F4a

ITEMS TO INCLUDE ON AGENDA FOR MARCH 21, 2018

CITY OF HIAWATHA, IOWA

$2,475,000 (Dollar Amount Subject To Change) General Obligation Capital Loan Notes, Series 2018

- Resolution directing the advertisement for sale and approving electronic bidding procedures and Official Statement.

NOTICE MUST BE GIVEN PURSUANT TO IOWA CODE CHAPTER 21 AND THE LOCAL RULES OF THE CITY.

March 21, 2018

The City Council of the City of Hiawatha, State of Iowa, met in _____ session, in the Council Chambers, City Hall, 101 Emmons Street, Hiawatha, Iowa, at _____ _____.M., on the above date. There were present Mayor _____, in the chair, and the following named Council Members:

_____

Absent: _____

Vacant: _____

* * * * * * *

Council Member _____ introduced the following Resolution entitled "RESOLUTION DIRECTING THE ADVERTISEMENT FOR SALE OF $2,475,000 (DOLLAR AMOUNT SUBJECT TO CHANGE) GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2018, AND APPROVING ELECTRONIC BIDDING PROCEDURES AND OFFICIAL STATEMENT" and moved its adoption. Council Member _____ seconded the Resolution to adopt. The roll was called and the vote was,

AYES: _____

_____

NAYS: _____

Whereupon, the Mayor declared the resolution duly adopted as follows:

RESOLUTION DIRECTING THE ADVERTISEMENT FOR SALE OF $2,475,000 (DOLLAR AMOUNT SUBJECT TO CHANGE) GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2018, AND APPROVING ELECTRONIC BIDDING PROCEDURES AND OFFICIAL STATEMENT

WHEREAS, the Issuer is in need of funds to pay costs of opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street improvements, bridges, grade crossing separations and approaches; the acquisition, installation, and repair of sidewalks, culverts, retaining walls, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes, essential corporate purposes, and it is deemed necessary and advisable that General Obligation Capital Loan Notes, to the amount of not to exceed $1,225,000 be authorized for said purposes; and

WHEREAS, pursuant to notice published as required by Sections 384.24A and 384.25 of the Code of Iowa, this Council has held a public meeting and hearing upon the proposal to institute proceedings for the issuance of the Notes, and the Council is therefore now authorized to proceed with the issuance of said Notes for such purposes; and

WHEREAS, the City is in need of funds to pay costs of acquisition, construction, reconstruction, enlargement, improvement, and equipping of Fire Station #1, and the acquisition of any real estate needed for the foregoing purpose, general corporate purposes, and it is deemed necessary and advisable that General Obligation Capital Loan Notes, to the amount of not to exceed $50,000 be authorized for said purposes; and

WHEREAS, the Issuer has a population of more than 5,000 but not more than 75,000, and the Notes for these purposes do not exceed $700,000; and

WHEREAS, pursuant to notice published as required by Sections 384.24A and 384.26 of the Code of Iowa, the Council of the City has held public meeting and hearing upon the proposal to institute proceedings for the issuance of Notes for general corporate purposes in the amounts as above set forth, and, no petition for referendum having been received, the Council is therefore now authorized to proceed with the issuance of said Notes for such purposes; and

WHEREAS, the Issuer is in need of funds to pay costs of enlarging, improving, equipping and furnishing the existing public library facility located on Willman Street, general corporate purposes, and it is deemed necessary and advisable that General Obligation Capital Loan Notes, to the amount of not to exceed $1,200,000 be authorized for said purposes; and

WHEREAS, this Council, pursuant to Sections 384.24A and 384.26 of the Code of Iowa, did legally call a City election, fixing the time and place thereof, and did legally submit to the qualified electors of the City the proposition of issuing General Obligation Capital Loan Notes of the City in an amount of not to exceed $1,200,000, for the aforesaid purposes, and caused to be given legal, sufficient and timely notice of said election and the time, place and purpose thereof; and

WHEREAS, the City election was duly and legally held and conducted on November 7, 2017, pursuant to a legal notice duly given by publication in a legal newspaper, printed wholly in the English language, published at least once weekly, and having general circulation in the City, said publication in said newspaper appearing on a date not less than ten (10) clear days nor more than twenty (20) days prior to the date of said election, all in strict compliance with the law and the orders of said Council and the County Commissioner of Elections. The affirmative vote on the proposition was equal to more than 60% of the total vote cast for and against the proposition at said election. The proposition was declared and certified to have been duly adopted, no contest thereof having been made, and the Issuer desires to proceed with the issuance of said Notes for such purposes so authorized at the election, and

WHEREAS, pursuant to Section 384.28 of the Code of Iowa, it is hereby found and determined that the various general obligation notes authorized as hereinabove described shall be combined for the purpose of issuance in a single issue of $2,475,000 (dollar amount subject to change) General Obligation Capital Loan Notes as hereinafter set forth; and

WHEREAS, in conjunction with its Municipal Advisor, Speer Financial, the City has caused a Preliminary Official Statement to be prepared outlining the details of the proposed sale of the Notes; and

WHEREAS, the Council has received information from its Municipal Advisor evaluating and recommending the procedure hereinafter described for electronic, facsimile and internet bidding to maintain the integrity and security of the competitive bidding process and to facilitate the delivery of bids by interested parties; and

WHEREAS, the Council deems it in the best interests of the City and the residents thereof to receive bids to purchase such Notes by means of both sealed and electronic internet communication.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, STATE OF IOWA:

Section 1. That the receipt of electronic bids by facsimile machine and through the SpeerAuction Competitive Bidding System described in the Terms of Offering and Official Statement are hereby found and determined to provide reasonable security and to maintain the integrity of the competitive bidding process, and to facilitate the delivery of bids by interested parties in connection with the offering at public sale.

Section 2. That General Obligation Capital Loan Notes, Series 2018, of City of Hiawatha, State of Iowa, in the amount of $2,475,000 (dollar amount subject to change), to be issued as referred to in the preamble of this Resolution, to be dated May 2, 2018, be offered for sale pursuant to the Terms of Offering.

Section 3. That the preliminary Official Statement in the form presented to this meeting be and the same hereby is approved as to form and deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, subject to such revisions, corrections or modifications as the Mayor and City Clerk, upon the advice of bond counsel and the City's Municipal Advisor, shall determine to be appropriate, and is authorized to be distributed in connection with the offering of the Notes for sale.

Section 4. Time and Place of Sealed Bids: Bids for the sale of Notes of the City of Hiawatha, State of Iowa, hereafter described, must be received at the office of the City Clerk, City Hall, 101 Emmons Street, Hiawatha, Iowa 52233; Telephone: 319-393-1515 (the "Issuer") before 11:00 A.M., on the 4th day of April, 2018. The bids will then be publicly opened and referred for action to the meeting of the City Council in conformity with the TERMS OF OFFERING.

Section 5. The Notes: The Notes to be offered are the following:

> GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2018, in the amount of $2,475,000*, to be dated May 2, 2018 (the "Notes")

*Subject to principal adjustment pursuant to official Terms of Offering.

Section 6. Manner of Bidding: Open bids will not be received. Bids will be received in any of the following methods:

- Sealed Bidding: Sealed bids may be submitted and will be received at the office of the City Clerk at City Hall, 101 Emmons Street, Hiawatha, Iowa 52233.

- Electronic Internet Bidding: Electronic internet bids will be received at the office of the City Clerk at City Hall, 101 Emmons Street, Hiawatha, Iowa 52233. The bids must be submitted through the SPEERAUCTION competitive bidding system.

- Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the City Clerk at City Hall, 101 Emmons Street, Hiawatha, Iowa 52233 (facsimile number: 319-291-8628). Electronic facsimile bids will be treated as sealed bids.

Section 7. Consideration of Bids: After the time for receipt of bids has passed, the close of sealed bids will be announced. Sealed bids will then be publicly opened and announced. Finally, electronic internet bids will be accessed and announced.

Section 8. Sale and Award: The sale and award of the Notes will be held at the Council Chambers, City Hall, 101 Emmons Street, Hiawatha, Iowa at a meeting of the City Council on the above date at 5:30 P.M.

Section 9. Official Statement: The Issuer has issued an Official Statement of information pertaining to the Notes to be offered, including a statement of the Terms of Offering and an Official Bid Form, which is incorporated by reference as a part of this notice. The Official Statement may be obtained by request addressed to the City Clerk, City Hall, 101 Emmons Street, Hiawatha, Iowa 52233; Telephone: 319-393-1515 or the Issuer's Municipal Advisor, Speer Financial, 531 Commercial Street, Waterloo, Iowa, 50703; Telephone: 319-291-2077, and One North LaSalle Street, Suite 4100, Chicago, Illinois 60602; Telephone: 312-346-3700.

