmental (Sum of cols. (a) through (f)) (g)	Proprietary (h)	Code	GRAND TOTAL (Sum of cols. (g) and (h)) (i)	Line No.
	121	TOTAL ALL REVENUES (Sum of lines 6, 7, 15, 16, 22	483,131	401,757	199,283	76,597	0	0	1,160,768	600,656		1,761,424	121
	122	71, 104, 106, and 120)											122
	123	Section H - OTHER FINANCING SOURCES											123
	124	Proceeds of capital asset sales							0		NR	0	124
	125	Proceeds of long-term debt (Excluding TIF internal borrowing)							0		NR	0	125
	126	Proceeds of anticipatory warrants or other short-term debt							0		A69	0	126
	127	Regular transfers in and interfund loans				3,240	112,800		116,040			116,040	127
	128	Internal TIF loans and transfers in				155,280	42,857		198,137			198,137	128
	129								0			0	129
	130								0			0	130
	131	TOTAL OTHER FINANCING SOURCES	0	0	0	158,520	155,657	0	314,177	0		314,177	131
	132	TOTAL REVENUES except for beginning balances	483,131	401,757	199,283	235,117	155,657	0	1,474,945	600,656		2,075,601	132
	133	(Sum of lines 121 and 131)											133
	134	Beginning fund balance July 1, 2017	1,074,703	-149,562	135,385	0	-211,381		849,145	343,191		1,192,356	134
	135												135
	136	TOTAL REVENUES AND OTHER FINANCING SOURCES (Sum of lines 132 and 134)	1,557,834	252,195	334,668	235,117	-55,724	0	2,324,090	943,847		3,267,937	136
	137												137
	138												138
	139												139
	140												140
	141												141
	142												142
	143												143
	144												144
	145												145
	146												146
	147												147
	148												148
	149												149
	150												150
	151												151
	152												152
	153												153
	154												154
	155												155
	156												156
	157												157
	158												158
	159												159

EXPENDITURES AND OTHER FINANCING USES FOR FISCAL YEAR ENDED JUNE 30, 2018

CITY OF PALO

GAAP NON-GAAP = CASH BASIS

Part II

Line No.	Item description	(a) General	(b) Special revenue	(c) TIF special revenue	(d) Debt service	(e) Capital projects	(f) Permanent	(g) Total governmental (Sum of cols. (a) through (f))	(h) Proprietary	Code	GRAND TOTAL (Sum of col. (g)) (i)	Line No.
Section A — PUBLIC SAFETY												
1	Police department/Crime prevention	37,676						37,676		E62	37,676	1
2	Jail							0		E04	0	2
3	Emergency management	344	82,704					83,048		E89	83,048	3
4	Flood control	647						647		E59	647	4
5	Fire department	22,480						22,480		E24	22,480	5
6	Ambulance							0		E32	0	6
7	Building inspections	994						994		E66	994	7
8	Miscellaneous protective services							0		E66	0	8
9	Animal control	260						260		E32	260	9
10	Other public safety							0		E89	0	10
11								0			0	11
12								0			0	12
13								0			0	13
14	TOTAL PUBLIC SAFETY	62,401	82,704		0	0	0	145,105			145,105	14
Section B — PUBLIC WORKS												
15	Roads, bridges, sidewalks		113,180					113,180		E44	113,180	15
16	Parking meter and off-street							0		E60	0	16
17	Street lighting	10,640	10,602					21,242		E44	21,242	17
18	Traffic control safety							0		E44	0	18
19	Snow removal		7,182					7,182		E44	7,182	19
20	Highway engineering							0		E44	0	20
21	Street cleaning							0		E81	0	21
22	Airport (if not an enterprise)							0		E01	0	22
23	Garbage (if not an enterprise)	75,181						75,181		E81	75,181	23
24	Other public works							0		E89	0	24
25	Public Works Administration							0			0	25
26	Engineering Management Services							0			0	26
27								0			0	27
28	TOTAL PUBLIC WORKS	85,821	130,964		0	0	0	216,785			216,785	28
Section C — HEALTH AND SOCIAL SERVICES												
29	Welfare assistance							0		E79	0	29
30	City hospital							0		E36	0	30
31	Payments to private hospitals							0		E36	0	31
32	Health regulation and inspections							0		E32	0	32
33	Water, air, and mosquito control	4,665						4,665		E32	4,665	33
34	Community mental health							0		E32	0	34
35	Other health and social services							0		E79	0	35
36								0			0	36
37								0			0	37
38								0			0	38
39	TOTAL HEALTH AND SOCIAL SERVICES	4,665	0		0	0	0	4,665			4,665	39
Section D — CULTURE AND RECREATION												
40	Library services							0		E52	0	40
41	Museum, band, theater							0		E61	0	41
42	Parks	50,635	5,838					56,473		E61	56,473	42
43	Recreation							0		E61	0	43
44	Cemetery							0		E03	0	44
45	Community center, zoo, marina, and auditorium	93,440	1,942					95,382		E61	95,382	45
46	Other culture and recreation							0		E61	0	46
47								0			0	47
48								0			0	48
49								0			0	49
50	TOTAL CULTURE AND RECREATION	144,075	7,780		0	0	0	151,855			151,855	50

