

(Issuance - Revenue)

436558-10

Early, Iowa

August 17, 2021

A meeting of the City Council of the City of Early, Iowa, was held on August 17, 2021, at 6:30 p.m., at the Council Chambers, Early, Iowa.

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

Present: B. Pickhake, W. Cougill, S. Mason, S. Schmitt, T. Langner

Absent: _____.

The City Council took up for consideration a resolution authorizing and approving a Loan and Disbursement Agreement and providing for the issuance and securing the payment of Water Revenue Bonds.

After due consideration and discussion, Council Member B. Pickhake introduced the following resolution and moved its adoption, seconded by Council Member W. Cougill. The Mayor put the question upon the adoption of said resolution, and the roll being called, the following Council Members voted:

Ayes: B. Pickhake, W. Cougill, S. Mason, S. Schmitt, T. Langner

Nays: _____.

Whereupon, the Mayor declared the resolution duly adopted as hereinafter set out.

RESOLUTION NO. 21-17

Resolution authorizing and approving a Loan and Disbursement Agreement and providing for the issuance and securing the payment of \$3,921,000 Water Revenue Bonds, Series 2021

WHEREAS, the City of Early (the “City”), in Sac County, State of Iowa, did heretofore establish a Municipal Waterworks Utility System (the “Utility”) in and for the City which has continuously supplied water service in and to the City and its inhabitants since its establishment; and

WHEREAS, the management and control of the Utility are vested in the City Council (the “Council”) and no board of trustees exists for this purpose; and

WHEREAS, pursuant to a prior resolution of the Council (the “Outstanding Bond Resolution”), the City has heretofore issued its \$780,000 Water Revenue Bond, SRF Series 2011, dated August 5, 2011 (the “Outstanding Bond”), a portion of which remains outstanding; and

WHEREAS, pursuant to the Outstanding Bond Resolution, the City reserved the right to issue additional obligations payable from the Net Revenues (as defined herein) of the Utility and ranking on a parity with the Outstanding Bond under the terms and conditions set forth in the Outstanding Bond Resolution; and

WHEREAS, the City has heretofore proposed to contract indebtedness and enter into a certain Water Revenue Loan and Disbursement Agreement (the “Agreement”) and to borrow money thereunder in a principal amount not to exceed \$4,500,000, pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the cost, to that extent, of planning, designing and constructing improvements and extensions (the “Project”) to the Utility, and pursuant to law and a notice duly published, the City Council has held a public hearing thereon on July 6, 2021; and

WHEREAS, it is necessary at this time for the City Council to approve the Agreement with the Iowa Finance Authority, an agency and public instrumentality of the State of Iowa, as lender (the “Lender”) and to issue Water Revenue Bonds, Series 2021 (the “Bonds”) in evidence thereof in the principal amount of \$3,921,000 to pay the costs of the Project; and

WHEREAS, upon completion of the Project, a portion of the principal amount borrowed under the Agreement will be forgiven by the Lender;

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

Section 1. It is hereby determined that the City shall enter into the Agreement with the Lender. The Agreement shall be in substantially the form as has been placed on file with the City and shall provide for a loan (the “Loan”) to the City in the amount of \$3,921,000, for the purpose as set forth in the preamble hereof.

The Mayor and City Clerk are hereby authorized and directed to sign the Agreement on behalf of the City, and the Agreement is hereby approved.

Section 2. The Bonds are hereby authorized to be issued in evidence of the obligation of the City under the Agreement, in the aggregate principal amount of \$3,921,000, to be dated the date of delivery to or upon the direction of the Lender, and bearing interest from the date of each advancement made at the rate of 1.75% per annum pursuant to the Agreement, until payment thereof, as set forth in Exhibit A attached to the Agreement.

The Bonds may be in the denomination of \$1,000 each or any integral multiple thereof and, at the request of the Lender, shall be initially issued as a single bond in the denomination of \$3,921,000 and numbered R-1.

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

Payment of the principal of and interest on the Bonds and premium, if any, shall be payable at the office of the Paying Agent to the registered owners thereof appearing on the registration books of the City. All such payments, except full redemption, shall be made to the registered owners appearing on the registration books at the close of business on the fifteenth day of the month next preceding the payment date. Final payment of principal shall only be made upon surrender of the Bond or Bonds to the Paying Agent.

In addition to the payment of principal of and interest on the Bonds, the City also agrees to pay the Initiation Fee and the Servicing Fee (defined in the Agreement) in accordance with the terms of the Agreement.

The Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk, and shall be fully registered bonds without interest coupons. The issuance of the Bonds and the amount of the Loan advanced thereunder shall be recorded in the office of the City Treasurer, and the certificate on the back of each Bond shall be executed with the official manual or facsimile signature of the City Treasurer. In case any officer whose signature or the facsimile of whose signature appears on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Bonds shall be fully registered as to principal and interest in the names of the owners on the registration books of the City kept by the Registrar. Each Bond shall be transferable without cost to the registered owner thereof only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

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

The Bonds are subject to optional redemption by the City at a price of par plus accrued interest (i) on any date with the prior written consent of the Lender, or (ii) in the event that all or substantially all of the Project is damaged or destroyed. Any optional redemption of the Bonds by the City may be made from any funds regardless of source, in whole or from time to time in part, in inverse order of maturity upon not less than thirty (30) days' notice of redemption by facsimile, e-mail, certified or registered mail to the Lender (or any other registered owner of the Bonds). The Bonds are also subject to mandatory redemption as set forth in Section 5 of the Agreement.

All of the Bonds and the interest thereon, together with the Outstanding Bond and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions set forth herein (which additional obligations are hereinafter sometimes referred to as "Party Obligations"), shall be payable solely from the Net Revenues of the Utility and the Sinking Fund hereinafter referred to, both of which are hereby pledged to the payment of the Bonds. The Bonds shall be a valid claim of the owners thereof only against said Net Revenues and Sinking Fund. None of the Bonds shall be a general obligation of the City, nor payable in any manner by taxation, and under no circumstances shall the City or the Utility be in any manner liable by reason of the failure of the Net Revenues of the Utility to be sufficient for the payment in whole or in part of the Bonds and the interest thereon.

Section 3. The Bonds shall be executed as herein provided as soon after the adoption of this resolution as may be possible and thereupon they shall be delivered to the Registrar for registration and delivery to the Lender, upon receipt of the loan proceeds (the "Loan Proceeds"), and all action heretofore taken in connection with the Agreement is hereby ratified and confirmed in all respects.

Section 4. The Bonds shall be in substantially the following form:

cost of planning, designing and constructing improvements and extensions (the “Project”) to the Municipal Waterworks Utility System of the City (the “Utility”).

The Bonds are issued pursuant to and in strict compliance with the provisions of Sections 384.24A and 384.83 of the Code of Iowa, 2021, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Agreement and providing for the issuance and securing the payment of the Bonds (the “Resolution”), and reference is hereby made to the Resolution and the Agreement for a more complete statement as to the source of payment of the Bonds and the rights of the owners of the Bonds.