Section 10. Terms of Offering: All bids shall be in conformity with and the sale shall be in accordance with the Terms of Offering as set forth in the Official Statement.

Section 11. Legal Opinion: The Notes will be sold subject to the opinion of Ahlers & Cooney, P.C., Attorneys of Des Moines, Iowa, as to the legality and their opinion will be furnished together with the printed Notes without cost to the purchaser and all bids will be so conditioned. Except to the extent necessary to issue their opinion as to the legality of the Notes, the attorneys will not examine or review or express any opinion with respect to the accuracy or completeness of documents, materials or statements made or furnished in connection with the sale, issuance or marketing of the Notes.

Section 12. Rights Reserved: The right is reserved to reject any or all bids, and to waive any irregularities as deemed to be in the best interests of the public.

PASSED AND APPROVED this 21st day of March, 2018.

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE

STATE OF IOWA)
) SS
COUNTY OF LINN)

I, the undersigned City Clerk of the City of Hiawatha, State of Iowa, do hereby certify that attached is a true and complete copy of the portion of the records of the City showing proceedings of the Council, and the same is a true and complete copy of the action taken by the Council with respect to the matter at the meeting held on the date indicated in the attachment, which proceedings remain in full force and effect, and have not been amended or rescinded in any way; that meeting and all action thereat was duly and publicly held in accordance with a notice of meeting and tentative agenda, a copy of which was timely served on each member of the Council and posted on a bulletin board or other prominent place easily accessible to the public and clearly designated for that purpose at the principal office of the Council pursuant to the local rules of the Council and the provisions of Chapter 21, Code of Iowa, upon reasonable advance notice to the public and media at least twenty-four hours prior to the commencement of the meeting as required by law and with members of the public present in attendance; I further certify that the individuals named therein were on the date thereof duly and lawfully possessed of their respective City offices as indicated therein, that no Council vacancy existed except as may be stated in the proceedings, and that no controversy or litigation is pending, prayed or threatened involving the incorporation, organization, existence or boundaries of the City or the right of the individuals named therein as officers to their respective positions.

WITNESS my hand and the seal of the Council hereto affixed this _____ day of _____, 2018.

_____
City Clerk, City of Hiawatha, State of Iowa

(SEAL)

01462676-1\10575-155

New Issue
Date of Sale: Wednesday, April 4, 2018
Between 10:30 and 11:00 A.M., C.D.T. *(Closed Speer Auction)*
Until 11:00 A.M., C.D.T. *(Sealed Bids)*
(Alternate Bid Methods)

Investment Rating:
Moody's Investors Service ...
(Rating Requested)

Official Statement

*Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Notes is excludable from gross income for federal income tax purposes. Interest on the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations for taxable years beginning before January 1, 2018. Interest on the Notes is not exempt from present Iowa income taxes. The Notes will be designated as "qualified tax-exempt obligations". See "**TAX MATTERS**" herein for a more detailed discussion.*

Hiawatha!

$2,475,000*
CITY OF HIAWATHA
Linn County, Iowa
General Obligation Capital Loan Notes, Series 2018

Dated Date of Delivery **Book-Entry** **Bank Qualified** **Due Serially June 1, 2019 - 2033**

The $2,475,000* General Obligation Capital Loan Notes, Series 2018 (the "Notes") are being issued by the City of Hiawatha, Linn County, Iowa (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2018. Interest is calculated based on a 360-day year of twelve 30-day months. The Notes will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The ownership of one fully registered Note for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Notes will be made to purchasers. The Notes will mature on June 1 in the following years and amounts.

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

Principal Amount*	Due June 1	Interest Rate	Price or Yield	CUSIP Number(1)	Principal Amount*	Due June 1	Interest Rate	Price or Yield	CUSIP Number(1)
$ 85,000.....	2019	____%	____%	_____	$170,000.....	2027	____%	____%	_____
145,000.....	2020	____%	____%	_____	175,000.....	2028	____%	____%	_____
150,000.....	2021	____%	____%	_____	180,000.....	2029	____%	____%	_____
150,000.....	2022	____%	____%	_____	185,000.....	2030	____%	____%	_____
155,000.....	2023	____%	____%	_____	190,000.....	2031	____%	____%	_____
160,000.....	2024	____%	____%	_____	195,000.....	2032	____%	____%	_____
165,000.....	2025	____%	____%	_____	205,000.....	2033	____%	____%	_____
165,000.....	2026	____%	____%	_____					

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

OPTIONAL REDEMPTION

Notes due June 1, 2019 - 2026, inclusive, are not subject to optional redemption. Notes due June 1, 2027 - 2033, inclusive, are callable in whole or in part on any date on or after June 1, 2026, at a price of par and accrued interest. If less than all the Notes are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See **"OPTIONAL REDEMPTION"** herein.

PURPOSE, LEGALITY AND SECURITY

The proceeds of the Notes are expected to be used to: (i) finance various essential and general corporate purpose projects, (ii) finance enlarging, improving, equipping and furnishing the existing public library facility located on Willman Street, and (iii) pay the costs of issuing the Notes. See **"THE PROJECT"** herein.

In the opinion of Bond Counsel, Ahlers & Cooney, P.C., Des Moines, Iowa, the Notes will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property within the corporate limits of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

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

This Official Statement is dated March __, 2018, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Official Statement Sales Calendar". Additional copies may be obtained from Ms. Cindy Kudrna, Finance Director, City of Hiawatha, 101 Emmons Street, Hiawatha, Iowa 52233, or from the Registered Municipal Advisors to the City.

Speer Financial, Inc.
INDEPENDENT MUNICIPAL ADVISORS • ESTABLISHED 1954
ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602
Telephone: (312) 346-3700; Facsimile: (312) 346-8833
531 COMMERCIAL STREET, SUITE 608 • WATERLOO, IOWA 50701
Telephone: (319) 291-2077; Facsimile: (319) 291-8628
www.speerfinancial.com

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

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

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

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

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

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

TABLE OF CONTENTS

	Page
NOTE ISSUE SUMMARY	3
NOTEHOLDERS' RISKS	4
Secondary Market	4
Ratings Loss	4
Forward-Looking Statements	5
Tax Matters, Bank Qualification and Loss of Tax Exemption	5
DTC-Beneficial Owners	5
Continuing Disclosure	6
Suitability of Investment	6
Bankruptcy	6
Federal Tax Legislation	6
Tax Levy Procedures	6
Other Factors	7
THE CITY	7
General	7
City Organization and Services	7
Transportation	8
Education	8
Community Life	8
SOCIOECONOMIC INFORMATION	8
Population	8
Employment	9
Building Permits	11
Housing	11
Income	12
Agriculture	12
Local Option Sales Tax	13
Retail Sales	14
THE PROJECT	14
DEFAULT RECORD	14
SHORT-TERM BORROWING	14
DEBT INFORMATION	15
PROPERTY ASSESSMENT AND TAX INFORMATION	17
Property Tax Assessment	17
Property Tax Collection	18
Levy Limits	20
Tax Levy Procedures	20
Utility Property Tax Replacement	21
Tax Increment Financing	21
Legislation	21
FINANCIAL INFORMATION	23
Financial Reports	23
No Consent or Updated Information Requested of the Auditor	23
Summary Financial Information	23
EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS	25
Pensions	25
Other Post-Employment Benefits (OPEB)	27
REGISTRATION, TRANSFER AND EXCHANGE	27

TAX MATTERS 28
Tax Exemption 28
Qualified Tax-Exempt Obligations 28
Tax Accounting Treatment of Discount and Premium on Certain Notes 28
Other Tax Advice 29
Audits 29
Reporting and Withholding 29
Tax Legislation 29
Enforcement 30
Opinion 30
CONTINUING DISCLOSURE 31
OPTIONAL REDEMPTION 31
LITIGATION 31
LEGAL MATTERS 31
OFFICIAL STATEMENT AUTHORIZATION 32
INVESTMENT RATING 32
UNDERWRITING 32
MUNICIPAL ADVISOR 33
CERTIFICATION 33

APPENDIX A -FISCAL YEAR 2017 AUDITED FINANCIAL STATEMENTS
APPENDIX B -DESCRIBING BOOK-ENTRY-ONLY ISSUANCE
APPENDIX C -DRAFT FORM OF LEGAL OPINION
APPENDIX D -DRAFT FORM OF CONTINUING DISCLOSURE CERTIFICATE