EXPENDITURES AND OTHER FINANCING USES FOR FISCAL YEAR ENDED JUNE 30, 2018 -- Continued										CITY OF PALO		<input type="checkbox"/> GAAP <input checked="" type="checkbox"/> NON-GAAP = CASH BASIS	
Part II	Line No.	Item description	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	Code	GRAND TOTAL (Sum of cols. (g))	Line No.
	51	Section E -- COMMUNITY AND ECONOMIC DEVELOPMENT											51
	52	Community beautification							0				52
	53	Economic development	428	125					553				53
	54	Housing and urban renewal							0				54
	55	Planning and zoning							0				55
	56	Other community and economic development							0				56
	57	TIF Rebates							0				57
	58								0				58
	59	TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	428	125	0	0	0	0	553				59
	60	Section F -- GENERAL GOVERNMENT											60
	61	Mayor, council and city manager	3,665	297					3,962				61
	62	Clerk, Treasurer, financial administration	119,248	25,356					144,604				62
	63	Elections	1,900						1,900				63
	64	Legal services and city attorney	19,639						19,639				64
	65	City hall and general buildings	29,462						29,462				65
	66	Tort liability							0				66
	67	Other general government	5,063						5,063				67
	68								0				68
	69								0				69
	70	TOTAL GENERAL GOVERNMENT	178,977	25,653	0	0	0	0	204,630				70
	71	Section G -- DEBT SERVICE											71
	72					236,410			236,410				72
	73								0				73
	74	TOTAL DEBT SERVICE	0	0	0	236,410	0	0	236,410				74
	75	Section H -- REGULAR CAPITAL PROJECTS -- Specify											75
	76	CAPITOL STREET PROJECTS							396,835				76
	77								0				77
	78	Subtotal Regular Capital Projects	0	0	0	0	0	0	396,835				78
	79	-- TIF CAPITAL PROJECTS -- Specify											79
	80								0				80
	81								0				81
	82	Subtotal TIF Capital Projects	0	0	0	0	0	0	0				82
	83	TOTAL CAPITAL PROJECTS	0	0	0	0	0	0	396,835				83
	84	TOTAL GOVERNMENTAL ACTIVITIES EXPENDITURES	476,367	247,226	0	236,410	396,835	0	1,356,838				84
	85	(Sum of lines 40, 80, 103, 139, 154, 176, 182, 193)											85
	86												86

TIF Rebates are expended out of the TIF Special Revenue Fund within the Community and Economic Development program's activity "Other"

EXPENDITURES AND OTHER FINANCING USES FOR FISCAL YEAR ENDED JUNE 30, 2018 - Continued												
CITY OF PALO												
<input type="checkbox"/> GAAP <input checked="" type="checkbox"/> NON-GAAP = CASH BASIS												
Line No.	Item description	General (a)	Special revenue (b)	TIF Special revenue (c)	Debt service (d)	Capital projects (e)	Permanent Fund (f)	Total current governmental (Sum of cols. (a) through (f)) (g)	Proprietary (h)	Code	GRAND TOTAL (Sum of col. (h)) (i)	Line No.
87	Section I — BUSINESS TYPE ACTIVITIES											87
88	Water — Current operation								120,843	E91	120,843	88
89	Capital outlay									F91	0	89
90	Debt Service									F91	0	90
91	Sewer and sewage disposal — Current operation								207,550	E80	207,550	91
92	Capital outlay									G80	0	92
93	Debt Service								175,750	F80	175,750	93
94	Electric — Current operation									E92	0	94
95	Capital outlay									G92	0	95
96	Debt Service									F92	0	96
97	Gas Utility — Current operation									E93	0	97
98	Capital outlay									G93	0	98
99	Debt Service									F93	0	99
100	Parking — Current operation									E60	0	100
101	Capital outlay									G60	0	101
102	Debt Service									F60	0	102
103	Airport — Current operation									E01	0	103
104	Capital outlay									G01	0	104
105	Debt Service									F01	0	105
106	Landfill/Garbage — Current operation									E81	0	106
107	Capital outlay									G81	0	107
108	Debt Service									F81	0	108
109	Hospital — Current operation									E36	0	109
110	Capital outlay									G36	0	110
111	Debt Service									F36	0	111
112	Transit — Current operation									E94	0	112
113	Capital outlay									G94	0	113
114	Debt Service									F94	0	114
115	Cable TV, telephone, Internet — Current operation									E03	0	115
116	Capital outlay									G03	0	116
117	Housing authority — Current operation									E50	0	117
118	Capital outlay									G50	0	118
119	Debt Service									F50	0	119
120	Storm water — Current operation									E80	0	120
121	Capital outlay									G80	0	121
122	Debt Service									F80	0	122
123	Other business type — Current operation									E89	0	123
124	Capital outlay									G89	0	124
125	Debt Service									F89	0	125
126	Internal service funds — Specify											126
127												127
128												128
129	TOTAL BUSINESS TYPE ACTIVITIES								504,143		504,143	129