The Bonds shall be subject to optional redemption by the City at a price of par plus accrued interest (i) on any date with the prior written consent of the Iowa Finance Authority, or (ii) in the event that all or substantially all of the Project is damaged or destroyed. Any optional redemption of the Bonds by the City may be made from any funds regardless of source, in whole or from time to time in part, in inverse order of maturity upon not less than thirty (30) days’ notice of redemption by e-mail, facsimile, certified or registered mail to the Iowa Finance Authority (or any other registered owner of the Bonds). The Bonds are also subject to mandatory redemption as set forth in Section 5 of the Agreement.

The Bonds are not general obligations of the City but, together with the City’s outstanding Water Revenue Bond, SRF Series 2011, dated August 5, 2011, and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions set forth in the Resolution, are payable solely and only out of the future Net Revenues (as defined in the Resolution) of the Utility of the City, a sufficient portion of which has been ordered set aside and pledged for that purpose. This Bond is not payable in any manner by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the said Net Revenues to be sufficient for the payment of this Bond and the interest thereon.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds have existed, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of the Bonds does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, the City of Early, Iowa, has caused this Bond to be executed by its Mayor and attested by its City Clerk, all as of the Bond Date.

CITY OF EARLY, IOWA

By (Do Not Sign)
Mayor

Attest:

(Do Not Sign)
City Clerk

(On the back of each Bond the following certificate shall be executed with the duly authorized signature of the City Treasurer)

STATE OF IOWA
SAC COUNTY
CITY OF EARLY

SS: CITY TREASURER'S CERTIFICATE

The original issuance of the Bonds, of which this Bond is a part, was duly and properly recorded in my office as of the Bond Date.

(Do Not Sign)
City Treasurer

EXHIBIT A
PRINCIPAL PAYMENT SCHEDULE

Due <u>June 1</u>	<u>Amount</u>	Due <u>June 1</u>	<u>Amount</u>
2022	\$ 1,000	2037	\$146,000
2023	\$ 75,000	2038	\$149,000
2024	\$ 76,000	2039	\$152,000
2025	\$ 77,000	2040	\$155,000
2026	\$ 78,000	2041	\$158,000
2027	\$ 79,000	2042	\$161,000
2028	\$ 80,000	2043	\$164,000
2029	\$ 81,000	2044	\$167,000
2030	\$ 82,000	2045	\$171,000
2031	\$ 83,000	2046	\$174,000
2032	\$132,000	2047	\$178,000
2033	\$135,000	2048	\$181,000
2034	\$137,000	2049	\$185,000
2035	\$140,000	2050	\$189,000
2036	\$143,000	2051	\$192,000

Section 5. The Loan Proceeds shall be held by the Lender and disbursed for costs of the Project, as referred to in the preamble hereof. The City will keep a detailed, segregated accounting of the expenditure of the Loan Proceeds.

Section 6. So long as the Bonds, the Outstanding Bond or any Parity Obligations are outstanding, the City shall continue to maintain the Utility in good condition, and the Utility shall continue to be operated in an efficient manner and at a reasonable cost as a revenue producing undertaking. The City shall establish, impose, adjust and provide for the collection of rates to be charged to customers of the Utility, including the City, to produce gross revenues (hereinafter sometimes referred to as the “Gross Revenues”) at least sufficient to pay the expenses of operation and maintenance of the Utility, which shall include salaries, wages, cost of maintenance and operation, materials, supplies, insurance and all other items normally included under recognized accounting practices (but does not include allowances for depreciation in the valuation of physical property) (which such expenses are hereinafter sometimes referred to as the “Operating Expenses”) and to leave a balance of net revenues (herein referred to as the “Net Revenues”) equal to at least 110% of the principal of and interest on all of the Bonds, the Outstanding Bond and any other Parity Obligations due in such fiscal year, as the same become due.

Section 7. The provisions, covenants, undertakings and stipulations for the operation of the Utility and for the collection, application and use of the Gross Revenues and income from such operation, as set forth in the Outstanding Bond Resolution shall inure and appertain to the Bonds to the same extent and with like force and effect as if herein set out in full, except only insofar as the same may be inconsistent with this resolution.

Nothing in this resolution shall be construed to impair the rights vested in the Outstanding Bond. The amounts herein required to be paid into the various funds hereafter named shall be inclusive of said payments required with respect to the Outstanding Bond. The provisions of the Outstanding Bond Resolution and the provisions of this resolution are to be construed whenever possible so that the same will not be in conflict. In the event such construction is not possible, the provisions of the resolution first adopted shall prevail until such time as the obligations authorized by such resolution have been paid or otherwise satisfied as therein provided, at which time the provisions of this resolution shall again prevail.

Section 8. From and after the issuance of the Bonds, the Gross Revenues of the Utility shall continue to be set aside into the City’s Water Revenue Fund (“Water Revenue Fund”) created under the Outstanding Bond Resolution. The Water Revenue Fund shall be used in maintaining and operating the Utility, and after payment of the Operating Expenses shall, to the extent provided in this resolution and the Outstanding Bond Resolution, be used to pay the principal of and interest on the Bonds, the Outstanding Bond and any Parity Obligations, and to create and maintain the several separate funds hereinafter described.

Section 9. The provisions in and by the Outstanding Bond Resolution, whereby there has been created and is to be maintained a Water Revenue Bond Sinking Fund (herein referred to as the “Sinking Fund”), and for the payment into said fund from the Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of the Outstanding Bond, are all hereby ratified and confirmed, and all such provisions shall inure and constitute the security for the payment of the interest on and principal of the Bonds hereby authorized as may be

outstanding from time to time; provided, however that on the first day of each month of each year, the minimum amount to be set aside, in addition to the amounts required to be set aside in the Outstanding Bond Resolution, and paid into the Sinking Fund shall be not less than as follows:

On October 1, 2021 and November 1, 2021, an amount equal to 1/2 of the installment of interest coming due on December 1, 2021, and thereafter, commencing on December 1, 2021, and continuing to final maturity, an amount equal to 1/6th of the installment of interest coming due on the next succeeding interest payment date on the then outstanding Bonds. In addition, commencing on October 1, 2021, and continuing to and including May 1, 2022, an amount equal to 1/8th of the installment of principal coming due on June 1, 2022, and thereafter, commencing on June 1, 2022, and continuing to final maturity, an amount equal to 1/12th of the installment of principal coming due on such Bonds on the next succeeding principal payment date until the full amount of such installment is on deposit in the Sinking Fund.

Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds, the Outstanding Bond and any Parity Obligations as the same shall become due and payable. Whenever Parity Obligations are issued under the conditions and restrictions hereinafter set forth, provision shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

If at any time there should be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

No further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire all of the Bonds, the Outstanding Bond and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

All of such payments required to be made into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day.

Section 10. The provisions in and by the Outstanding Bond Resolution whereby there has been created and is to be maintained a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first paying the Operating Expenses and making the required payments into the Sinking Fund are all hereby ratified and confirmed. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds, the Outstanding Bond and any Parity Obligations.

