PROOF OF PUBLICATION

I, Jeff Lee, being duly sworn, on my oath, say that I am an advertising clerk at the *Muscatine Journal*, a newspaper of general circulation, published in the City of Muscatine, Muscatine County, Iowa; and that the following Notice:

Muscatine City Clerk
In-Depth Minutes
January 12, 2012

Of which the annexed printed slip is a true, correct and complete copy, was published in said *Muscatine Journal* one time having been made there in on:

January 23, 2012

Jeff Lee

Jeff Lee

STATE OF IOWA
MUSCATINE COUNTY

Subscribed and sworn to before me this 23rd day of January, 2012

Beth Lester

Beth Lester, Notary Public

NOTARIAL SEAL IOWA	**Beth Lester** **Iowa Notarial Seal** **Commission number 745921** **My Commission Expires 03/20/2013**

CITY OF MUSCATINE
IN-DEPTH CITY COUNCIL MINUTES
Council Chambers
7:00 p.m. - January 12, 2012

Mayor DeWayne Hopkins called the In-Depth City Council meeting for Thursday, January 12, 2012, to order at 7 p.m. Councilmembers present were LeRette, Fitzgerald, Shihadeh, Bynum, Phillips, and Spread. Also present were City Administrator Gregg Mandsager, Finance Director Nancy Lueck, and Fire Chief Jerry Ewers.

The first item on the agenda was a presentation by Public Financial Management (PFM). City Administrator Gregg Mandsager provided a handout to City Council pertaining to the city's bonded indebtedness, GO capacity, and long-term planning for the CSO Program.

Jenny Blankenship of PFM explained that her organization builds planning models for cities. She then reviewed the following information under Tab 1 of the handout:

* Exhibit 1 - Projection of Tax Levies & Tax Rate Impact
* Exhibit 2 - Proposed General Obligation Bonds, Series 2012
* Exhibit 3 - Proposed General Obligation Bonds, Series 2014
* Exhibit 4 - Projection of G.O. Debt Capacity

Ms. Blankenship stated that the Valuation Growth & Debt Limit Assumptions shown in Exhibit 4 show that the legal debt limit is 5%. Speaking in reference to TIF rebate agreements, she stated the city may want to consider the inclusion of annual appropriation language in future TIF agreements. She then stated that overall the city has a significant amount of debt capacity remaining.

Ms. Blankenship then reviewed the information falling under Tab 2 of the document which included:

* Exhibit 1 - Sewer Enterprise Fund - Combined
* Exhibit 2 - Water Pollution Control Operations Fund
* Exhibit 3 - Collection & Drainage Fund
* Exhibit 4 - Water Pollution Control Replacement Reserve Fund
* Exhibit 5 - Sewer Extension and Improvement Reserve Fund
* Exhibit 6 - Sinking Fund

She provided an overview of the Sewer Enterprise Fund and CSO plan and of the Collection & Drainage Fund.

Ms. Blankenship then reviewed information under Tab 3 as it pertains to the projections for the West Hill Sewer Project. She stated the information includes the following assumptions:

* Stanley's 10 phase scenario with 3% annual escalation (requires a four-year extension to Consent Order deadline).
* Calendar years are converted to fiscal years.
* Engineering added on Phase I only. For this scenario, assume contingency in project costs would cover engineering.
* Assumes 1.5% annual increase in Local Option Taxes beginning in fiscal year 2014.
* Assumes Local Option Tax extended past the current June 30, 2019 expiration date.
* Assumes funds from WPCP and Collection and Drainage operating funds set aside annually beginning in 2011/2012 (set-aside could include reducing current funding transfers to existing reserves).
* Assumes 4% annual increases in sewer and collection and drainage rates to fund annual increases in operating costs as well as annual set-aside funds from operating budgets.

Councilmember Fitzgerald asked if the city would have a good argument when requesting the four-year extension to the CSO? Both City Administrator Mandsager and Ms. Blankenship answered yes.

Councilmember Spread asked what would happen if the extension was not granted and he was told the city would have to borrow funds early.

Councilmember Shihadeh asked why there was a deficit in the sewer fund and he was told it was mainly due to transfers out.

Councilmember Spread, speaking in reference to Exhibit 2 pertaining to the Water Pollution Control Operations Fund, asked for an explanation of Line 53 (Internal Loan Repayment). He was told it is the internal repayment of monies taken from the WPCP Fund.

Motion approved to go into Closed Session at 7:59 p.m. to discuss pending litigation.

Mayor Hopkins called the Closed Session to order at 8:00 p.m. Councilmembers present were LeRette, Fitzgerald, Shihadeh, Bynum, Phillips, and Spread. Also present were City Administrator Gregg Mandsager, Fire Chief Jerry Ewers, and by telephone representatives of Invision Architects.

Motion approved to leave the Closed Session at 8:59 p.m.

The meeting adjourned at 9:00 p.m.

Gregg Mandsager, City Administrator