EXPENDITURES AND OTHER FINANCING USES FOR FISCAL YEAR ENDED JUNE 30, 2018 -- Continued										CITY OF PALO		<input type="checkbox"/> GAAP <input checked="" type="checkbox"/> NON-GAAP = CASH BASIS	
Part II	Line No.	Item description	General (a)	Special revenue (b)	TIF special revenue (c)	Debt service (d)	Capital projects (e)	Permanent (f)	Total governmental (Sum of cols. (a) through (f)) (g)	Proprietary (h)	Code	GRAND TOTAL (Sum of cols. (g) and (h)) (i)	Line No.
	130	SUBTOTAL EXPENDITURES (Sum of lines 84 and 129)	476,367	247,226	0	236,410	396,835	0	1,366,838	504,143		1,860,981	130
	131	TRANSFERS OUT											
	132	Regular transfers out	70,000	46,040					116,040		NE	116,040	131
	133	Internal TIF loans/repayments and transfers out			198,137				198,137			198,137	132
	134								0			0	133
	135	TOTAL OTHER FINANCING USES	70,000	46,040	198,137	0	0	0	314,177	0		314,177	134
	136	TOTAL EXPENDITURES AND OTHER FINANCING USES (Sum of lines 130 and 135)	546,367	293,266	198,137	236,410	396,835	0	1,671,015	504,143		2,175,158	135
	137	Ending fund balance June 30, 2018:											136
	138	Governmental:											137
	139	Nonspendable							0			0	138
	140	Restricted		-41,071	136,531				95,460			95,460	139
	141	Committed				-1,293	-452,559		-453,852			-453,852	140
	142	Assigned							0			0	141
	143	Unassigned	1,011,467	-41,071	136,531	-1,293	-452,559	0	1,011,467			1,011,467	142
	144	Total Governmental	1,011,467	-41,071	136,531	-1,293	-452,559	0	653,075	439,704		1,092,779	143
	145	Proprietary											144
	146	Total ending fund balance June 30, 2018	1,011,467	-41,071	136,531	-1,293	-452,559	0	653,075	439,704		1,092,779	145
	147	TOTAL REQUIREMENTS (Sum of lines 136 and 147)	1,557,834	252,195	334,688	235,117	-55,724	0	2,324,090	943,847		3,267,937	146
	148												147
	149												148
													149

Part III

INTERGOVERNMENTAL EXPENDITURES

Please list the expenditures to the State or to other local governments on a reimbursement or cost sharing basis. Include these expenditures in part II. Enter amount, omit cents.

Purpose	Amount paid to other local governments
Correction	M65 \$
Health	M32
Highways	M44
Transit subsidies	M64
Libraries	M52
Police protection	M62 37,676
Sewerage	M60 131,615
Sanitation	M81
All other	M89 \$

Purpose	Amount paid to State
Highways	L44 \$
All other	L59 \$

Part IV

SALARIES AND WAGES

Report here the total salaries and wages paid to all employees of your government before deductions of social security, retirement, etc. Include also salaries and wages paid to employees of any utility owned and operated by your government, as well as salaries and wages of municipal employees charged to construction projects.