OFFICIAL BID FORM
OFFICIAL TERMS OF OFFERING

NOTE ISSUE SUMMARY

This Note Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Form, which are provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

Issuer:	City of Hiawatha, Linn County, Iowa.
Issue:	$2,475,000* General Obligation Capital Loan Notes, Series 2018.
Dated Date:	Date of delivery (expected to be on or about May 2, 2018).
Interest Due:	Each June 1 and December 1, commencing December 1, 2018.
Principal Due:	Serially each June 1, commencing June 1, 2019 through 2033, as detailed on the cover page of this Official Statement.
Optional Redemption:	Notes maturing on or after June 1, 2027, are callable at the option of the City on any date on or after June 1, 2026, at a price of par plus accrued interest. See **"OPTIONAL REDEMPTION"** herein.
Authorization:	The Notes are being issued pursuant to authority established in Code of Iowa, Chapter 384, and all laws amendatory thereof and supplementary thereto, and the authority of an approving referendum held in the City on November 7, 2017.
Security:	The Notes are valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.
Investment Rating:	An investment rating for the Notes has been requested from Moody's Investors Service, New York, New York. See **"INVESTMENT RATING"** herein.
Purpose:	The proceeds of the Notes are expected to be used to: (i) finance various essential and general corporate purpose projects, (ii) finance enlarging, improving, equipping and furnishing the existing public library facility located on Willman Street, and (iii) pay the costs of issuing the Notes. See **"THE PROJECT"** herein.
Tax Matters:	Ahlers & Cooney, P.C., Des Moines, Iowa, will provide an opinion as to the tax exemption of the Notes as discussed under **"TAX MATTERS"** in this Official Statement. Interest on the Notes is not exempt from present State of Iowa income taxes. See **APPENDIX C** for a draft form of legal opinion for the Notes.
Note Registrar/Paying Agent:	Bankers Trust Company, Des Moines, Iowa.
Delivery:	The Notes are expected to be delivered on or about May 2, 2018.
Book-Entry Form:	The Notes will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Notes. See **APPENDIX B** herein.
Denomination:	$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

**Subject to change.*

CITY OF HIAWATHA
Linn County, Iowa

Bill Bennett
Mayor

Council Members

Rob Archibald
Steve Dodson
Denny Norton
Dick Olson
Amy Wichtendahl

Officials

Kim Downs
City Administrator

Kelly Kornegor
City Clerk

Cindy Kudrna
Finance Director

Mark Parmenter, Esq.
City Attorney

NOTEHOLDERS' RISKS

Secondary Market

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

Ratings Loss

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "___" to the Notes. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Notes.

Additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Notes.

Forward-Looking Statements

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

Tax Matters, Bank Qualification and Loss of Tax Exemption

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

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

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

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

DTC-Beneficial Owners

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

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

Continuing Disclosure

A failure by the City to comply with continuing disclosure obligations (see **"CONTINUING DISCLOSURE"** herein) will not constitute an event of default on the Notes. Any such failure must be disclosed in accordance with Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and may adversely affect the transferability and liquidity of the Notes and their market price.

Suitability of Investment

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

Bankruptcy

The rights and remedies of the Noteholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Notes will be similarly qualified.

Federal Tax Legislation

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

Tax Levy Procedures

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

Other Factors

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

THE CITY

General

The City was founded in 1950. Mr. Fay Clark, the founder and first mayor of the City, spent some of his early years among Native Americans. He was enamored also with the character of Hiawatha made famous by Henry Wadsworth Longfellow and so named the City Hiawatha. The mission statement of the City is: "The City of Hiawatha will be a cohesive community of family neighborhoods that is aesthetically pleasing and responsibly governed to sustain and promote balanced growth for the benefit of all individual and corporate citizens."

The City is located adjacent to Cedar Rapids. Interstate 380 bisects the City providing interstate access to Interstate 80 within 20 miles south of the City. Four federal highways and five state highways either cross the City or are located within five miles of the City. The City is located approximately 75 miles west of the Mississippi River, 220 miles from Chicago and 100 miles from Des Moines, the state capital of Iowa. The Cedar Rapids MSA is a regional center of commerce, industry and transportation and has a population of over 258,000.

City Organization and Services

The City has a Mayor-Council form of government. Policy is established by a Mayor and five Council members. The Council members are elected on a non-partisan basis for four-year terms, which are staggered. The City Administrator, City Clerk and City Attorney are appointed by the City Council. City-operated facilities include the library, the water and sewer systems, and a park system.

Approximately 42 people, not including police officers, are employed by the City on a full-time basis. In addition, there are part-time and seasonal employees. The City currently employs 14 full-time police officers. The City has a full-time fire chief, two deputy chiefs, a Fire Medic and is served by a volunteer Fire Department. Approximately 45 volunteers operate out of a centrally located fire station. The fire insurance classification for the City is Class 5, the highest obtainable for a volunteer department. The City has an established ambulance service that is staffed by trained employees and volunteers.

The City's police officers and maintenance workers are represented by a collective bargaining unit of the International Brotherhood of Teamsters. The police contract is for a one-year term and expires June 30, 2018, and the maintenance workers contract is for a one-year term and expires June 30, 2018.

Electric power is supplied to the City by Alliant Energy and Linn County REC (Rural Electric Co.), and natural gas service is provided by MidAmerican Energy. Water service is provided to residents by the City Water Department that is governed by a City Water Board. Sewer lines are maintained by the City with all waste being pumped to a regional treatment facility.

Transportation

Interstate 380 runs through the City. It is part of the "Avenue of the Saints" which is a direct connection through the heartland from St. Louis to St. Paul. Via the Interstate system the City is approximately: 4 hours from Chicago; 4-1/2 hours from Milwaukee; 5 hours from Minneapolis, Omaha, or St. Louis; and 6 hours from Kansas City. Locally, the City is served by an area fixed route and ADA paratransit bus service. Three major railroads serve the Hiawatha/Cedar Rapids/Marion area: the Union Pacific, the Illinois Central Gulf and the Cedar Rapids and Iowa City Railroads.

The City is located within 10 miles of the Eastern Iowa Airport. The airport offers both cargo and passenger air service. The airport is served by approximately five airlines (four jet carriers) offering over 29 flights per day.

Education

The residents of the City are served by the Cedar Rapids Community School District with an enrollment of approximately 16,290. Two of the District's 21 elementary schools are located within the City. The District also has six middle schools and four high schools.

Post-secondary educational opportunities are readily available. Kirkwood Community College, Hamilton College, Mount Mercy College and Coe College are located within Cedar Rapids, only minutes from the City. The University of Iowa is located in Iowa City, which is 30 miles south of the City.

Community Life

The City has several City parks throughout the community. Other recreational and leisure opportunities are located throughout the Hiawatha/Cedar Rapids/Marion area. These opportunities include over 78 developed parks covering over 4,210 acres, as well as golf, professional baseball, basketball, hockey and automobile racing. Cultural facilities in the area include numerous museums and theaters, along with the Cedar Rapids Symphony Orchestra. The University of Iowa Hawkeyes in Iowa City, less than 30 miles from the City, offers spectator sports opportunities in the Big Ten college conference. Riverboat and casino gambling is offered in such cities as Dubuque, Clinton, Waterloo, Riverside and the Quad Cities, all within a 75 mile radius of the City.

SOCIOECONOMIC INFORMATION

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

Population

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

Population Comparison*(1)*

Year	The City	Percent Change	The County	Percent Change	The State	Percent Change
1960	1,336	n/a	136,899	n/a	2,757,537	n/a
1970	2,416	80.84%	163,213	19.22%	2,825,368	2.46%
1980	4,885	102.19%	169,775	4.02%	2,913,808	3.13%
1990	4,986	2.07%	168,767	(0.59%)	2,776,785	(4.70%)
2000	6,480	29.96%	191,701	13.59%	2,926,324	5.39%
2010	7,024	8.40%	211,226	10.19%	3,046,355	4.10%

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

Employment

Lists of major City employers and major area employers are shown below. The area list shows the diversity of the employers located within 50 miles of the City. The majority of City residents are employed throughout the County.

