

CLOSING CERTIFICATE

We, the undersigned Mayor and City Clerk, of the City of Muscatine (the "City"), in Muscatine County, State of Iowa, do hereby certify that we are now and were at the time of the execution of the City's \$4,090,000 General Obligation Corporate Purpose Bonds, Series 2018, dated May 23, 2018 (the "Bonds"), the officers respectively above indicated; and that in pursuance of Chapter 384 of the Code of Iowa, a resolution adopted by the City Council on May 3, 2018 (the "Resolution"), and a loan agreement dated May 23, 2018 (the "Loan Agreement"), by and between the City and Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "Underwriter"), the Bonds have been heretofore lawfully authorized and this day by us lawfully issued and delivered to or upon the direction of the Underwriter and pursuant to the Loan Agreement, the City has received \$4,411,514.15, receipt of which is hereby acknowledged, which amount represents the par amount of the Bonds (\$4,090,000), plus reoffering premium (\$355,415.40), minus underwriter's discount (\$33,901.25). The Bonds mature on June 1 in each of the years, in the respective principal amounts and bear interest payable semiannually, commencing December 1, 2018, as set forth in the Resolution.

Each of the Bonds has been executed with the facsimile signatures of these officers; and the City has authorized and directed that the Bonds be authenticated by Bankers Trust Company, Des Moines, Iowa, as the Registrar and Paying Agent (the "Registrar"), and registered in the names of the owners on the City's registration records maintained by the Registrar.

We further certify that the Bonds are being issued to evidence the City's obligation under the Loan Agreement entered into by the City for the purpose of paying the costs, to that extent, of (1) acquiring a fire truck; (2) planning, designing and constructing physical plant, apron and hangar improvements at the municipal airport; (3) improving and equipping existing municipal parks; (4) constructing and installing sanitary sewage treatment system improvements; (5) remodeling the municipal library, remodeling the HNI Community Center and constructing building and ground improvements for public buildings; and (6) constructing recreation trail improvements (collectively, the "Projects").

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 these officers to their respective positions, or the validity of the Bonds, or the power and duty of the City to provide and apply adequate taxes for the full and prompt payment of the principal of and interest on the Bonds, and that none of the proceedings incident to the authorization and issuance of the Bonds has been repealed or rescinded.

We further certify that no appeal of the decision of the City Council to enter into the Loan Agreement or to issue the Bonds has been taken to the district court.

We further certify that all meetings held in connection with the Bonds 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 net sales proceeds of the Bonds are \$4,445,415.40 (the "Net Sales Proceeds"), the same being the Issue Price (hereinafter defined) thereof.

2. The estimated sources and uses of funds in connection with the Bonds are as follows:

<u>SOURCES</u>	
Par amount of Bonds	\$4,090,000.00
Reoffering Premium	\$355,415.40
	\$4,445,415.40
<u>USES</u>	
Project Fund	\$4,365,000.00
Underwriter's Discount	\$33,901.25
Costs of Issuance	\$44,500.00
Additional Proceeds	\$2,014.15
	\$4,445,415.40

a. \$78,401.25 of the Net Sales Proceeds will be used to pay costs of issuance, including the underwriter's discount, within 45 days of the date hereof, and until so applied, will be invested by the City without restriction as to yield.

b. \$4,365,000 of the Net Sales Proceeds will be used to pay the costs of the Projects, and the Net Sales Proceeds will be expended and invested in accordance with Section 3 hereinafter set forth.

c. \$2,014.15 of the Net Sales Proceeds (Additional Proceeds) will be deposited into the Debt Service Fund and used to pay interest on the Bonds, and until so applied will be invested without restriction as to yield.

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 Projects with third parties (e.g. engineers or contractors);

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

(ii) which provide for the payment by the City to such third parties of an amount equal to at least 5% of the Net Sales Proceeds;

(b) Expenditure Test: At least 85% of the Net Sales Proceeds will be applied to the payment of the total cost of the Projects within the Three Year Temporary Period; and

(c) Due Diligence Test: Acquisition and construction of the Projects to completion and application of the Net Sales Proceeds to the payment of the total costs of the Projects will proceed with due diligence.

4. The City Council adopted resolutions on August 3, 2017 and March 1, 2018 declaring its official intent to acquire and construct the Projects and finance the same with bonds or other obligations (the "Intent Resolutions").

The City certifies that none of the costs of the Projects 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 Resolutions, except for (i) costs of issuance of the Bonds; (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 Projects, other than land acquisition, site preparation and similar costs) not in excess of 20% of the Net Sales Proceeds of the Bonds; the City will allocate Net Sales Proceeds to reimbursement of such expenditures no later than 3 years after the later of (i) the date any such expenditure was originally paid or (ii) the date the Projects are placed in service (or abandoned); and such allocations will be made by the City in writing.

The City will seek reimbursement of prior expenditures already paid by the City from the proceeds of the Bonds in the amount of \$1,661,867.49.