As long as the Sinking Fund has the full amounts required to be deposited therein by the Outstanding Bond Resolution and this resolution, any balance in the Surplus Fund may be

expended by the City in such manner as the Council, or such other duly constituted body as may then be charged with the operation of the Utility, may from time to time direct.

Section 11. All money held in any fund or account created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public funds. All interest received by the City as a result of investments under this section shall be considered to constitute Gross Revenues of the Utility and shall be deposited in or transferred to the Water Revenue Fund and used solely and only for the purposes specified herein for such funds.

Section 12. The City hereby covenants and agrees with the owner or owners of the Bonds, the Outstanding Bond and any Parity Obligations, or any of them, that from time to time may be outstanding, that it will faithfully and punctually perform all duties with reference to the Utility required and provided by the Constitution and laws of the State of Iowa, that it will segregate the Gross Revenues of the Utility and make application thereof in accordance with the provisions of this resolution and that it will not sell, lease or in any manner dispose of the Utility or any part thereof, including any and all extensions and additions that may be made thereto, until all of the Bonds, the Outstanding Bond and any Parity Obligations shall have been paid in full, both principal and interest, or unless and until provision shall have been made for the payment of the Bonds, the Outstanding Bond and any Parity Obligations and interest thereon in full; provided, however, that the City may dispose of any property which in the judgment of the Council, or such duly constituted body as may then be charged with the operation of the Utility, is no longer useful or profitable in the operation of the Utility nor essential to the continued operation thereof and when the sale thereof will not operate to reduce the revenues to be derived from the operation of the Utility.

Section 13. Upon a breach or default of a term of the Bonds, the Outstanding Bond or any Parity Obligations, the Outstanding Bond Resolution and this resolution, a proceeding may be brought in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required under the terms of this resolution and Division V of Chapter 384 of the Code of Iowa or an action may be brought to obtain the appointment of a receiver to take possession of and operate the Utility and to perform the duties required by this resolution and Division V of Chapter 384 of the Code of Iowa.

Section 14. The Bonds, the Outstanding Bond or any Parity Obligations shall not be entitled to priority or preference one over the other in the application of the Net Revenues of the Utility regardless of the time or times of the issuance of such Bonds, the Outstanding Bond or Parity Obligations, it being the intention of the City that there shall be no priority among the Bonds, the Outstanding Bond or any Parity Obligations, regardless of the fact that they may have been actually issued and delivered at different times. The City hereby reserves the right and privilege of issuing additional Parity Obligations.

Section 15. The City agrees that so long as the Bonds, the Outstanding Bond or any Parity Obligations remain outstanding, it will maintain insurance for the benefit of the owners of the Bonds, the Outstanding Bond and any Parity Obligations on the insurable portions of the Utility

of a kind and in an amount which usually would be carried by private companies or municipalities engaged in a similar type of business. The proceeds of any insurance, except public liability insurance, shall be used to repair or replace the part or parts of the Utility damaged or destroyed. The City will keep proper books of record and account, separate from all other records and accounts, showing the complete and correct entries of all transactions relating to the Utility, and the owners of the Bonds, the Outstanding Bond or any Parity Obligations shall have the right at all reasonable times to inspect the Utility and all records, accounts and data of the City relating thereto.

Section 16. The provisions of this resolution shall constitute a contract between the City and the owners of the Bonds and any Parity Obligations as may from time to time be outstanding, and after the issuance of the Bonds, no change, variation or alteration of any kind of the provisions of this resolution shall be made which will adversely affect the owners of the Bonds or any Parity Obligations until all of the Bonds, the Outstanding Bond and any Parity Obligations and the interest thereon shall have been paid in full, except as hereinafter provided.

The owners of a majority in principal amount of the Bonds and any Parity Obligations at any time outstanding (not including in any case any obligations which may then be held or owned by or for the account of the City, but including such obligations as may be issued for the purpose of refunding any of the Bonds, the Outstanding Bond or Parity Obligations if such obligations shall not then be owned by the City) shall have the right from time to time to consent to and approve the adoption by the City of a resolution or resolutions modifying or amending any of the terms or provisions contained in this resolution; provided, however, that this resolution may not be so modified or amended in such manner as to:

- (a) Make any change in the maturity or redemption terms of the Bonds or Parity Obligations.
- (b) Make any change in the rate of interest borne by any of the Bonds or Parity Obligations.
- (c) Reduce the amount of the principal payable on any Bonds or Parity Obligations.
- (d) Modify the terms of payment of principal of or interest on the Bonds or Parity Obligations, or any of them, or impose any conditions with respect to such payment.
- (e) Affect the rights of the owners of less than all of the Bonds or Parity Obligations then outstanding.
- (f) Reduce the percentage of the principal amount of the Bonds or Parity Obligations, the consent of the owners of which shall be required to effect a further modification.

Whenever the City shall propose to amend or modify this resolution under the provisions of this section, it shall cause notice of the proposed amendment to be (1) filed with the Lender and (2) mailed by certified mail to each registered owner of any Bond or Parity Obligation as shown

by the records of the Registrar. Such notice shall set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the City Clerk.

Whenever at any time within one year from the date of the mailing of said notice, there shall be filed with the City Clerk an instrument or instruments executed by the owners of at least a majority in aggregate principal amount of the Bonds and any Parity Obligations outstanding at the time of the adoption of such amendatory resolution specifically consenting to the adoption thereof as herein provided, no owner of any Bonds or Parity Obligations shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Any consent given by the owners of a Bond or Parity Obligation pursuant to the provisions of this section shall be irrevocable for a period of six (6) months from the date of such consent and shall be conclusive and binding upon all future owners of the same Bond or Parity Obligation during such period. Such consent may be revoked at any time after six (6) months from the date of such consent by the owner who gave such consent or by a successor in title, but such revocation shall not be effective if the owners of a majority in aggregate principal amount of the Bonds and Parity Obligations outstanding as in this section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction, who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the persons signing such instrument acknowledged before such officer the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

Section 17. It is the intention of the City that interest on the Bonds be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Bonds will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

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

Section 18. As set forth in the Agreement, upon completion of the Project and receipt by the Lender of a certificate of completion from the City, a portion of the Loan shall be forgiven by the Lender, provided, however, that any accrued interest due on such portion up to, but not including, the date of forgiveness shall be paid as otherwise required by this Resolution and the Agreement.

Section 19. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 20. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 21. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved August 17, 2021.

Sharon Ann Stearns
Mayor

Attest:

J. Bairbridge
City Clerk

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On motion and vote, the meeting adjourned.