200 \$	Amount - Omit cents
200	120,739,920

Part V

DEBT OUTSTANDING, ISSUED, AND RETIRED

Purpose	Debt during the fiscal year					Debt Outstanding - JUNE 30, 2018			Interest paid this year (h)
	Debt outstanding JULY 1, 2017 (a)	Issued (b)	Retired (c)	General obligation (d)	TIF revenue (e)	Revenue (f)	Other (g)		
1. Water utility	19U \$ 290	39U \$ 480	39U \$ 480	48U \$ 480	48U \$ 480	48U \$ 480	48U \$ 480	191 \$ 480	
2. Sewer utility	19U 2,700,000	28U 3,000,000	39U 388,000	48U 480	48U 480	2,612,000	48U 480	189 81,000	
3. Electric utility	19U 290	29U 480	39U 480	48U 480	48U 480	480	48U 480	192 480	
4. Gas utility	19U 290	29U 480	39U 480	48U 480	48U 480	480	48U 480	193 480	
5. Transit-bus	19U 290	29U 480	39U 480	48U 480	48U 480	480	48U 480	194 480	
6. Industrial Revenue	19T 24T	24T 44T	34T 44T	44T 44T	44T 44T	44T 44T	48U 480	189 480	
7. Mortgage revenue	19T 24T	24T 44T	34T 44T	44T 44T	44T 44T	44T 44T	48U 480	189 480	
8. TIF revenue	19U 290	29U 480	39U 480	48U 480	48U 480	480	48U 480	189 480	
9. Other-Specify	19U 800,000	29U 900,000	39U 155,000	48U 745,000	48U 480	480	48U 480	189 17,805	
10. Notes Payable GO	19U 1,405,000	29U 1,815,000	39U 535,000	48U 1,280,000	48U 480	480	48U 480	189 37,605	
11. Parking	19U 290	29U 480	39U 480	48U 480	48U 480	480	48U 480	189 480	
12. Airport	19U 290	29U 480	39U 480	48U 480	48U 480	480	48U 480	189 480	
13. Stormwater	19U 290	29U 480	39U 480	48U 480	48U 480	480	48U 480	189 480	
14. Section 108	19U 290	29U 480	39U 480	48U 480	48U 480	480	48U 480	189 480	
Total long-term debt	4,995,000	5,715,000	1,078,000	2,025,000	0	2,612,000	0	136,410	
B. Short-term debt									

Outstanding as of JULY 1, 2017

Outstanding as of JUNE 30, 2018

Part VI

DEBT LIMITATION FOR GENERAL OBLIGATION BONDS

Assessed Valuations by Local Authority and County, AY 2016/2018 Actual valuation - January 1, 2016

Amount - Omit cents

74,180,669

x .05 = \$

3,709,043

Part VII

CASH AND INVESTMENT ASSETS AS OF JUNE 30, 2018

Amount - Omit cents

61V \$

64V \$

Amount - Omit cents

74,180,669

x .05 = \$

3,709,043

Amount - Omit cents

61V \$

64V \$

Amount - Omit cents

74,180,669

x .05 = \$

3,709,043

Amount - Omit cents

61V \$

64V \$

Amount - Omit cents

74,180,669

x .05 = \$

3,709,043

Amount - Omit cents

61V \$

64V \$

Amount - Omit cents

74,180,669

x .05 = \$

3,709,043

Type of asset	Bond and interest funds (a)	Bond construction funds (b)	Pension/retirement funds (c)	all other funds (d)	Total (e)
Cash and Investments - Include cash on hand, CD's, time, checking and savings deposits, Federal securities, Federal agency securities, State and local government securities, and all other accounts. Exclude value of real property.	W01 \$	W31 \$	W61 \$	1,040,330	1,095,676
REMARKS				198	

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

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

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

DRAFT FORMS OF BOND COUNSEL OPINIONS

***(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 Palo (the “Issuer”), in Linn County, State of Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2019A (the “Series 2019A Bonds”) in the amount of \$440,000, in the denomination of \$5,000 each, or any integral multiple thereof, dated September 17, 2019 in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated as of September 17, 2019 and pursuant to a resolution of the Issuer adopted on September 3, 2019. The Series 2019A 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>
2021	\$25,000	___%	2029	\$30,000	___%
2022	\$25,000	___%	2030	\$30,000	___%
2023	\$25,000	___%	2031	\$30,000	___%
2024	\$25,000	___%	2032	\$30,000	___%
2025	\$25,000	___%	2033	\$35,000	___%
2026	\$30,000	___%	2034	\$35,000	___%
2027	\$30,000	___%	2035	\$35,000	___%
2028	\$30,000	___%			

Principal of the Series 2019A Bonds maturing in the years 2028 to 2035, inclusive, is subject to optional redemption prior to maturity on June 1, 2027 or on any date thereafter on terms of par plus accrued interest.