Major City Employers*(1)*

Name	Product/Service	Approximate Employment
The Go Daddy Group, Inc.	Website Hosting	700
Windstream Communications	Communications	450
Crystal Group Inc.	Industrial Computers	170
CCB Packaging, Inc.	Packaging	140
Wolfe Eye Clinic/Mercy Medical Park	Health Care	130
Fisher Printers, Inc.	Printing	120
J & A Printing, Inc.	Commercial Printing	100
Cedar Graphics, Inc.	Printing	95
Parker - Hannifin, Corp	Manufacturing	88
Ready Wireless, LLC	Cellular Telephones	85
Climate Engineers, Inc.	Sheet Metal Fabrication	80

Note: (1) Source: Area Chamber of Commerce and the 2018 Manufacturers' News Inc.

Major Area Employers*(1)*

Location	Name	Product/Service	Approximate Employment
Iowa City	University of Iowa	Education	18,650
Iowa City	University of Iowa Hospitals & Clinics	Health Care	11,620
Cedar Rapids	Rockwell-Collins, Inc.	Communications Instruments	8,700
Waterloo	John Deere	Manufacturing	5,600
Cedar Rapids	Transamerica Insurance Group	Insurance	3,800
Cedar Rapids	Unity Point Health/St. Luke's Hospital	Health Care	2,979
Cedar Rapids	Cedar Rapids Community Schools	Education	2,879
Waterloo	Tyson Fresh Meats	Meat Processing	2,700
Cedar Rapids	Hy-Vee	Grocery Store	2,326
Cedar Rapids	Nordstrom Direct	Distribution	2,150
Cedar Rapids	Mercy Medical Center.	Health Care	2,140
Amana	Whirlpool Corporation	Equipment Manufacturing	2,100
Cedar Rapids/Iowa City	Pearson Educational Measurement	Education Publishing	1,765
Iowa City	Veteran's Affairs Medical Center	Health Services	1,562
Cedar Rapids	City of Cedar Rapids	Government	1,470
Cedar Rapids	Four Oaks	Non-Profit	1,100
Cedar Rapids	Linn-Mar Community School District	Education	987

Note: (1) Source: Area Chamber of Commerce, Cedar Rapids Metro Economic Alliance – 2017, selected telephone surveys and the 2018 Manufacturers' News Inc.

The following tables show employment by industry and by occupation for the City, the County and the State as reported by the U.S. Census Bureau 2012 - 2016 American Community Survey 5-year estimated values.

Employment By Industry*(1)*

	The City		The County		The State	
Classification	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	95	2.6%	1,148	1.0%	61,676	3.9%
Construction	133	3.6%	7,423	6.4%	98,744	6.2%
Manufacturing	670	18.2%	19,338	16.7%	241,775	15.2%
Wholesale trade	115	3.1%	3,070	2.7%	45,637	2.9%
Retail trade	524	14.2%	15,161	13.1%	184,920	11.7%
Transportation and warehousing, and utilities	163	4.4%	5,973	5.2%	73,083	4.6%
Information	98	2.7%	2,728	2.4%	27,781	1.8%
Finance and insurance, and real estate and rental and leasing	284	7.7%	8,678	7.5%	120,220	7.6%
Professional, scientific, and management, and administrative and waste management services	243	6.6%	11,322	9.8%	114,113	7.2%
Educational services, and health care and social assistance	755	20.5%	25,698	22.2%	386,743	24.4%
Arts, entertainment, and recreation, and accommodation and food services	315	8.5%	8,029	6.9%	115,726	7.3%
Other services, except public administration	226	6.1%	4,466	3.9%	67,384	4.2%
Public administration	69	1.9%	2,600	2.2%	49,376	3.1%
Total	3,690	100.0%	115,634	100.0%	1,587,178	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2012 - 2016.

Employment By Occupation*(1)*

	The City		The County		The State	
Classification	Number	Percent	Number	Percent	Number	Percent
Management, business, science, and arts occupations	1,279	34.7%	44,731	38.7%	554,422	34.9%
Service occupations	831	22.5%	17,161	14.8%	261,576	16.5%
Sales and office occupations	716	19.4%	28,801	24.9%	364,658	23.0%
Natural resources, construction, and maintenance occupations	250	6.8%	9,906	8.6%	148,783	9.4%
Production, transportation, and material moving occupations	614	16.6%	15,035	13.0%	257,739	16.2%
Total	3,690	100.0%	115,634	100.0%	1,587,178	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2012 - 2016.

The following shows the annual average unemployment rates for the County, the State and the United States.

Annual Average Unemployment Rates*(1)(2)*

Calendar Year	The County	The State	United States
2008	4.1%	4.2%	5.8%
2009	6.1%	6.4%	9.3%
2010	6.0%	6.0%	9.6%
2011	5.7%	5.5%	8.9%
2012	5.2%	5.1%	8.1%
2013	5.0%	4.7%	7.4%
2014	4.4%	4.2%	6.2%
2015	3.9%	3.7%	5.3%
2016	3.7%	3.5%	4.9%
2017(2)	3.6%	3.6%	4.7%

Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.
(2) Not seasonally adjusted.
(3) Preliminary rates for the month of December 2017.

Building Permits

Residential building permits have averaged $5,838,793 over the last five years in the City, excluding the value of land.

City Building Permits*(1)*
(Excludes the Value of Land)

Calendar	Single-Family		Multi-Family			Commercial/Industrial		
Year	Permits	Value	Permits	Units	Value	Permits	Value	Total Value
2008	15	$2,029,015	0	0	$ 0	9	$ 3,987,228	$ 6,016,243
2009	11	1,668,090	0	0	0	8	7,131,645	8,799,735
2010	19	2,322,476	0	0	0	11	2,442,835	4,765,311
2011	19	3,180,442	1	4	290,000	19	11,803,235	14,983,677
2012	15	2,297,031	0	0	0	4	3,536,608	5,833,639
2013	14	2,999,122	1	2	230,476	7	4,219,000	7,218,122
2014	14	2,945,228	4	4	880,000	9	2,165,080	5,110,308
2015	22	5,996,212	0	0	0	10	13,317,299	19,313,511
2016	28	7,693,869	0	0	0	10	5,454,930	13,148,799
2017	29	9,559,532	0	0	0	7	16,182,106	25,741,639

Note: (1) Source: the City.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was $138,200. This compares to $148,600 for the County and $132,800 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2012 - 2016 American Community Survey.

Home Values*(1)*

	The City		The County		The State	
Value	Number	Percent	Number	Percent	Number	Percent
Less than $50,000	476	27.1%	4,077	6.3%	94,855	10.7%
$50,000 to $99,999	209	11.9%	9,334	14.4%	210,180	23.8%
$100,000 to $149,999	312	17.7%	19,471	30.1%	198,528	22.5%
$150,000 to $199,999	225	12.8%	13,359	20.7%	151,979	17.2%
$200,000 to $299,999	428	24.3%	11,976	18.5%	139,989	15.9%
$300,000 to $499,999	75	4.3%	4,813	7.4%	65,586	7.4%
$500,000 to $999,999	6	0.3%	1,309	2.0%	17,262	2.0%
$1,000,000 or more	27	1.5%	319	0.5%	4,740	0.5%
Total	1,758	100.0%	64,658	100.0%	132,800	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 - 2016.

Mortgage Status*(1)*

	The City		The County		The State	
Mortgage Status	Number	Percent	Number	Percent	Number	Percent
Housing units with a mortgage	831	47.3%	43,787	67.7%	537,848	60.9%
Housing units without a mortgage	927	52.7%	20,871	32.3%	345,271	39.1%
Total	1,758	100.0%	64,658	100.0%	883,119	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 - 2016.

Income

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of $52,174. This compares to $79,689 for the County and $69,419 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2012 - 2016 American Community Survey.

Family Income*(1)*

	The City		The County		The State	
Income	Number	Percent	Number	Percent	Number	Percent
Less than $10,000	41	2.2%	1,287	2.3%	26,246	3.3%
$10,000 to $14,999	60	3.2%	1,092	2.0%	17,702	2.2%
$15,000 to $24,999	95	5.1%	2,584	4.7%	48,901	6.1%
$25,000 to $34,999	349	18.8%	3,840	7.0%	64,651	8.1%
$35,000 to $49,999	363	19.6%	6,162	11.2%	104,560	13.1%
$50,000 to $74,999	286	15.4%	10,710	19.4%	173,454	21.7%
$75,000 to $99,999	233	12.6%	10,619	19.2%	138,749	17.4%
$100,000 to $149,999	271	14.6%	11,591	21.0%	141,473	17.7%
$150,000 to $199,999	105	5.7%	4,172	7.6%	45,120	5.6%
$200,000 or more	53	2.9%	3,170	5.7%	37,808	4.7%
Total	1,856	100.0%	55,227	100.0%	798,664	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 to 2016.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of $43,713 This compares to $60,989 for the County and $54,570 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2012 - 2016 American Community Survey.