Sharon Ann Stearns
Mayor

Attest:

J. Bairbridge
City Clerk

ATTESTATION CERTIFICATE:

STATE OF IOWA
SAC COUNTY
CITY OF EARLY

SS:

I, the undersigned, City Clerk of the City of Early, do hereby certify that I have in my possession or have access to the complete corporate records of the aforesaid City and of its City Council and officers and that I have carefully compared the transcript hereto attached with the aforesaid corporate records and that the transcript hereto attached is a true, correct and complete copy of all the corporate records in relation to the authorization and approval of a certain Water Revenue Loan and Disbursement Agreement (the "Agreement") and the issuance of \$3,921,000 Water Revenue Bonds, Series 2021 (the "Bonds") of said City evidencing the City's obligation under such Agreement and that the transcript hereto attached contains a true, correct and complete statement of all the measures adopted and proceedings, acts and things had, done and performed up to the present time with respect thereto.

I further certify that no objections were filed in my office and no objections of any kind were made to the matter of entering into such Agreement or issuing such Bonds at the time and place set for hearing thereon, and that no petition of protest or objections of any kind have been filed or made, nor has any appeal been taken to the District Court from the decision of the City Council to enter into the Agreement or to issue the Bonds.

WITNESS MY HAND this 17 day of August, 2021.


City Clerk

ESTABLISHMENT CERTIFICATE:


STATE OF IOWA
SAC COUNTY
CITY OF EARLY

SS:

I, the undersigned, City Clerk of the aforementioned City, do hereby certify that I have complete access and control of all of the corporate records of the City and that, based upon my examination of such records, I have determined that the City did heretofore establish a Municipal Waterworks Utility System (the "Utility") prior to January 1, 1961, that the management and control of the Utility are vested in the City Council, and that no board of trustees exists which has any part of the control and management of such Utility.

I further certify that there is not pending or threatened any question or litigation whatsoever touching the establishment, improvement or operation of such Utility and that there are no bonds or other obligations of any kind now outstanding which are payable from or constitute a lien upon the revenues derived from the operation of such Utility, except for the City's outstanding Water Revenue Bond, SRF Series 2011, dated August 5, 2011; and the current issue of \$3,921,000 Water Revenue Bonds, Series 2021 of the City.

WITNESS MY HAND this 17 day of August, 2021.


City Clerk

UNITED STATES OF AMERICA
STATE OF IOWA
SAC COUNTY
CITY OF EARLY

WATER REVENUE BOND, SERIES 2021

No. R-1

\$3,921,000

RATE	MATURITY DATE	BOND DATE
1.75%	June 1, 2051	September 3, 2021

The City of Early (the "City"), in Sac County, State of Iowa, for value received, promises to pay from the source and as hereinafter provided, on the maturity date of this Bond to

IOWA FINANCE AUTHORITY

or registered assigns, the principal sum of

THREE MILLION NINE HUNDRED TWENTY-ONE THOUSAND DOLLARS

Interest at the rate specified above shall be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2021, and principal shall be due and payable in installments in the amounts shown on the Principal Payment Schedule, attached hereto as Exhibit A, on June 1, 2022, and annually thereafter on June 1 in each year until the principal and interest are fully paid, except that the final installments of the entire balance of principal and interest, if not sooner paid, shall become due and payable on June 1, 2051. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The City Clerk shall act as Registrar and Paying Agent and may be hereinafter referred to as the "Registrar" or the "Paying Agent."

Payment of the principal of and interest on this Bond and premium, if any, shall be payable at the office of the Paying Agent to the registered owners thereof appearing on the registration books of the City at the addresses shown on such registration books. All such payments, except full redemption, shall be made to the registered owners appearing on the registration books at the close of business on the fifteenth day of the month next preceding the payment date. Final payment of principal shall only be made upon surrender of this Bond to the Paying Agent.

This Bond is one of a series of bonds (the "Bonds") issued by the City to evidence its obligation under a certain Loan and Disbursement Agreement, dated the date hereof (the "Agreement") entered into by the City for the purpose of providing funds to pay a portion of the cost of planning, designing and constructing improvements and extensions (the "Project") to the Municipal Waterworks Utility System of the City (the "Utility").

The Bonds are issued pursuant to and in strict compliance with the provisions of Sections 384.24A and 384.83 of the Code of Iowa, 2021, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Agreement and providing for the issuance and securing the payment of the Bonds (the "Resolution"), and reference is hereby made to the Resolution and the Agreement for a more complete statement as to the source of payment of the Bonds and the rights of the owners of the Bonds.

The Bonds shall be subject to optional redemption by the City at a price of par plus accrued interest (i) on any date with the prior written consent of the Iowa Finance Authority, or (ii) in the event that all or substantially all of the Project is damaged or destroyed. Any optional redemption of the Bonds by the City may be made from any funds regardless of source, in whole or from time to time in part, in inverse order of maturity upon not less than thirty (30) days' notice of redemption by e-mail, facsimile, certified or registered mail to the Iowa Finance Authority (or any other registered owner of the Bonds). The Bonds are also subject to mandatory redemption as set forth in Section 5 of the Agreement.

The Bonds are not general obligations of the City but, together with the City's outstanding Water Revenue Bond, SRF Series 2011, dated August 5, 2011, and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions set forth in the Resolution, are payable solely and only out of the future Net Revenues (as defined in the Resolution) of the Utility of the City, a sufficient portion of which has been ordered set aside and pledged for that purpose. This Bond is not payable in any manner by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the said Net Revenues to be sufficient for the payment of this Bond and the interest thereon.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds have existed, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of the Bonds does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, the City of Early, Iowa, has caused this Bond to be executed by its Mayor and attested by its City Clerk, all as of the Bond Date.

CITY OF EARLY, IOWA
By Barbara Ann Kuvic
Mayor

Attest:
J. Bairbridge
City Clerk

STATE OF IOWA
SAC COUNTY
CITY OF EARLY

SS: CITY TREASURER'S CERTIFICATE

The original issuance of the Bonds, of which this Bond is a part, was duly and properly recorded in my office as of the Bond Date.

J. Bairbridge
City Treasurer

ABBREVIATIONS

The following abbreviations, when used in this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UTMA	_____	(Custodian)
TEN ENT	-	as tenants by the entitles		_____	
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common		_____	(Minor)
				_____	under Uniform Transfers to Minors Act
				_____	(State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Bond to

_____ (Please print or type name and address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint _____, Attorney, to transfer this Bond on the books kept for registration thereof with full power of substitution.

Dated: _____
Signature guaranteed: _____

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT A
PRINCIPAL PAYMENT SCHEDULE

Due June 1	Amount	Due June 1	Amount
2022	\$ 1,000	2037	\$146,000
2023	\$ 75,000	2038	\$149,000
2024	\$ 76,000	2039	\$152,000
2025	\$ 77,000	2040	\$155,000
2026	\$ 78,000	2041	\$158,000
2027	\$ 79,000	2042	\$161,000
2028	\$ 80,000	2043	\$164,000
2029	\$ 81,000	2044	\$167,000
2030	\$ 82,000	2045	\$171,000
2031	\$ 83,000	2046	\$174,000
2032	\$132,000	2047	\$178,000
2033	\$135,000	2048	\$181,000
2034	\$137,000	2049	\$185,000
2035	\$140,000	2050	\$189,000
2036	\$143,000	2051	\$192,000

LOAN AND DISBURSEMENT AGREEMENT
\$3,921,000 WATER REVENUE BONDS
(INCLUDES A PORTION AS A FORGIVABLE LOAN)

This Loan and Disbursement Agreement (the "Agreement") is made and entered into as of September 3, 2021 by and between the City of Early, Iowa (the "Participant") and the Iowa Finance Authority, an agency and public instrumentality of the State of Iowa (the "Issuer").