5. The Bonds are payable from ad valorem taxes levied against all taxable property within the City which will be collected in a Debt Service Fund and applied to the payment of interest on the Bonds on each June 1 and December 1 and principal of the Bonds on each June 1 (the 12-month period ending on each June 1 being herein referred to as a "Bond Year"); the Debt Service Fund is used primarily to achieve a proper matching of taxes with principal and interest payments within each Bond Year; the Debt Service 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 Bonds for the immediately preceding Bond Year; amounts on deposit in the Debt Service Fund will be invested by the City without restriction as to yield for a period of 13 months after their date of deposit.

6. Not more than 50% of the Net Sales Proceeds will be invested in non-purpose 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 Bonds, 6.5032 years, does not exceed 120% of the reasonably expected economic life of the Projects.

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 Bonds to be "arbitrage bonds" 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 Underwriter has advised the City that the reasonably expected reoffering price (the "Issue Price") of the Bonds to the public is \$4,445,415.40.

12. We further certify that the City does not currently have outstanding tax exempt obligations issued during the current calendar year, including the Bonds, 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 Bonds, would exceed \$5,000,000.

13. We further certify that due provision has been made for the collection of taxes sufficient to pay the principal of and interest on the Bonds when due. All payments coming due before the collection of any such taxes will be paid promptly when due from legally available funds.

IN WITNESS WHEREOF, we have hereunto affixed our hands, as of May 23, 2018.

CITY OF MUSCATINE, IOWA

By _____
Mayor

Attest:

City Clerk



Form **8038-G**
 (Rev. September 2011)
 Department of the Treasury
 Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Muscatine, Iowa		2 Issuer's employer identification number (EIN) 42-6005008	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 215 Sycamore Street	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Muscatine, Iowa 52761		7 Date of issue May 23, 2018	
8 Name of issue General Obligation Corporate Purpose Bonds, Series 2018		9 CUSIP number 627236 WQ1	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Nancy Lueck, Finance Director		10b Telephone number of officer or other employee shown on 10a 563-264-1550	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities Acquire fire truck; municipal airport, park, sanitary sewage treatment system, and recreation trail	17		
18 Other. Describe ► improvements; remodeling library & community center; public building & grounds improvements	18	4,445,415	40
19 If obligations are TANs or RANs, check only box 19a			<input type="checkbox"/>
If obligations are BANs, check only box 19b			<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box			<input type="checkbox"/>

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	06/01/2028	\$ 4,445,415.40	\$ 4,090,000	6.5032 years	2.4583 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	4,445,415	40
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	78,401	25
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to currently refund prior issues	27		
28 Proceeds used to advance refund prior issues	28		
29 Total (add lines 24 through 28)	29	78,401	25
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	4,367,014	15

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ► _____ years

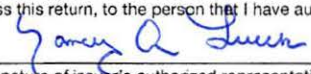
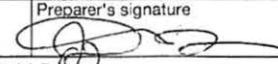
32 Enter the remaining weighted average maturity of the bonds to be advance refunded ► _____ years

33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ► _____

34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b Enter the final maturity date of the GIC ▶ _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:			
b Enter the date of the master pool obligation ▶ _____			
c Enter the EIN of the issuer of the master pool obligation ▶ _____			
d Enter the name of the issuer of the master pool obligation ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box			<input checked="" type="checkbox"/>
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box			<input type="checkbox"/>
41a If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box			<input type="checkbox"/>
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box			<input checked="" type="checkbox"/>
44 If the issuer has established written procedures to monitor the requirements of section 148, check box			<input checked="" type="checkbox"/>
45a If some portion of the proceeds was used to reimburse expenditures, check here <input checked="" type="checkbox"/> and enter the amount of reimbursement ▶ <u>\$1,661,867.49</u>			
b Enter the date the official intent was adopted ▶ <u>August 3, 2017, March 1, 2018</u>			

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	5-23-18 Date	Nancy Lueck, Finance Director Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	John P. Danos		5-22-18	<input type="checkbox"/>
	Firm's name ▶	Firm's EIN ▶	PTIN	
	Dorsey & Whitney LLP	41-0223337	P01083460	
Firm's address ▶	Phone no.			
801 Grand Ave., Suite 4100, Des Moines, Iowa 50309-8002	515-283-1000			

May 22, 2018

Via Email

Nancy Lueck
Finance Officer/City Hall
Muscatine, Iowa

Re: \$4,090,000 General Obligation Corporate Purpose Bonds, Series 2018
Our File No. 421464-54

Dear Nancy

We have prepared and attach the following documents covering certain closing matters related to the issuance of the City's General Obligation Corporate Purpose Bonds, Series 2018:

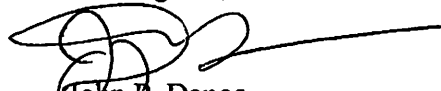
1. Closing Certificate. Please review the facts contained in the Certificate and advise us of any inaccuracies. Please print two copies and have the Certificates signed as indicated and return one fully executed copy to our office.

2. IRS 8038G filing form. Please print two copies and sign under the heading "Signature and Consent," date it as of the date you sign it. Retain one copy for the City's records and return one to us so that we can file it with the Internal Revenue Service in order to preserve the tax-exempt status of the interest earnings on the Bonds.

Please return the signed original 8038G Form and Closing Certificate to our office as soon as possible by paper mail.

If you have any questions, please contact Rebecca Donaldson or me.

Best regards,


John P. Danos

Attachments

cc: Gregg Mandsager
Lorrie Fry