Household Income*(1)*

	The City		The County		The State	
Income	Number	Percent	Number	Percent	Number	Percent
Less than $10,000	95	3.2%	4,098	4.7%	75,624	6.1%
$10,000 to $14,999	150	5.1%	3,615	4.1%	60,809	4.9%
$15,000 to $24,999	297	10.0%	8,067	9.2%	126,359	10.2%
$25,000 to $34,999	529	17.9%	8,742	9.9%	129,439	10.4%
$35,000 to $49,999	556	18.8%	11,455	13.0%	175,853	14.2%
$50,000 to $74,999	501	16.9%	16,826	19.1%	246,562	19.8%
$75,000 to $99,999	325	11.0%	13,444	15.3%	172,210	13.9%
$100,000 to $149,999	345	11.7%	13,643	15.5%	162,741	13.1%
$150,000 to $199,999	105	3.6%	4,567	5.2%	49,988	4.0%
$200,000 or more	53	1.8%	3,549	4.0%	43,056	3.5%
Total	2,956	100.0%	88,006	100.0%	1,242,641	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2012 - 2016.

Agriculture

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

Average Value Per Acre*(1)*

	2013	2014	2015	2016	2017
Average Value Per Acre:					
Linn County	$10,175	$9,658	$9,093	$8,578	$8,748
State of Iowa	8,716	7,943	7,633	7,183	7,326

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

Local Option Sales Tax

The City approved a 1% local option sales and service tax ("Local Option Tax") at a special referendum. The Local Option Tax for the City first became effective July 1, 2009. The City renewed the Local Option Tax on August 21, 2013 to be effective July 1, 2014 until June 30, 2024. The City's Local Option Tax referendum question stated that proceeds of such tax would be designated for up to 10% property tax relief and all remaining proceeds for any lawful purpose.

Once approved, a Local Option Tax can only be repealed through a public referendum at which a majority voting approve the repeal or tax rate change. Contiguous municipalities are one unit for this purpose. If a Local Option Tax is not imposed county-wide, then the question of repeal is voted upon only by voters in such areas of a county where the tax has been imposed. A Local Option Tax may not be repealed within one year of the effective date.

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

75 percent: Based on a pro rata share of population (the most recent certified federal census) of those incorporated or unincorporated areas in a county which have approved a Local Option Tax.

25 percent: Based on a pro rata share of total property tax dollars levied during the three year period beginning July 1, 1982, through June 30, 1985, for those incorporated or unincorporated areas of a county which have approved a Local Option Tax.

Local Option Taxes are based on the same sales currently taxed by the state-wide 6% sales and services tax, with the present statutory exceptions of (i) certain sales of motor fuel or special fuel as defined in Chapter 452A, (ii) the rental of rooms, apartments or sleeping quarters taxed under Chapter 423A (hotel/motel tax) during the period the hotel/motel tax is imposed, (iii) the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, (iv) the sales price from a pay television service consisting of a direct-to-home satellite service, (v) the sale of equipment by the State Department of Transportation or (vi) certain construction-related equipment and other items.

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

Local Option Tax Receipts*(1)*

Fiscal Year Ending June 30	Local Option Sales Tax Receipts(2)	Percent Change +(-)
2010	$902,872	n/a
2011	972,274	7.69%
2012	910,617	(6.34%)
2013	927,617	1.87%
2014	964,148	3.94%
2015	890,553	(7.63%)
2016	922,473	3.58%
2017	916,845	(0.61%)
2018	868,828 (3)	(5.24%)

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

Retail Sales

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

Retail Taxable Sales*(1)*

Fiscal Year Ending June 30	Taxable Sales	Annual Percent Change + (-)
2008(2)	$ 91,520,634	n/a
2009	88,536,862	(3.26%)
2010	94,649,340	6.90%
2011	92,001,630	(2.80%)
2012	104,529,277	13.62%
2013	103,764,832	(0.73%)
2014	112,654,640	8.57%
2015	121,727,894	8.05%
2016	123,956,635	1.83%
2017	142,071,960	14.61%

Growth from 2008 to 2017 ..... 55.23%

Notes: (1) Source: the Iowa Department of Revenue.
(2) Fiscal year 2008 amounts reflect a year ending March 31st.

THE PROJECT

The proceeds of the Notes are expected to be used to: (i) finance various essential and general corporate purpose projects, (ii) finance enlarging, improving, equipping and furnishing the existing public library facility located on Willman Street (together with the improvements in (i), the "Project"), and (iii) pay the costs of issuing the Notes.

The Project includes: the widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds; the construction, reconstruction, and repairing of any street improvements, bridges, grade crossing separations and approaches; the acquisition, installation, and repair of sidewalks, culverts, retaining walls, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes; acquisition, construction, reconstruction, enlargement, improvement, and equipping of Fire Station #1, and the acquisition of any real estate needed for the foregoing purpose.

DEFAULT RECORD

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

SHORT-TERM BORROWING

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

DEBT INFORMATION

After issuance of the Notes, the City will have outstanding $25,460,000* principal amount of general obligation debt.

The City has a general obligation legal debt limit equal to 5% of Actual Valuation. For the January 1, 2016 Actual Valuation of $590,145,949 (including tax increment valuation and excluding military exemption valuation) applied to fiscal year 2017/18, the total limit is $29,507,297. Including the Notes, the estimated principal amount of bonded and non-bonded debt applicable to this limit is $26,269,825*, resulting in a net legal debt margin of $3,237,472*.

The City does not expect to issue any additional general obligation debt in calendar year 2018.

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

Capital Loan Notes, Series 2011	$ 1,820,000
Capital Loan Notes, Series 2011B	395,000
Capital Loan Notes, Series 2012A	910,000
Taxable Refunding Capital Loan Notes, Series 2012B	595,000
Capital Loan Notes, Series 2013A	2,725,000
Refunding Capital Loan Notes, Series 2013B	3,225,000
Taxable Capital Loan Notes, Series 2013C	785,000
Bonds, Series 2014A	2,070,000
Capital Loan Notes, Series 2015	2,600,000
Capital Loan Notes, Series 2016A	2,595,000
Capital Loan Notes, Series 2017	5,265,000
The Notes(2)	2,475,000
Total(2)	$25,460,000

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

**Subject to change.*

The remainder of this page was left blank intentionally.

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

Fiscal Year Ending June 30	Series 2011	Series 2011B	Series 2012A	Series 2012B	Series 2013A	Series 2013B	Series 2013C	Series 2014A	Series 2015	Series 2016A	Series 2017
2018	$ 175,000	$ 60,000	$120,000	$ 80,000	$ 335,000	$ 340,000	$ 90,000	$ 210,000	$ 605,000	$ 345,000	$ 510,000
2019	180,000	65,000	125,000	80,000	335,000	340,000	95,000	215,000	205,000	355,000	505,000
2020	185,000	65,000	125,000	80,000	340,000	345,000	95,000	215,000	210,000	345,000	520,000
2021	195,000	65,000	130,000	85,000	340,000	350,000	100,000	225,000	210,000	120,000	525,000
2022	200,000	70,000	135,000	85,000	340,000	360,000	100,000	225,000	215,000	120,000	540,000
2023	205,000	70,000	135,000	90,000	345,000	360,000	100,000	235,000	220,000	125,000	235,000
2024	220,000	0	140,000	95,000	345,000	365,000	100,000	240,000	225,000	130,000	240,000
2025	225,000	0	0	0	345,000	380,000	105,000	250,000	225,000	135,000	245,000
2026	235,000	0	0	0	0	385,000	0	255,000	240,000	140,000	255,000
2027	0	0	0	0	0	0	0	0	245,000	145,000	260,000
2028	0	0	0	0	0	0	0	0	0	150,000	265,000
2029	0	0	0	0	0	0	0	0	0	155,000	280,000
2030	0	0	0	0	0	0	0	0	0	160,000	285,000
2031	0	0	0	0	0	0	0	0	0	170,000	295,000
2032	0	0	0	0	0	0	0	0	0	0	305,000
Total	$1,820,000	$395,000	$910,000	$595,000	$2,725,000	$3,225,000	$785,000	$2,070,000	$2,600,000	$2,595,000	$5,265,000