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

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Series 2019A Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Series 2019A Bonds without constitutional or statutory limitation as to rate or amount.

4. The interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the “Code”). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2019A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2019A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2019A Bonds.

5. The Series 2019A Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2019A Bonds in order that the Series 2019A Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other federal tax consequences arising with respect to the Series 2019A Bonds.

The rights of the owners of the Series 2019A Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of bond counsel opinion is subject to change pending the results of the sale of the Series 2019A Bonds contemplated herein.**

***(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 Palo (the “Issuer”), in Linn County, State of Iowa, passed preliminary to the issue by the Issuer of its Taxable General Obligation Urban Renewal Bonds, Series 2019B (the “Series 2019B Bonds”) in the amount of \$310,000, dated September 17, 2019, in the denomination of \$5,000 each, or any integral multiple thereof, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated September 17, 2019 and pursuant to a resolution of the Issuer adopted on September 3, 2019. The Series 2018B 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>
2021	\$25,000	___%	2026	\$30,000	___%
2022	\$30,000	___%	2027	\$30,000	___%
2023	\$30,000	___%	2028	\$35,000	___%
2024	\$30,000	___%	2029	\$35,000	___%
2025	\$30,000	___%	2030	\$35,000	___%

Principal of the Series 2019B Bonds maturing in the years 2027 to 2030, inclusive, is 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 Series 2019B Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Series 2019B Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Series 2019B Bonds is not excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986.
5. The interest on the Series 2018B Bonds is exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Chapter 422 of the Code of Iowa, as amended, and will not be included in “adjusted current earnings” to be used in computing the “state alternative minimum taxable income” of corporations for purposes of Section 422.33 of the Code of Iowa, as amended. Interest on the Series 2018B Bonds is subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Chapter 422 of the Code of Iowa, as amended.

We express no opinion regarding State of Iowa or other federal tax consequences arising with respect to the Series 2019B Bonds.

The rights of the owners of the Series 2019B Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of bond counsel opinion is subject to change pending the results of the sale of the Series 2019B Bonds contemplated herein.**

OFFICIAL BID FORM – TAX-EXEMPT BONDS, SERIES 2019A

City of Palo
2800 Hollenbeck Road
Palo, IA 52324

August 19, 2019
Speer Financial, Inc.
Facsimile: (319) 291-8628

Dear City Council:

For the \$440,000* General Obligation Corporate Purpose Bonds, Series 2019A (the “Series 2019A Bonds”), of the City of Palo, Linn County, Iowa (the “City”), as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$ _____ (no less than \$436,480) bearing interest as follows (each rate a multiple of 1/8 or 1/100 of 1%).

AMOUNTS* AND MATURITIES – JUNE 1

\$25,000 2021 _____%	\$30,000 2026 _____%	\$30,000 2031 _____%
25,000 2022 _____%	30,000 2027 _____%	30,000 2032 _____%
25,000 2023 _____%	30,000 2028 _____%	35,000 2033 _____%
25,000 2024 _____%	30,000 2029 _____%	35,000 2034 _____%
25,000 2025 _____%	30,000 2030 _____%	35,000 2035 _____%

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

Maturities: _____ *Term Maturity* _____ *Maturities:* _____ *Term Maturity* _____
Maturities: _____ *Term Maturity* _____ *Maturities:* _____ *Term Maturity* _____
Maturities: _____ *Term Maturity* _____

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

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

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

No good faith deposit is required.

Account Manager Information

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

Bidders Option Insurance

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

The foregoing bid was accepted and the Bonds sold by resolution of the City on August 19, 2019.

ATTEST:

CITY OF PALO
LINN COUNTY, IOWA

City Clerk

Mayor

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

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	4,045.44
AVERAGE LIFE	9.194 Years

OFFICIAL TERMS OF OFFERING

\$440,000*

CITY OF PALO LINN COUNTY, IOWA

General Obligation Corporate Purpose Bonds, Series 2019A

The City of Palo, Linn County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$440,000* General Obligation Corporate Purpose Bonds, Series 2019A (the “Series 2019A Bonds”), on an all or none basis between 10:30 A.M. and 11:00 A.M., C.D.T., Monday, August 19, 2019. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City’s sale (as described below). The City will also receive sealed bids for the Series 2019A Bonds, on an all or none basis, at City Hall, 2800 Hollenbeck Road, Palo, Iowa, before 11:00 A.M., C.D.T., Monday, August 19, 2019. The City will also receive facsimile bids at (319) 291-8628 for the Series 2019A Bonds, on an all or none basis, before 11:00 A.M., C.D.T., Monday, August 19, 2019. Upon receipt, facsimile bids will be sealed and treated as sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the City Council on that date. The City reserves the right to reject all bids, to reject any bid not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any bid. Additionally, the City reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Series 2019A Bonds and any such modification or amendment will be announced through *Thomson Municipal News*.

