



# CITY OF CLEAR LAKE

15 North 6th Street • P.O. Box 185 • Clear Lake, IA 50428  
Phone: 641-357-5267 • Fax: 641-357-8711  
www.cityofclearlake.com

Mayor  
NELSON P.  
CRABB

February 12, 2016

HONORABLE MAYOR & CITY COUNCIL MEMBERS

City  
Administrator  
SCOTT  
FLORY

The next regular meeting of the Clear Lake City Council is scheduled for Monday, February 15, 2016, at 6:30 p.m., in the Council Chambers, at City Hall. Please refer to the attached agenda for the items discussed below.

COUNCIL MEMBERS

MARK  
EBELING  
Ward 1

TONY J.  
NELSON  
Ward 2

JIM  
BOEHNKE  
Ward 3

MIKE  
CALLANAN  
At Large

GARY  
HUGI  
At Large

ITEM #6A. **2016 G.O. Refunding Loan Agreement.** At its January 18<sup>th</sup> regular meeting, the City Council reviewed a proposal to refinance three (3) outstanding City General Obligation bond issues that are now "callable" and to set the date for a public hearing and proscribe public notice for such. Those three (3) issues are: 2008 General Obligation Water Improvement Bond (\$1,200,000) issued for the east water tower project; 2010 General Obligation Water Improvement Note (\$600,000) issued for the west-end and south-end water distribution system looping project (total project was \$1,200,000); and 2011 General Obligation Fire Station Bonds (\$2,300,000). Those bonds had an original par value of \$4.1 million. Currently, there is approximately \$1,588,000 in principal outstanding.

The primary purpose of the proposed transaction is to achieve roughly a \$50-60,000 (+/-) savings in total interest over the remaining life of the debt. At the February 1<sup>st</sup> meeting, the Council held the public hearing on a proposal to enter into a future loan agreement in a principal amount not to exceed \$1,700,000 to refund the outstanding debt. It should be noted, that the authorization of the refunding debt does NOT result in the City incurring new debt, but simply provides for the re-financing of outstanding debt.

Current interest rates on the City's outstanding bonds proposed to be refunded range from 2.5% to 3.8%. This is proposed to be a "non-rated" and "bank qualified" issuance. The City solicited competitive sealed quotes from the local banks for the placement of the issue. It should be noted that the majority the debt to be refinanced is currently held by Clear Lake Bank & Trust (CLB&T).

Bids were due by 4:00 p.m., Tuesday, February 9<sup>th</sup>. A total of three bids were received from a total of four prospective bidders. The best bid was submitted by CLB&T and that bid reflects an average rate of 1.277625% and Net Present Value (NPV) saving to the City of nearly \$66,000 or 4.16% of the refunded debt, exceeding the municipal finance recommended benchmark of achieving a NPV savings of 3-5%.



The remaining schedule is as follows:

Council Meeting, February 15<sup>th</sup>: Council considers a Letter of Intent and awards the bid.

Council Meeting, March 7<sup>th</sup>: Council authorizes issuance of G.O. Refunding Bonds, Series 2016

Wednesday, March 23<sup>rd</sup>: Closing / delivery of funds

**ITEM #6C. 2017 Fiscal Year Municipal Budget proposal.** The proposed tax rate for the City of Clear Lake for the 2017 Fiscal Year, which begins July 1, 2016 and ends June 30, 2017, is \$10.04/\$1,000 of taxable valuation. The City's share of the overall tax rate had remained the same for the five (5) previous fiscal years at \$10.54/\$1,000 of taxable valuation. The proposed FY 17 rate of \$10.04/\$1,000 of taxable valuation is the same rate the City had maintained for five (5) consecutive years, prior to the \$0.50/\$1,000 of taxable valuation increase that was added in FY 12 as a result of the voter-approved \$2.3 million general obligation bond that was issued for the fire station building project. Once again, Clear Lake will feature one of the lowest tax rates in Iowa for cities with a population greater than 4,000.

The taxable valuation for the 2017 fiscal year (1/1/15) continues the positive trend of growth in the Community. The taxable valuation for FY 17 is \$547,715,843, which is a \$27,368,508 increase, or 5%, from FY 16. This is despite a commercial and industrial property tax rollback that is, once again, set at 90% of assessed value for FY 17 purposes. The residential rollback for FY 17 is set at 55.63%, which is a slight decrease from the FY 16 rate of 55.73%.