Fiscal Year Ending June 30	Total Outstanding G.O. Debt	The Notes(2)	Less: GO Debt Paid by TIF(2)	Total Property Tax Debt(2)	Cumulative Retirement(2) Amount	Cumulative Retirement(2) Percent
2018	$ 2,870,000	$ 0	$(1,247,000)	$ 1,623,000	$ 1,623,000	9.74%
2019	2,500,000	85,000	(1,004,500)	1,580,500	3,203,500	19.22%
2020	2,525,000	145,000	(1,028,000)	1,642,000	4,845,500	29.07%
2021	2,345,000	150,000	(927,000)	1,568,000	6,413,500	38.48%
2022	2,390,000	150,000	(945,000)	1,595,000	8,008,500	48.05%
2023	2,120,000	155,000	(823,500)	1,451,500	9,460,000	56.76%
2024	2,100,000	160,000	(770,000)	1,490,000	10,950,000	65.70%
2025	1,910,000	165,000	(686,000)	1,389,000	12,339,000	74.03%
2026	1,510,000	165,000	(602,500)	1,072,500	13,411,500	80.47%
2027	650,000	170,000	(200,000)	620,000	14,031,500	84.19%
2028	415,000	175,000	(105,000)	485,000	14,516,500	87.10%
2029	435,000	180,000	(110,000)	505,000	15,021,500	90.13%
2030	445,000	185,000	(110,000)	520,000	15,541,500	93.25%
2031	465,000	190,000	(115,000)	540,000	16,081,500	96.49%
2032	305,000	195,000	(120,000)	380,000	16,461,500	98.77%
2033	0	205,000	(0)	205,000	16,666,500	100.00%
Total	$22,985,000	$2,475,000	$(8,793,500)	$16,666,500		

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

Statement of Bonded Indebtedness*(1)(2)*

City Actual Value, January 1, 2016 ..... $590,252,718
City Taxable Value, January 1, 2016 ..... $413,263,911

	Total	Applicable Percent	Applicable Amount	Per Capita Ratio to City Actual Value	Ratio to City Taxable Value	(2010 Pop. 7,024
Direct Bonded Debt(3)	$ 25,460,000	100.00%	$25,460,000	4.31%	6.16%	$3,624.72
Less: Direct Debt Paid From Other Sources	(8,793,500)	100.00%	(8,793,500)	(1.49%)	(2.13%)	(1,251.92)
Net Direct General Obligation Debt(3)	$ 16,666,500		$16,666,500	2.82%	4.03%	$2,372.80
Overlapping Debt:						
Cedar Rapids Community School District(4)	$ 11,080,000	7.39%	$ 818,812	0.14%	0.20%	$ 116.57
Kirkwood Community College(5)	133,387,559	1.65%	2,200,895	0.37%	0.53%	313.34
Linn County	23,980,000	3.73%	894,454	0.15%	0.22%	127.34
Total Overlapping Bonded Debt			$ 3,914,161	0.66%	0.95%	$ 557.25
Total Direct and Overlapping Bonded Debt(3)			$20,580,661	3.48%	4.98%	$2,930.05

Per Capita Actual Value $84,033.70
Per Capita Taxable Value $58,835.98

Notes: (1) Source: the City, Audited Financial Statements and most recent Continuing Disclosure Filings on EMMA for the School District, Community College and County.
(2) As of the date of issuance for the Direct Bonded Debt and February 27, 2018 for Overlapping Debt.
(3) Subject to change.
(4) Does not include the School Infrastructure Sales, Services and Use Tax Revenue Debt.
(5) Excludes $33,665,000 in Industrial New Jobs Training Certificates, which are retired by proceeds from anticipated job credits from withholding taxes.

PROPERTY ASSESSMENT AND TAX INFORMATION

Property Tax Assessment

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

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

Percentages for Taxable Valuation After Rollbacks*(1)*

Fiscal Year	Residential	Multi-Residential(2)	Ag Land & Buildings	Commercial
2009/10	45.5893%	N/A	93.8568%	100.0000%
2010/11	46.9094%	N/A	66.2715%	100.0000%
2011/12	48.5299%	N/A	69.0152%	100.0000%
2012/13	50.7518%	N/A	57.5411%	100.0000%
2013/14	52.8166%	N/A	59.9334%	100.0000%
2014/15	54.4002%	N/A	43.3997%	95.0000%
2015/16	55.7335%	N/A	44.7021%	90.0000%
2016/17	55.6259%	86.2500%	46.1068%	90.0000%
2017/18	56.9391%	82.5000%	47.4996%	90.0000%
2018/19	55.6209%	78.7500%	54.4480%	90.0000%

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

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following tax year. For example, the assessments finalized on January 1, 2016, are used to calculate tax liability for the tax year starting July 1, 2017 through June 30, 2018.

Property Tax Collection

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

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

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

Property Class / Fiscal Year: / Levy Year:	2014/15 2013	2015/16 2014	2016/17 2015	2017/18 2016	Preliminary 2018/19 2017
Residential	$306,427,500	$312,366,000	$317,108,900	$325,991,400	$346,613,600
Agricultural	1,793,000	1,768,000	1,898,200	1,699,231	1,536,918
Commercial	207,194,800	211,909,300	196,037,038	203,685,138	230,023,404
Industrial	23,891,300	24,441,000	25,003,000	25,146,200	25,802,400
Multi-residential(3)	0	0	21,098,362	21,124,562	21,279,296
Railroads	62,383	70,870	67,255	74,425	70,169
Utilities without Gas and Electric(4)	1,324,278	1,082,613	1,002,564	1,009,557	1,011,454
Gas and Electric Utility(4)	9,089,955	9,884,257	11,016,262	11,972,332	13,493,117
Other(5)	0	0	0	106,769	91,882
Less: Military Exemption	(594,492)	(569,860)	(554,844)	(556,896)	(554,944)
Total	$549,188,724	$560,952,180	$572,676,737	$590,252,718	$639,367,296
Percent Change +(-)	3.36%(6)	2.14%	2.09%	3.07%	8.32%

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

January 1:	2013	2014	2015	2016	2017
TIF Valuation	$62,242,545	$63,812,447	$52,540,365	$65,835,819	$70,126,923

(3) New Class as of January 1, 2015, previously reported as Commercial Property.
(4) See **"PROPERTY TAX INFORMATION - Utility Property Tax Replacement"** herein.
(5) Includes any City Agricultural Valuation in TIF increment.
(6) Based on 2012 Actual Valuation of $531,334,936.

The remainder of this page was left blank intentionally.

For the January 1, 2017 levy year, the City's Taxable Valuation was comprised of approximately 43% residential, 47% commercial, 5% industrial, 4% multi-residential, 1% utilities and less than 1% agriculture and military exemption.

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

Property Class	Fiscal Year: / Levy Year:	2014/15 / 2013	2015/16 / 2014	2016/17 / 2015	2017/18 / 2016	Preliminary 2018/19 / 2017
Residential		$166,696,976	$174,092,599	$176,394,720	$185,616,688	$192,789,799
Agricultural		778,155	790,336	875,198	751,066	794,962
Commercial		196,835,060	190,718,370	176,433,334	183,316,624	207,021,064
Industrial		22,696,735	21,996,900	22,502,700	22,631,580	23,222,160
Multi-residential(3)		0	0	18,197,352	17,427,794	16,757,467
Railroads		59,264	63,783	60,530	66,983	63,152
Utilities without Gas and Electric(4)		1,324,278	1,082,614	1,002,564	1,009,557	1,011,454
Gas and Electric Utility(4)		3,239,074	3,130,598	3,072,218	2,997,592	2,852,686
Less: Military Exemption		(594,492)	(566,853)	(551,919)	(553,973)	(551,975)
Total		$391,035,050	$391,308,347	$397,986,697	$413,263,911	$443,960,769
Percent Change +(-)		1.37%(5)	0.07%	1.71%	3.84%	7.43%

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

January 1:	2013	2014	2015	2016	2017
TIF Valuation	$62,242,545	$63,812,447	$52,540,365	$65,835,819	$70,126,923

(3) New Class as of January 1, 2015, previously reported as Commercial Property.
(4) See **"PROPERTY TAX INFORMATION - Utility Property Tax Replacement"** herein.
(5) Based on 2012 Taxable Valuation of $385,739,477.