The Series 2019A Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Series 2019A Bonds without constitutional or statutory limitation as to rate or amount.

**ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Series 2019A Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the Winning Bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$440,000. Interest rates specified by the Winning Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.*

The dollar amount of the purchase price proposed by the Winning Bidder will be changed if the aggregate principal amount of the Series 2019A Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2019A Bonds will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of bond principal. The Winning Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Winning Bidder.

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

- (a) The winning bidder shall assist the City in establishing the issue price of the Series 2019A Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Series 2019A Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Dorsey & Whitney LLP (“Bond Counsel”). All actions to be taken by the City under this Notice of Sale to establish the issue price of the Series 2019A Bonds may be taken on behalf of the City by the City’s municipal advisor and any notice or report to be provided to the City may be provided to Speer Financial, Inc., Chicago, Illinois (“Speer”).

- (b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2019A Bonds) will apply to the initial sale of the Series 2019A Bonds (the “competitive sale requirements”) because:
- (i) the City shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
 - (ii) all bidders shall have an equal opportunity to bid;
 - (iii) the City may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
 - (iv) the City anticipates awarding the sale of the Series 2019A Bonds to the bidder who submits a firm offer to purchase the Series 2019A Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series 2019A Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. **The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Series 2019A Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Series 2019A Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Series 2019A Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Series 2019A Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Series 2019A Bonds are awarded.

- (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Series 2019A Bonds, the following two paragraphs shall apply:

The City shall treat the first price at which 10% of a maturity of the Series 2019A Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Series 2019A Bonds satisfies the 10% test as of the date and time of the award of the Series 2019A Bonds.

Until the 10% test has been satisfied as to each maturity of the Series 2019A Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Series 2019A Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Series 2019A Bonds of that maturity or until all Series 2019A Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Series 2019A Bonds prior to closing, then the purchaser shall provide the City with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Series 2019A Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Series 2019A Bonds, the following three paragraphs shall apply:

The City may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Series 2019A Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Series 2019A Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Series 2019A Bonds satisfies the 10% test as of the date and time of the award of the Series 2019A Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Series 2019A Bonds, which maturities of the Series 2019A Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Series 2019A Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Series 2019A Bonds to the Public on or before the date of award at the offering price or prices (the “*initial offering price*”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Series 2019A Bonds, that the Underwriters will neither offer nor sell unsold Series 2019A Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2019A Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2019A Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2019A Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Series 2019A Bonds.

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019A Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Series 2019A Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Series 2019A Bonds of that maturity or all Series 2019A Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Series 2019A Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Series 2019A Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2019A Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Series 2019A Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Series 2019A Bonds of that maturity or all Series 2019A Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Series 2019A Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Series 2019A Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
- (i) “Public” means any person other than an Underwriter or a Related Party,
 - (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019A Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2019A Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019A Bonds to the Public),
 - (iii) a purchaser of any of the Series 2019A Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
 - (iv) “Sale Date” means the date that the Series 2019A Bonds are awarded by the City to the winning bidder.

Bond Details

The Series 2019A Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Series 2019A Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Series 2019A Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing June 1, 2020 and is payable by UMB Bank, N.A. West Des Moines, Iowa (the “Registrar”). The Series 2019A Bonds are dated the date of delivery (expected to be on or about September 17, 2019).

AMOUNTS* AND MATURITIES – JUNE 1

\$25,0002021	\$30,0002026	\$30,000 2031
25,0002022	30,0002027	30,000 2032
25,0002023	30,0002028	35,000 2033
25,0002024	30,0002029	35,000 2034
25,0002025	30,0002030	35,000 2035

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

The Series 2019A Bonds due June 1, 2021 - 2027, inclusive, are non-callable. The Series 2019A Bonds due June 1, 2028 - 2035, inclusive, are callable in whole or in part and on any date on or after June 1, 2027, at a price of par and accrued interest. If less than all the Series 2019A Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the City nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the person receiving the facsimile and shall be conclusive.

Bidding Parameters and Award of the Series 2019A Bonds

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Series 2019A Bonds and must be for not less than \$436,480.

Award of the Series 2019A Bonds: The Series 2019A Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Series 2019A Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Series 2019A Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Series 2019A Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City’s Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Series 2019A Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association (“SIFMA”) will be required to pay SIFMA’s standard charge per Bond.