WHEREAS, the Issuer, in cooperation with the Iowa Department of Natural Resources (the "Department"), is authorized to undertake the creation, administration and financing of the Iowa Drinking Water Facilities Financing Program (the "Program") established in the Code of Iowa, Sections 16.131 through 16.135 and Sections 455B.291 through 455B.299, including, among other things, the making of loans to Water Systems for purposes of the Program; and

WHEREAS, the Participant desires to participate in the Program as a means of financing all or part of the construction of certain drinking water treatment facilities serving the Participant and its residents; and

WHEREAS, to assist in financing the Project (defined herein), the Issuer desires to make a loan to the Participant in the amount set forth in Section 2 hereof; and

WHEREAS, pursuant to Federal requirements applicable to the capitalization grants, the Issuer desires to make a portion of such loan to the Participant forgivable, pending satisfaction of Program requirements, all as set forth in Section 16 hereof;

NOW, THEREFORE, the parties agree as follows:

Section 1. Definitions. In addition to other definitions set forth herein, the following terms as used in this Agreement shall, unless the context clearly requires otherwise, have the following meanings:

- (a) "Bonds" shall mean any State Revolving Fund Revenue Bonds that were or in the future are issued by the Issuer for the purpose of providing moneys to finance the Loan to the Participant.
- (b) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all lawfully promulgated regulations thereunder.
- (c) "Project" shall mean the particular construction activities approved by the Department and being undertaken by the Participant with respect to the operation or infrastructure of the Water System for the purpose of providing safe drinking water to the customers thereof, as described in the Resolution.
- (d) "Regulations" shall mean the administrative rules of the Department relating to the Program, set forth in Title 567, Chapter 44 of the Iowa Administrative

Code, and the administrative rules of the Issuer relating to the Program set forth in Title 265, Chapter 26 of the Iowa Administrative Code.

(e) “Resolution” shall mean the resolution of the City Council of the Participant, providing for the authorization and issuance of the Revenue Bond, attached hereto as Exhibit B, adopted on August 17, 2021, approving and authorizing the execution of this Agreement and the issuance of the Revenue Bond (as defined herein).

(f) “Water System” shall mean the drinking water system of the Participant, all facilities being used in conjunction therewith and all appurtenances and extensions thereto, including but not limited to the water facilities which the Participant is financing under this Agreement.

Section 2. Loan; Purchase of Revenue Bond. The Issuer agrees to purchase a duly authorized and issued water revenue bond or capital loan note of the Participant (the “Revenue Bond”) in order to make a loan to the Participant, and will disburse proceeds as set forth herein. The Participant agrees to borrow and accept from the Issuer, a loan in the principal amount of \$3,921,000 (the “Loan”).

The Participant shall use the proceeds of the Loan strictly (a) to finance a portion of the costs of construction of the Project and (b), where applicable, to reimburse the Participant for a portion of the costs of the Project, which portion was paid or incurred in anticipation of reimbursement through the Program and which is eligible for such reimbursement under and pursuant to the Regulations and the Code.

Section 3. Disbursements. Proceeds of the Loan shall be made available to the Participant in the form of one or more periodic disbursements as provided in this Section. The Issuer thereafter shall make disbursements of a portion of the Loan for payment of costs of the Project upon receipt of the following:

- (a) a completed payment request on a form acceptable to and available from the Issuer;
- (b) current construction payment estimates;
- (c) engineering service statements;
- (d) purchase orders or invoices for items not included within other contracts; and
- (e) evidence that the costs for which the disbursement is requested have been incurred.

Solely with respect to the request for the final disbursement of proceeds of the Loan, the Participant shall submit to the Issuer (via the Department), in addition to items (a) through (e) above, a certification of completion and acceptance of the Project by the Participant or evidence of an acceptable settlement if the Project is subject to a dispute between the Participant and any contractor.

Disbursements shall be made in a timely fashion following the receipt of the information as set forth above. Unless otherwise agreed to in writing by the Issuer, funds shall be payable to the Participant via automated clearinghouse system transfer to the account specified by the Participant.

Section 4. Completion of Project. The Participant covenants and agrees (i) to exercise its best efforts in accordance with prudent water treatment utility practices to complete the Project; and (ii) to provide from its own fiscal resources all monies, in excess of the total amount of Loan proceeds it receives under the Agreement, required to complete the Project.

Section 5. Repayment of Loan; Issuance of Revenue Bonds. The Participant's obligation to repay the Loan and interest thereon shall be evidenced by the Revenue Bond in the principal amount of the Loan, complying in all material respects with the Regulations and being in substantially the form set forth in the Resolution, which Resolution is attached hereto as Exhibit B. The Revenue Bond shall be delivered to the Issuer as the original purchaser and registered holder thereof at the closing of the Loan. The Revenue Bond shall be accompanied by a legal opinion of bond counsel, in form satisfactory to the Issuer, to evidence the legality, security position and tax-exempt status of interest on the Revenue Bond. The parties agree that a payment of principal of or interest on the Revenue Bond shall be deemed to be a payment of the same on the Loan and a payment of principal of or interest on the Loan shall be deemed to be a payment of the same on the Revenue Bond. Unless otherwise agreed to in writing by the Issuer, all payments of principal and interest due under the Loan shall be made via automated clearinghouse transfer, from an account specified by the Participant.

The Revenue Bond shall be dated the date of delivery to the Issuer, with interest and the Servicing Fee (together, the "Interest Rate" as set forth in Section 6 hereof) payable semiannually on June 1 and December 1 of each year (unless the resolution authorizing a previous series of outstanding bonds on a parity with the Revenue Bond requires interest to be paid on other interest payment dates, in which case such other dates shall apply) from the date of each disbursement of a part of the Loan from the Issuer to the Participant (which are initially expected to be on approximately the dates set forth on Exhibit A attached hereto and incorporated herein). The first repayment of principal of the Loan shall be due and payable not later than one year after substantial completion of the Project and payments of principal, interest and the Servicing Fee shall continue thereafter until paid in full. Following the final disbursement of Loan proceeds to the Participant, Exhibit A shall be adjusted by the Issuer, (i) with the approval of the Participant, based upon actual disbursements to the Participant under the Agreement, and (ii) taking into account the forgiveness by the Issuer of the portion of the Loan principal described in Section 16 below. Such revised Exhibit A thereafter shall be deemed to be incorporated herein by reference and made a part hereof and shall supersede and replace that initially attached hereto and to the Revenue Bond.