The proposed FY 17 budget reflects total expenditures among the various programs of \$13,819,146; of which \$7.56 million is directed towards operations & maintenance; \$5.37 million towards capital; and \$877,878 towards debt service. Projected ending cash balance for June 30, 2017 in the General Fund is \$3.2 million, which is roughly 51% of the General Fund operating budget. The City's Constitutional debt limit for FY 17 is \$44.3 million and the City currently has used only \$2.8 million, or 6%, of its General Obligation debt borrowing capacity - clearly, one of the lowest levels of indebtedness in the Country. General municipal finance guidance is to operate at the 65-70% range.

The remaining schedule for budget consideration is as follows:

February 15<sup>th</sup>                      City Council adopts a "preliminary" budget and sets a public hearing date for March 7<sup>th</sup>

February 17<sup>th</sup>                      Notice of public hearing is published in the newspaper

March 7<sup>th</sup> Conduct public hearing and adopt final budget proposal

March 15<sup>th</sup> Certify budget to County Auditor

**Smart Quote:** *"The surest way to corrupt a youth is to instruct him to hold in higher esteem those who think alike than those who think differently."* – Friedrich Nietzsche, philosopher

Scott Flory  
City Administrator

PUBLIC NOTICE IS HEREBY GIVEN that the following governmental body will meet at the date, time, and place herein set out. The tentative agenda for said meeting is as follows:

TENTATIVE AGENDA  
CLEAR LAKE CITY COUNCIL  
CITY HALL – 15 N. 6<sup>TH</sup> STREET  
MONDAY, FEBRUARY 15, 2016  
**6:30 P.M.**

1. Call to Order and Pledge of Allegiance led by Mayor Nelson P. Crabb.
2. Approval of Agenda.
3. Consent Agenda:
  - A. Minutes – February 1, 2016.
  - B. Approval of the bills & claims.
  - C. Licenses & Permits:
    - **Liquor License**: Class C Liquor License (LC) (Commercial) with Sunday Sales, *Rookies*; Class B Wine Permit, Class C Beer Permit, Class E Liquor License with Sunday Sales, *Clear Lake Payless Foods*, Class B Native Wine Permit with Sunday Sales, *Lake Coffee & Ice Cream*; (renewals).
    - **Solid Waste Haulers License**: Waste Management; (renewal).
    - **Excavator's License**: McKiness Excavating; (renewal).
4. Citizens opportunity to address the Council on items not on the agenda:
  - In conformance with the City Council's Rules of Procedure, no action can occur on items presented during the Citizens forum.
  - Please walk to the lectern, state your name (spell last name), address, and subject of your discussion.
  - Speakers are limited to a maximum of five (5) minutes per person.
5. Unfinished Business:
6. New Business:
  - A. 2016 General Obligation Bond Refunding Loan Agreement:
    - Review of proposal, Scott Flory, City Administrator.
    - **Motion** to award bid to Clear Lake Bank & Trust by City Council.
    - Discussion and consideration of **Motion** by City Council.

B. Main Avenue Brick Paver Sidewalk Improvement Project:

- Introduction by Scott Flory, City Administrator.
- Review of proposed concept plans, Jason Petersburg, P.E., Veenstra & Kimm.
- Discussion by Council and determination of a date and time for a property owner informational open house.

C. 2017 Fiscal Year Municipal Budget proposal:

- Review of proposal by Scott Flory, City Administrator.
- **Motion** to adopt a “preliminary” budget and set March 7, 2016, at 6:30 p.m., as the date and time for a public hearing thereon by City Council.
- Discussion and consideration of **Motion** by City Council.

7. Chief of Police’s Report:

8. Mayor’s Report:

9. Public Works Director’s Report:

10. City Administrator’s Report:

- Drainage District No. 49 “Outlet Improvements Lateral 1 Tile System”.

11. Other Business:

12. Adjournment.

NEXT REGULAR MEETING – MARCH 7, 2016

This notice is given pursuant to Chapter 21.4(1) of the Code of Iowa and the local rules of said governmental body.