The winning purchaser will be required to certify to the City immediately after the opening of bids: (i) the initial public offering price of each maturity of the Series 2019A Bonds (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2019A Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed their fair market value of the Series 2019A Bonds on the sale date. The winning purchaser will be required to provide a certificate at closing confirming the information required by this paragraph.

No Good Faith Deposit and Other Matters

No good faith deposit is required to bid on the Series 2019A Bonds.

The Series 2019A Bonds will be delivered to the winning purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about September 17, 2019. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser’s interest in and liability for the Series 2019A Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Series 2019A Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Series 2019A Bonds, as that term is defined in the Rule. By awarding the Series 2019A Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Series 2019A Bonds are awarded, up to 50 copies of the Final Official Statement to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Series 2019A Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Series 2019A Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Series 2019A Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the winning bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Series 2019A Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Series 2019A Bonds to the purchaser in New York, New York (or arrange for “FAST” delivery) through the facilities of DTC and will pay for the bond attorney’s opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Series 2019A Bonds: (1) the legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, that the Series 2019A Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Series 2019A Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Series 2019A Bonds; and (3) a no litigation certificate by the City.

The City intends to designate the Series 2019A Bonds as “qualified tax-exempt obligations” pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Series 2019A Bonds. Copies of such Official Statement or additional information may be obtained Ms Lenna Goodale, Deputy City Clerk, City of Palo, 2800 Hollenbeck Road, Palo, Iowa, 52324 or an electronic copy of this Official Statement is available from the www.speerfinancial.com website under “Official Statement Sales/Competitive Calendar” or from the Independent Municipal Advisors to the City, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077) and One North LaSalle Street, Suite 4100, Chicago, Illinois 60602 (telephone (312) 346-3700).

/s/ **LENNA GOODALE**
City Clerk
CITY OF PALO
Linn County, Iowa

EXHIBIT A

EXAMPLE ISSUE PRICE CERTIFICATE

[from bond counsel]

\$440,000
General Obligation Corporate Purpose Bonds, Series 2019A

ISSUE PRICE CERTIFICATE
(Form – 3 or more bids)

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

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

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

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

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

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

(a) *Issuer* means the City of Palo, Iowa.

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

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

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

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was August 19, 2019.

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

[UNDERWRITER]

By: _____

Name: _____

Dated: September 17, 2019

SCHEDULE A
EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

\$440,000
General Obligation Corporate Purpose Bonds, Series 2019A

ISSUE PRICE CERTIFICATE
(Form - Fewer than 3 bids)

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

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

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

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

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

(a) **Holding Period** means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (August 26, 2019), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) **Issuer** means the City of Palo, Iowa.

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

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

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

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was August 19, 2019.

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

[UNDERWRITER]

By: _____
Name: _____

Dated: September 17, 2019

SCHEDULE A
INITIAL OFFERING PRICES OF THE BONDS
(Attached)

SCHEDULE B
PRICING WIRE
(Attached)

SCHEDULE C

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

(Attached)

OFFICIAL BID FORM – TAXABLE BONDS, SERIES 2019B

City of Palo
2800 Hollenbeck Road
Palo, IA 52324

August 19, 2019
Speer Financial, Inc.
Facsimile: (319) 291-8628

Dear City Council:

For the \$310,000* Taxable General Obligation Corporate Purpose Bonds, Series 2019B (the “Series 2019B Bonds”), of the City of Palo, Linn County, Iowa (the “City”), as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$ _____ (no less than \$307,520) bearing interest as follows (each rate a multiple of 1/8 or 1/100 of 1%).

AMOUNTS* AND MATURITIES – JUNE 1

\$25,000.....2021	_____ %	\$30,000.....2024	_____ %	\$35,000.....2028	_____ %
30,000.....2022	_____ %	30,000.....2025	_____ %	35,000.....2029	_____ %
30,000.....2023	_____ %	30,000.....2026	_____ %	35,000.....2030	_____ %
		30,000.....2027	_____ %		

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

Maturities: _____ *Term Maturity* _____ *Maturities:* _____ *Term Maturity* _____
Maturities: _____ *Term Maturity* _____ *Maturities:* _____ *Term Maturity* _____
Maturities: _____ *Term Maturity* _____

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

The Series 2019B Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa. The City will pay for the legal opinion. **The Purchaser agrees to** pay the fee charged by the CUSIP Service Bureau and will accept the Series 2019B Bonds with the CUSIP numbers as entered on the Series 2019B Bonds.

No good faith deposit is required.

Account Manager Information

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

Bidders Option Insurance

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

The foregoing bid was accepted and the Series 2019B Bonds sold by resolution of the City on August 19, 2019.