The Revenue Bond shall be subject to optional redemption by the Participant at a price of par plus accrued interest (i) on any date upon receipt of written consent by the Issuer, or (ii) in the event that all or substantially all of the Project is damaged or destroyed. Any such optional redemption of the Revenue Bond by the Participant may be made from any funds regardless of source, in whole or from time to time in part, upon not less than thirty (30) days' notice of redemption by e-mail, facsimile or by certified or registered mail to the Issuer (or any other

registered owner of the Revenue Bond). The Revenue Bond is also subject to mandatory redemption in the event the costs of the Project are less than initially projected, in which case the amount of the Loan shall be reduced to an amount equal to the actual Project costs disbursed. The Participant and the Issuer agree that following such adjustment, the principal amount due under the Revenue Bond shall be automatically reduced to equal the principal amount of the adjusted Loan (and that the principal amount of the adjusted Loan will take into account any Loan forgiveness under Section 16 hereof).

The Revenue Bond and the interest thereon and any additional obligations as may be hereafter issued and outstanding from time to time under the conditions set forth in the Resolution shall be payable solely and only from the Net Revenues (as defined in the Resolution) of the Water System of the Participant, a sufficient portion of which has been and shall be ordered set aside and pledged for such purpose under the provisions of the Resolution. Neither this Agreement nor the Revenue Bond is a general obligation of the Participant, and under no circumstance shall the Participant be in any manner liable by reason of the failure of the aforesaid Net Revenues to be sufficient to pay the Revenue Bond and the interest thereon or to otherwise discharge the Participant's obligation hereunder.

Section 6. Interest Rate, Initiation Fee and Servicing Fees. (a) The Participant agrees to pay to the Issuer, as additional consideration for the Loan, a loan initiation fee (the "Initiation Fee") equal to one-half of one percent (0.50%) of the amount of the Loan (but not to exceed \$100,000.00) (\$19,605), which shall be due and payable on the date of this Agreement. Unless the Issuer shall be otherwise notified by the Participant that the Participant intends to pay such Initiation Fee from other funds, and has received such other funds from the Participant on the date hereof, the Issuer shall be authorized to deduct the full amount of the Initiation Fee from the proceeds of the Loan being made hereunder, and such deduction by the Issuer shall be deemed to be an expenditure by the Participant of the Loan proceeds.

(b) The Participant agrees to pay a Loan servicing fee (the "Servicing Fee") to the Issuer in an amount equal to 0.25% per annum of the principal amount of the Loan outstanding. The Servicing Fee shall be paid as described in Section 5 and Section 6(c) hereof.

(c) The Loan shall bear interest at 1.75% per annum (the "Rate"). As described in Section 5, payments hereunder shall be calculated based on the Rate plus the Servicing Fee (such 2.00%, the "Interest Rate").

Section 7. Compliance with Applicable Laws, Performance Under Loan Agreement; Rates. The Participant covenants and agrees (i) to comply with all applicable State of Iowa and federal laws, rules and regulations (including but not limited to the Regulations), judicial decisions, and executive orders in the performance of the Agreement and in the financing, construction, operation, maintenance and use of the Project and the Water System; (ii) to maintain its Water System in good repair, working order and operating condition; (iii) to cooperate with the Issuer in the observance and performance of its respective duties, covenants, obligations and agreements under the Agreement; (iv) to comply with all terms and conditions of the Resolution; and (v) to establish, levy and collect rents, rates and other charges for the products and services provided by its Water System, which rents, rates and other charges shall be at least sufficient (A) to meet the operation and maintenance expenses of such Water System, (B)

to produce and maintain Net Revenues at a level not less than 110% of the amount of principal and interest on the Revenue Bond and any other obligations secured by a pledge of the Net Revenues falling due in the same year, (C) to comply with all covenants pertaining thereto contained in, and all other provisions of, any bond resolution, trust indenture or other security agreement, if any, relating to any bonds or other evidences of indebtedness issued or to be issued by the Participant, (D) to pay the debt service requirements on any bonds, notes or other evidences of indebtedness, whether now outstanding or incurred in the future, secured by such revenues or other receipts and issued to finance improvements to the Water System and to make any other payments required by the laws of the State of Iowa, (E) to generate funds sufficient to fulfill the terms of all other contracts and agreements made by the Participant, including, without limitation, the Agreement and the Revenue Bond and (F) to pay all other amounts payable from or constituting a lien or charge on the operating revenues of its Water System.

Section 8. Exclusion of Interest from Gross Income. Unless otherwise agreed to by the Issuer in writing, the Participant covenants and agrees as follows:

(a) The Participant shall not take any action or omit to take any action which would result in a loss of the exclusion of the interest on the Bonds from gross income for federal income taxation as that status is governed by Section 103(a) of the Code.

(b) The Participant shall not take any action or omit to take any action, which action or omission would cause its Revenue Bond or the Bonds (assuming solely for this purpose that the proceeds of the Bonds loaned to the Participant represent all of the proceeds of the Bonds) to be "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, unless the Participant receives the prior written approval of the Issuer, the Participant shall not (A) permit any of the proceeds of the Bonds loaned to the Participant or the Project financed with such proceeds to be used, either directly or indirectly, in any manner that would constitute "private business use" within the meaning of Section 141(b)(6) of the Code, taking into account for this purpose all such use by persons other than governmental units on an aggregate basis, (B) use, either directly or indirectly, any of the proceeds of the Bonds loaned to the Participant to make or finance loans to persons other than governmental units (as such term is used in Section 141(c) of the Code) or (C) use, either directly or indirectly, any of the proceeds of the Bonds loaned to the Participant to acquire any "non-governmental output property" within the meaning of Section 141(d)(2) of the Code.

(c) The Participant shall not directly or indirectly use or permit the use of any proceeds of the Bonds (or amounts replaced with such proceeds) or any other funds or take any action or omit to take any action, which use or action or omission would (assuming solely for this purpose that the proceeds of the Bonds loaned to the Participant represent all of the proceeds of the Bonds) cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(d) The Participant shall not directly or indirectly use or permit the use of any proceeds of the Bonds to pay the principal of or interest on any issue of State or local governmental obligations ("refinancing of indebtedness") unless the Participant shall establish to the satisfaction of the Issuer that such refinancing of indebtedness will not

adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and the Participant delivers an opinion to such effect of bond counsel acceptable to the Issuer.

(e) The Participant shall not directly or indirectly use or permit the use of any proceeds of the Bonds to reimburse the Participant for any portion of the cost of the Project unless such cost was paid or incurred by the Participant in anticipation of reimbursement from the proceeds of the Bonds or other State or local governmental borrowing in accordance with the Code, published rulings of the Internal Revenue Service and the Regulations.

(f) The Participant shall not use the proceeds of the Bonds (assuming solely for this purpose that the proceeds of the Bonds loaned to the Participant represent all of the proceeds of the Bonds) in any manner which would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code or “hedge bonds” within the meaning of Section 149(g) of the Code.