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

Tax Extensions and Collections*(1)*

Levy Year	Fiscal Year	Amount Levied	Amount Collected(2)	Percent Collected
2008	2009-10	$4,113,284	$4,175,612	101.52%
2009	2010-11	4,572,504	4,623,136	101.11%
2010	2011-12	4,608,485	4,672,957	101.40%
2011	2012-13	4,702,727	4,669,303	99.29%
2012	2013-14	5,213,629	5,225,654	100.23%
2013	2014-15	5,193,229	5,162,938	99.42%
2014	2015-16	5,236,403	5,493,244	104.90%
2015	2016-17	5,503,027	5,503,120	100.00%
2016	2017-18	5,565,230	- -In Collection - -	

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

Principal Taxpayers*(1)*

Taxpayer Name	Business/Service	Levy Year 2016 Taxable Valuation(2)
Warrior Enterprises LLC	Trucking/Transportation	$ 7,141,410
Ahmann Properties, LLC.	Real Estate	5,610,690
CCB Packaging Inc.	Manufacturing	5,276,790
Longfellow Square LC	Real Estate	5,175,900
Next Level 22 Properties	Auto Dealership	5,077,710
HS Property, LLC	Commercial Real Estate	4,891,770
1250 Property LLC	Real Estate	4,140,000
Hiawatha Care Center Inc	Health Care	4,050,338
LAJ LC	Real Estate	3,941,100
Woodcrest Partners, LLC	Multi-Residential	3,492,759
Total		$48,798,467
Ten Largest Taxpayers as Percent of City's 2016 Taxable Valuation ($413,263,911)		11.81%

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

Levy Limits

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

The property tax rates for the City from levy year 2012 through levy year 2016 are shown below:

Property Tax Rates: Levy Years 2012 - 2016*(1)(2)*
(Per $1,000 Actual Valuation)

Fiscal Year: / Levy Year:	2013/14 2012	2014/15 2013	2015/16 2014	2016/17 2015	2017/18 2016
City:					
General Fund	$ 8.10000	$ 8.10000	$ 8.10000	$ 8.10000	$ 8.10000
Emergency Levy	0.00000	0.00000	0.00000	0.00000	0.00000
Debt Service Fund	3.98802	4.06056	3.88905	4.51691	4.04423
Employee Benefits	2.51061	2.45416	2.81599	2.79478	3.01114
Capital Improvement	0.00000	0.00000	0.00000	0.00000	0.00000
Other	0.58571	0.59011	0.60363	0.00000	0.25643
Total City	$15.18434	$15.20483	$15.40867	$15.41169	$15.41180
Linn County	$ 6.11191	$ 6.14191	$ 6.14225	$ 6.14108	$ 6.14108
Cedar Rapids Community School District	15.47881	15.48446	15.38030	15.37507	15.37529
Kirkwood Community College	1.06473	1.05754	1.06125	1.08048	1.13174
Other	0.25694	0.42115	0.41229	0.37645	0.37224
Total Tax Rate	$38.09673	$38.30989	$38.40476	$38.38477	$38.43215

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

Tax Levy Procedures

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

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

Utility Property Tax Replacement

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

By statute, the replacement tax collected by the State and allocated among local taxing bodies (including the City) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. It is possible that the general obligation debt capacity of the City could be adjudicated to be proportionately reduced in future years if Utility property were determined to be other than "taxable property" for purposes of computing the City's debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the City can issue or (ii) adversely affect the City's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Notes. Approximately 1% of the City's levy year 2017 taxable valuation currently is utility property.

Tax Increment Financing

The Code of Iowa currently authorizes the use of two types of tax increment financing by local taxing districts in the State of Iowa. The first type allows local governments to establish TIF districts to be established for the purposes of financing designated urban renewal projects which contribute to the urban redevelopment and economic development of the immediate area. The taxable valuation for this type of TIF district in the City for levy year 2017 was $70,126,923.

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

Legislation

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

subsequent thereto or with respect to any pending federal or state tax legislation.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigns a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) creates a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) and assigns a declining rollback percentage to such properties for each year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempts a specified portion of the assessed value of telecommunication properties.

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

Given the wide scope of the statutory changes, and the State's discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the Act on the City's future property tax collections is uncertain and the City has not attempted to quantify the financial impact of the Act's provisions on the City's future operations. It has been projected by Moody's Investor Service that local governments in Iowa are likely to experience sizeable reductions in tax revenues collected starting in fiscal 2018[1]. According to Moody's, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of multi-residential developments (such as college towns), or significant amounts of telecommunications property.

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

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

[1] US Public Finance Weekly Credit Outlook, May 30, 2013, Moody's Investors Service.

FINANCIAL INFORMATION

Financial Reports

The City's financial statements are audited annually by certified public accountants. The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the "Excerpted Financial Information") contained in this "**FINANCIAL INFORMATION**" section are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended June 30, 2017 (the "2017 Audit"). The 2017 Audit has been prepared by the Office of Auditor State of Iowa, Des Moines, Iowa, (the "Auditor"), and received by the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information and the 2017 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information and the 2017 Audit in this Official Statement. The inclusion of the Excerpted Financial Information and the 2017 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2017 Audit. Questions or inquiries relating to financial information of the City since the date of the 2017 Audit should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the City's 2017 Audit. The City's expects its General Fund balance for the fiscal year ending June 30, 2018 to decrease by approximately $140,000. The City has approved a budget for fiscal year 2019 with an anticipated increase to the General Fund by approximately $48,000.

The remainder of this page was left blank intentionally.

FINANCIAL INFORMATION

Cash Basis Statement of Activities and Net Position
Governmental Activities*(1)*

	Audited Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
FUNCTIONS/PROGRAMS:					
Governmental Activities:					
Public Safety	$ (1,759,906)	$ (1,887,412)	$ (1,996,893)	$ (2,023,767)	$ (2,229,302)
Public Works	3,143	43,849	30,264	113,790	(16,740)
Health and Social Services	(14,500)	(20,000)	(20,000)	(20,000)	(20,000)
Culture and Recreation	(514,787)	(606,318)	(682,506)	(772,956)	(782,824)
Community and Economic Development	(446,020)	(243,782)	(309,894)	(434,169)	(446,485)
General Government	(923,434)	(1,077,006)	(1,106,201)	(1,091,414)	(885,086)
Debt Service	(2,845,113)	(3,056,602)	(3,308,469)	(3,160,075)	(3,049,781)
Capital Projects	(3,172,128)	(2,703,411)	(3,267,064)	(4,138,814)	(3,121,500)
Total Governmental Activities	$ (9,672,745)	$ (9,550,682)	$(10,660,763)	$(11,527,405)	$(10,551,718)
GENERAL RECEIPTS AND TRANSFERS:					
Property and Other City Tax Levied for:					
General Purposes	$ 3,427,788	$ 3,759,717	$ 3,630,019	$ 3,946,743	$ 3,745,140
Debt Service	1,347,385	1,547,585	1,565,367	1,582,300	1,790,956
Tax Increment Financing	2,037,467	1,725,842	1,979,524	2,113,286	1,684,560
Local Option Sales Tax	887,535	938,472	884,979	933,893	996,530
Unrestricted Interest on Investments	8,897	7,551	8,135	8,818	17,347
Note Proceeds, Net	4,950,223	2,673,188	3,884,424	3,029,760	5,468,443
Payment to Refunding Bond Agent	0	0	(1,205,000)	(925,000)	(1,445,000)
Sale of Capital Assets	0	171,156	0	0	0
Miscellaneous	133,361	6,500	389,297	302,916	491,624
Primary Government Transfers	0	0	7,500	7,500	7,500
Component Unit Transfers	71,397	60,127	59,832	57,472	90,450
Total General Receipts and Transfers	$12,864,553	$10,890,138	$ 11,204,077	$ 11,057,688	$ 12,847,550
Change in Cash Basis Net Position	$ 3,191,808	$ 1,339,456	$ 543,314	$ (469,717)	$ 2,295,832
Cash Basis Net Position, Beginning of Year	$ 6,162,294	$ 9,354,102	$10,693,558	$ 11,236,872	$ 10,767,155
Cash Basis Net Position, End of Year	$ 9,354,102	$10,693,558	$11,236,872	$ 10,767,155	$ 13,062,987
CASH BASIS NET POSITION:					
Restricted:					
Urban Renewal Purposes	$ 401,220	$ 205,974	$ 129,408	$ 253,084	$ 186,225
Debt Service	146,970	337,433	429,661	488,159	689,316
Streets	342,339	378,794	407,592	535,275	636,076
Liability Insurance	0	0	0	119,591	19,569
Capital Projects	4,505,881	5,207,809	5,641,678	5,345,652	7,673,392
Other Purposes	2,263,565	2,365,758	2,064,020	1,291,403	867,245
Unrestricted	1,694,127	2,197,790	2,564,513	2,733,991	2,991,164
Total Cash Basis Net Position	$ 9,354,102	$10,693,558	$11,236,872	$ 10,767,155	$ 13,062,987

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2013 - 2017.