ATTEST:

CITY OF PALO
LINN COUNTY, IOWA

City Clerk

Mayor

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

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	1,998.72
AVERAGE LIFE	6.447 Years

OFFICIAL TERMS OF OFFERING

\$310,000*

CITY OF PALO LINN COUNTY, IOWA

Taxable General Obligation Corporate Purpose Bonds, Series 2019B

The City of Palo, Linn County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$310,000* Taxable General Obligation Corporate Purpose Bonds, Series 2019B (the “Series 2019B Bonds”), on an all or none basis between 11:00 A.M. and 11:30 A.M., C.D.T., Monday, August 19, 2019. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City’s sale (as described below). The City will also receive sealed bids for the Series 2019B Bonds, on an all or none basis, at City Hall, 2800 Hollenbeck Road, Palo, Iowa, before 11:30 A.M., C.D.T., Monday, August 19, 2019. The City will also receive facsimile bids at (319) 291-8628 for the Series 2019B Bonds, on an all or none basis, before 11:30 A.M., C.D.T., Monday, August 19, 2019. Upon receipt, facsimile bids will be sealed and treated as sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the City Council on that date. The City reserves the right to reject all bids, to reject any bid not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any bid. Additionally, the City reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Series 2019B Bonds and any such modification or amendment will be announced through *Thomson Municipal News*.

The Series 2019B Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Series 2019B Bonds without constitutional or statutory limitation as to rate or amount.

**ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Series 2019B Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the Winning Bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$310,000. Interest rates specified by the Winning Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.*

The dollar amount of the purchase price proposed by the Winning Bidder will be changed if the aggregate principal amount of the Series 2019B Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2019B Bonds will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of bond principal. The Winning Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Winning Bidder.

Bond Details

The Series 2019B Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Series 2019B Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Series 2019B Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing June 1, 2020 and is payable by UMB Bank, N.A. West Des Moines, Iowa (the “Registrar”). The Series 2019B Bonds are dated the date of delivery (expected to be on or about September 17, 2019).

AMOUNTS* AND MATURITIES – JUNE 1

\$25,000	2021	\$30,000	2024	\$35,000	2028
30,000	2022	30,000	2025	35,000	2029
30,000	2023	30,000	2026	35,000	2030
		30,000	2027		

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

The Series 2019B Bonds due June 1, 2021 - 2026, inclusive, are non-callable. The Series 2019B Bonds due June 1, 2027 - 2030, inclusive, are callable in whole or in part and on any date on or after June 1, 2026, at a price of par and accrued interest. If less than all the Series 2019B Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the City nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the person receiving the facsimile and shall be conclusive.

Bidding Parameters and Award of the Series 2019B Bonds

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Series 2019B Bonds and must be for not less than \$307,520.

Award of the Series 2019B Bonds: The Series 2019B Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Series 2019B Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Series 2019B Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Series 2019B Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City’s Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Series 2019B Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association (“SIFMA”) will be required to pay SIFMA’s standard charge per Bond.

The winning purchaser will be required to certify to the City immediately after the opening of bids: (i) the initial public offering price of each maturity of the Series 2019B Bonds (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2019B Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed their fair market value of the Series 2019B Bonds on the sale date. The winning purchaser will be required to provide a certificate at closing confirming the information required by this paragraph.

No Good Faith Deposit and Other Matters

No good faith deposit is required to bid on the Series 2019B Bonds.

The Series 2019B Bonds will be delivered to the winning purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about September 17, 2019. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Series 2019B Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Series 2019B Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Series 2019B Bonds, as that term is defined in the Rule. By awarding the Series 2019B Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Series 2019B Bonds are awarded, up to 50 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Series 2019B Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Series 2019B Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Series 2019B Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the winning bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Series 2019B Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Series 2019B Bonds to the purchaser in New York, New York (or arrange for "FAST" delivery) through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Series 2019B Bonds: (1) the legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, that the Series 2019B Bonds are lawful and enforceable obligations of the City in accordance with their terms; and (2) a no litigation certificate by the City.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Series 2019B Bonds. Copies of such Official Statement or additional information may be obtained from Ms. Lenna Goodale, City Clerk, 2800 Hollenbeck Road, Palo, Iowa 52324 or an electronic copy of this Official Statement is available from the www.speerfinancial.com website under "Official Statement Sales/Competitive Calendar" or from the Independent Municipal Advisors to the City, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077) and One North LaSalle Street, Suite 4100, Chicago, Illinois 60602 (telephone (312) 346-3700).

/s/ **LENNA GOODALE**
City Clerk
CITY OF PALO
Linn County, Iowa