(g) The Participant shall comply with all provisions of the Code relating to the rebate of any profits from arbitrage attributable to the Participant, and shall indemnify and hold the Issuer harmless therefrom.

Section 9. Insurance; Audits; Disposal of Property. The Participant covenants and agrees (a) to maintain insurance on, or to self-insure, the insurable portions of the Water System of a kind and in an amount which normally would be carried by private companies engaged in a similar type of business, (b) to keep proper books and accounts adapted to the Water System, showing the complete and correct entry of all transactions relating thereto, and to cause said books and accounts to be audited or examined by an independent auditor or the State Auditor (i) at such times and for such periods as may be required by the federal Single Audit Act of 1984, OMB Circular A-133 or State law, and (ii) at such other times and for such other periods as may be requested at any time and from time to time by the Issuer (which requests may require an audit to be performed for a period that would not otherwise be required to be audited under State law), and (c) unless the Participant has received a waiver and consent from the Issuer, it shall not sell, lease or in any manner dispose of the Water System, or any capital part thereof, including any and all extensions and additions which may be made thereto, until the Revenue Bond shall have been paid in full or otherwise discharged as provided in the Resolution; provided, however, that the Participant may dispose of any property which in the judgment of its governing body is no longer useful or profitable to use in connection with the operation of the Water System or essential to the continued operation thereof.

Section 10. Maintenance of Documents; Access. The Participant agrees to maintain its project accounts in accordance with generally accepted accounting principles (“GAAP”) as issued by the Governmental Accounting Standards Board, including GAAP requirements relating to the reporting of infrastructure assets.

The Participant agrees to permit the Issuer or its duly authorized representative access to all files and documents relating to the Project for purposes of conducting audits and reviews in accordance with any of the Regulations.

Section 11. Continuing Disclosure. As a means of enabling the Issuer to comply with the “continuing disclosure” requirements set forth in Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission, the Participant agrees, during the term of the Loan, but only upon written notification from the Issuer to the Participant that this Section 11 applies to such Participant for a particular fiscal year, to provide the Issuer with (i) the comprehensive audit report of the Participant, prepared and certified by an independent auditor or the State Auditor, or unaudited financial information if the audit is not available, not later than 180 days after the end of each fiscal year for which this section applies and (ii) such other information and operating data as the Issuer may reasonably request from time to time with respect to the Water System, the Project or the Participant.

The Participant hereby consents to the inclusion of all or any portion of the foregoing information and materials in a public filing made by the Issuer under the Rule. The Participant agrees to indemnify and hold harmless the Issuer, and its officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the disclosure of information permitted under this Section; provided that no such indemnification shall be required for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Issuer in the disclosure of such information.

Section 12. Events of Default. If any one or more of the following events occur, it is hereby defined as and declared to constitute an “Event of Default” under this Agreement:

(a) Failure by the Participant to pay, or cause to be paid, any Loan repayment (including the Servicing Fee) required to be paid under this Agreement when due, which failure shall continue for a period of fifteen (15) days.

(b) Failure by the Participant to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Participant (other than the Loan and the Revenue Bond), the payment of which are secured by operating revenues of the Water System.

(c) Failure by the Participant to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under the Agreement or the Resolution, other than the obligation to make Loan repayments, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Participant by the Issuer, unless the Issuer shall agree in writing to an extension of such time prior to its expiration or the failure stated in such notice is correctable but cannot be corrected in the applicable period, in which case the Issuer may not unreasonably withhold its consent to an extension of such time up to one hundred twenty (120) days from the delivery of the written notice referred to above if corrective action is commenced by the Participant within the applicable period and diligently pursued until the Event of Default is corrected.

Section 13. Remedies on Default. Whenever an Event of Default shall have occurred and be continuing, the Issuer shall have the right to take any action authorized under the

Regulations, the Revenue Bond or this Agreement and to take whatever other action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Participant under the Agreement or the Resolution.

Section 14. Amendments. This Agreement may not be amended, supplemented or modified except by a writing executed by all of the parties hereto.

Section 15. Termination. The Participant understands and agrees that the Loan may be terminated at the option of the Issuer if construction of the Project has not commenced within one year of the date of execution of this Agreement, all as set forth in the Regulations.

Section 16. Principal Forgiveness. Notwithstanding any provision of this Agreement to the contrary, following completion of the Project and receipt by the Issuer of a certificate of completion from the Participant, a portion of the Loan in an amount equal to the forgiveness percentage identified in Exhibit A applied to the aggregate amount of disbursements under the Loan (the "Principal Forgiveness") shall be forgiven by the Issuer, and no payments of principal or interest shall be due with respect to the Principal Forgiveness after the date of such Principal Forgiveness (provided, however, that any accrued interest due on such portion up to, but not including, the date of such forgiveness shall be paid as otherwise required by under this Agreement). The Issuer will provide written notification to the Participant of the applicable Principal Forgiveness, which notification may be in the form of the final Exhibit A delivered pursuant to Section 5.

Section 17. Rule of Construction. This Agreement is executed pursuant to the provisions of Section 384.24A of the Code of Iowa and shall be read and construed as conforming to all provisions and requirements of that statute.

In the event of any inconsistency or conflict between the terms and conditions of the Revenue Bond and this Agreement or the Regulations, the parties acknowledge and agree that the terms of this Agreement or the Regulations, as the case may be, shall take precedence over any such terms of the Revenue Bond and shall be controlling, and that the payment of principal and interest on the Loan shall at all times conform to the schedule set forth on Exhibit A, as adjusted, and the Regulations.

Section 18. Federal Requirements. The Participant agrees to comply with all applicable federal requirements including, but not limited to, Davis-Bacon wage requirements and the requirements relating to the use of American iron and steel products.

Section 19. Application of Uniform Electronic Transactions Act.

The Issuer and the Participant agree this Agreement and all documents related thereto and referenced herein may be entered into and provided for pursuant to and in accordance with Chapter 554D of the Code of Iowa.

Section 20. Repayment of Planning and Design Loan. The Participant entered into an Interim Loan and Disbursement Agreement with the Issuer to provide funds to pay the costs of planning and designing the Project. The Participant agrees to repay the Interim Loan and Disbursement Agreement on the date of this Agreement. Unless the Participant notifies the Issuer that the Participant intends to repay the Interim Loan and Disbursement Agreement from other funds, and the Issuer has received such other funds from the Participant on the date hereof, the Issuer shall be authorized to deduct the full amount due under the Interim Loan and Disbursement Agreement from the proceeds of the Loan being made hereunder, and such deduction by the Issuer shall be deemed to be an expenditure by the Participant of the Loan proceeds.

IN WITNESS WHEREOF, we have hereunto affixed our signatures all as of the date first above written.

CITY OF EARLY, IOWA

By: Shawn Ann Stuenkel
Mayor

Attest:

J Bairbridge
City Clerk

IN WITNESS WHEREOF, I have hereunto affixed my signature all as of the date first above written.

IOWA FINANCE AUTHORITY

By: _____
Its: _____

EXHIBIT A

**ESTIMATED DISBURSEMENTS AND
DEBT SERVICE REPAYMENT SCHEDULE**

EXHIBIT B

AUTHORIZATION/ISSUANCE RESOLUTION OF PARTICIPANT

CLOSING CERTIFICATE

We, the undersigned, Mayor and City Clerk of the City of Early, Iowa (the "City"), do hereby certify as of September 3, 2021 (the "Dated Date"), that we are now and were at the time of the execution of the City's \$3,921,000 Water Revenue Bond, Series 2021, dated the date hereof (the "Series 2021 Bond"), the officers respectively above indicated of the City; that in pursuance of Chapter 384 of the Code of Iowa, a resolution adopted by the City Council on August 17, 2021 (the "Resolution"), and a certain Loan and Disbursement Agreement (the "Agreement"), by and between the City and the Iowa Finance Authority, Des Moines, Iowa, as lender (the "Lender"), the Series 2021 Bond has been heretofore lawfully authorized and this day by us lawfully issued and delivered to the Lender and pursuant to the Agreement, the Lender shall loan to the City the maximum sum of \$3,921,000. Terms not otherwise defined herein shall have the meaning given such terms in the Resolution and the Agreement.

The Series 2021 Bond has been executed by the aforesaid officers; the certificate on the back of the Series 2021 Bond has been executed by the City Treasurer; and the Series 2021 Bond has been fully registered as to principal and interest in the name of the Lender on the registration books of the City.

We further certify that the Series 2021 Bond is being issued to evidence the City's obligation under the Agreement entered into by the City for the purpose of providing funds to pay a portion of the cost of planning, designing and constructing improvements and extensions (the "Project") to the Municipal Waterworks Utility System of the City (the "Utility").

We further certify that no controversy or litigation is pending, prayed or threatened involving the incorporation, organization, existence or boundaries of the City or the titles of the aforesaid officers to their respective positions or the proceedings incident to the authorization of the Series 2021 Bond or in any way concerning the validity of the Series 2021 Bond or the power and duty of the City to appropriate and apply the Net Revenues (as defined in the Resolution) from the operation of the Utility to the full and prompt payment of the principal of and interest on the Series 2021 Bond, and that none of the proceedings incident to the authorization and issuance of the Series 2021 Bond have been repealed or rescinded.

We further certify that no appeal of the decision of the City Council to enter into the Agreement and to issue the Series 2021 Bond has been taken to the district court.

We further certify that the City has no other bonds or obligations of any kind now outstanding secured by or payable from the revenues to be derived from the operation of the Utility, except for the City's outstanding Water Revenue Bond, SRF Series 2011, dated August 5, 2011.

We further certify that no board of trustees has been created for the management and control of the Utility and such management and control are vested in the Council of the City.

We further certify that all meetings held in connection with the Series 2021 Bond were open to the public at a place reasonably accessible to the public and that notice was given at least 24 hours prior to the commencement of all meetings by advising the news media who requested notice of the time, date, place and the tentative agenda and by posting such notice and agenda at the City Hall or principal office of the City on a bulletin board or other prominent place which is

easily accessible to the public and is the place designated for the purpose of posting notices of meetings.

We further certify as follows:

1. The total costs of the Project (the "Total Project Costs"), including engineering fees, are currently estimated to be at least \$4,496,000.
2. The net sales proceeds of the Series 2021 Bond are \$3,921,000 (the "Net Sales Proceeds"), the same being the Issue Price thereof.
3. The Net Sales Proceeds, including investment earnings thereon, will be invested by the City without restriction as to yield for a period not to exceed three years from the date hereof (the "Three Year Temporary Period"), the following three tests being reasonably expected to be satisfied by the City:
 - a. Time Test: The City has entered into or, within six months of the date hereof, will enter into binding contracts for the Project with third parties (e.g. engineers or contractors);
 - (i) which are not subject to contingencies directly or indirectly within the City's control;
 - (ii) which provide for the payment by the City to such third parties of an amount equal to at least 5% of the Net Sales Proceeds;
 - b. Expenditure Test: At least 85% of Net Sales Proceeds will be applied to the payment of Total Project Costs within the Three Year Temporary Period; and
 - c. Due Diligence Test: Acquisition and construction of the Project to completion and application of the Net Sales Proceeds to the payment of Total Project Costs will proceed with due diligence.
4. The Series 2021 Bond is payable from Net Revenues of the Utility which will be collected in a Sinking Fund and applied to the payment of interest on the Series 2021 Bond on each June 1 and December 1 and principal of the Series 2021 Bond on each June 1 (the 12-month period ending on each June 1 being herein referred to as a "Bond Year"); the Sinking Fund is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; the Sinking Fund will be depleted at least once each Bond Year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on the fund for the immediately preceding Bond Year; or (ii) 1/12 of the principal and interest payments on the Series 2021 Bond for the immediately preceding Bond Year; amounts on deposit in the Sinking Fund will be invested by the City without restriction as to yield for a period of 13 months after their date of deposit.
5. The City Council adopted a resolution on June 15, 2021, declaring its official intent to acquire and construct the Project and finance the same with bonds or other obligations (the "Intent Resolution").

The City certifies that none of the costs of the Project to be paid for from the Net Sales Proceeds are for expenditures made more than 60 days prior to the date of adoption of the Intent Resolution, except for (i) costs of issuance of the Series 2021 Bond; (ii) costs aggregating an amount not in excess of the lesser of \$100,000 or 5% of the Net Sales Proceeds; (iii) costs for preliminary expenditures (including architectural, engineering, surveying, soil testing, and similar costs incurred prior to commencement of acquisition or construction of the Project, other than land acquisition, site preparation and similar costs) not in excess of 20% of the Net Sales Proceeds of the Series 2021 Bond; the City will allocate Net Sales Proceeds to reimbursement of such expenditures no later than 18 months after the later of (i) the date any such expenditure was originally paid or (ii) the date the Project is placed in service (or abandoned), and in no event three years after the date of payment of the original expenditures; and such allocations will be made by the City in writing.

The City will not seek reimbursement of prior expenditures already paid by the City from the proceeds of the Series 2021 Bond.

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

7. The weighted average maturity of the Series 2021 Bond does not exceed the reasonably expected economic life of the Project.

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

9. On the basis of the foregoing, it is not expected that the Net Sales Proceeds will be used in a manner that would cause the Series 2021 Bond to be an "arbitrage bond" under Section 148 of the Code and the regulations prescribed under that section. The City has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

10. We further certify that the City does not currently have outstanding tax exempt obligations issued during the current calendar year, including the Series 2021 Bond, equal to or in excess of \$5,000,000, nor will the City issue additional tax exempt obligations during the current calendar year which, when added to the City's current tax exempt obligations issued during the current calendar year, including the Series 2021 Bond, would be equal to or in excess of \$5,000,000.

IN WITNESS WHEREOF, we have hereunto affixed our hands on the Dated Date.

CITY OF EARLY, IOWA


Mayor

Attest:


City Clerk