The remainder of this page was left blank intentionally.

Statement of Cash Receipts, Disbursements and Changes in Cash Balances*(1)*
General Fund

	Audited Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
RECEIPTS:					
Property Tax	$2,560,835	$2,870,829	$2,812,693	$2,962,613	$2,767,662
Other City Tax	60,337	46,301	18,832	20,586	17,473
Licenses and Permits	217,390	211,064	246,189	297,796	643,832
Use of Money and Property	47,548	51,766	61,306	53,724	69,246
Intergovernmental	207,643	200,044	389,231	299,829	382,590
Charges for Service	383,988	326,183	463,726	341,673	423,673
Miscellaneous	158,878	193,056	127,083	126,581	145,353
Total Receipts	$3,636,619	$3,899,243	$4,119,060	$4,102,802	$4,449,829
DISBURSEMENTS:					
Operating:					
Public Safety	$1,634,531	$1,747,502	$1,931,341	$1,954,146	$2,308,636
Public Works	62,861	69,984	76,260	93,800	110,940
Health and Social Services	14,500	20,000	20,000	20,000	20,000
Culture and Recreation	698,574	727,902	778,390	829,983	877,618
Community and Economic Development	7,083	4,228	1,374	10,260	69
General Government	795,508	930,504	931,420	913,509	966,735
Total Disbursements	$3,213,057	$3,500,120	$3,738,785	$3,821,698	$4,283,998
Excess (Deficiency) of Receipts Over (Under) Disbursements	$ 423,562	$ 399,123	$ 380,275	$ 281,104	$ 165,831
Other Financing Sources (Uses):					
Transfers (Net)	$ (128,725)	$ (138,725)	$ (162,725)	$ (177,325)	$ (172,575)
Sale of Property	0	0	29,000	10,335	10,000
Total Other Financing Sources (Uses)	$ (128,725)	$ (138,725)	$ (133,725)	$ (166,990)	$ (162,575)
Change in Cash Balances	$ 294,837	$ 260,398	$ 246,550	$ 114,114	$ 3,256
Cash Balances Beginning of Year	773,086	1,067,923	1,328,321	1,574,871	1,688,985
Cash Balances End of Year	$1,067,923	$1,328,321	$1,574,871	$1,688,985	$1,692,241
CASH BASIS FUND BALANCES:					
Restricted for:					
Liability Insurance	$ 0	$ 0	$ 0	$ 119,591	$ 19,569
Other Purposes	81,709	0	0	0	0
Unassigned	986,214	1,328,321	1,574,871	1,569,394	1,672,672
Total Cash Basis Fund Balances	$1,067,923	$1,328,321	$1,574,871	$1,688,985	$1,692,241

Note: (1) Source: The City's audited financial statements for fiscal years ending June 30, 2013 - 2017.

EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

Pensions

The City also contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the City being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The City's share is payable from the applicable funds of the City. All contributions are on a current basis. See **APPENDIX A – Note 4** for additional information on IPERS.

The following table sets forth the contributions made by the City and employees to IPERS for the period indicated. The City has always made their full statutorily required contributions to IPERS. The City cannot predict the levels of funding that will be required in the future.

Fiscal Year	% of Payroll Paid by the City	% of Payroll Paid by Employee
2014	8.93%	5.95%
2015	8.93%	5.95%
2016	8.93%	5.95%
2017	8.93%	5.95%
2018	8.93%	5.95%

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

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for fiscal years noted below (collectively, the "IPERS CAFRs). A complete copy of the Reports can be obtained by visiting IPERS website at: http://www.ipers.org.

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered (Actuarial Value) {[b-a]/[c]}
2013	$24,711,096,187	$24,756,663,715	$30,498,342,320	$5,787,246,133	81.02%	$5,741,678,605	81.17	$6,880,131,134	84.12%
2014	26,460,428,085	28,038,549,893	32,004,456,088	5,544,028,003	82.68%`	3,965,906,195	87.61	7,099,277,280	78.09%
2015	27,915,379,103	28,429,834,829	33,370,318,731	5,454,939,628	83.65%	4,940,483,902	85.19	7,326,348,141	74.46%
2016	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86%	6,293,315,491	81.82	7,556,515,720	73.92%
2017	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39%	6,661,265,703	82.21	7,863,160,443	88.62%

Source: IPERS Reports.

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

Fiscal Year Ended June 30	Investment Return %
2013	10.12%
2014	15.88%
2015	3.96%
2016	2.15%
2017	11.70%

Source: IPERS Reports

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

At June 30, 2017, the City reported a liability of $1,736,262 for its proportionate share of the net pension liability for IPERS. The net pension liability is the amount by which the total actuarial liability exceeds the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2016, the City's collective proportion was 0.027589%. For additional information, see the City's Audited Financial Statements for Fiscal Year Ending June 30, 2017 in **APPENDIX A**.

Other Post-Employment Benefits (OPEB)

In June 2004, the Governmental Accounting Standards Board ("GASB") issued GASB 45, which address how state and local governments are required to account for and report their costs and obligations related to other post-employment benefits ("OPEB"), defined to include post-retirement healthcare benefits. GASB 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension establishes financial reporting standards designed to measure, recognize and display OPEB costs. OPEB costs would become measurable on an accrual basis of accounting, and contribution rates (actuarially determined) would be prescribed for funding such costs. The provisions of GASB 45 do not require governments to fund their OPEBs. The City may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however the unfunded actuarial liability is required to be amortized over future periods. The City currently finances the benefit plan on a month to month basis.

See **APPENDIX A – Notes (4)** and **(5)** herein for further discussion of the City's employee retirement benefit obligations.

REGISTRATION, TRANSFER AND EXCHANGE

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

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

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

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

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

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

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

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Note proceeds and facilities financed with Note proceeds, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Notes is excludable from gross income for federal income tax purposes. Interest on the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations for taxable years beginning before January 1, 2018.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

The interest on the Notes is not exempt from present Iowa income taxes. Ownership of the Notes may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

Qualified Tax-Exempt Obligations

The City does not reasonably expect to issue more than $10,000,000 in tax-exempt obligations in calendar year 2018 which must be taken into account and, accordingly, will designate the Notes as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes may be less than the amount payable on such Notes at maturity ("Discount Notes"). Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Notes may be greater than the amount of such Notes at maturity ("Premium Notes"). An amount equal to the difference between the initial public offering price of Premium Notes (assuming that a substantial amount of the Premium Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes a premium to the initial purchaser of such Premium Notes. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable note premium on Premium Notes for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Other Tax Advice

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Notes. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues herein covered by the opinion and with respect to the various state tax consequences of an investment in Notes.

Audits

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Reporting and Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Tax Legislation

On December 22, 2017 Public Law 115-97, the Tax Cuts and Jobs Act ("TCJA"), was signed into law. The TCJA and other future legislative proposals may prevent owners of the Notes from realizing the same benefits as under former law with respect to the tax status of interest on the Notes. Also, the TCJA and other future legislative proposals, or clarification of the Code, may affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the TCJA and other pending or proposed tax legislation, as to which Bond Counsel expresses no opinion.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Enforcement

Owners of the Notes shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Notes, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution authorizing issuance of the Notes (the "Note Resolution"). There is no note trustee or similar person to monitor or enforce the terms of the Note Resolution. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes may have to be enforced year to year.

The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Notes cannot foreclose on property within the boundaries of the Issuer or sell such property in order to pay the debt service on the Notes. In addition, the enforceability of the rights and remedies of owners of the Notes may be subject to limitation as set forth in Bond Counsel's opinion. The opinion to be delivered concurrently with the delivery of the Notes will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and to the exercise of judicial discretion, which may result in delay, in appropriate cases.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Note Resolution, including principal of and interest on the Notes.

Opinion

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

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).

CONTINUING DISCLOSURE

For the purpose of complying with Rule 15c2-12 of the Securities Exchange Commission, as amended and interpreted from time to time (the "Rule"), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Notes to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, is set forth in **"APPENDIX D – Form of Continuing Disclosure Certificate"**. This covenant is being made by the City to assist the Underwriter(s) in complying with the Rule.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Notes or Resolution, respectively. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Notes in the secondary market. Thus, a failure on the part of the City to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Notes and their market price.

In the last five years, the City failed to timely file notices of certain bond calls as required in previous undertakings. The City has now filed the notices of bond calls and has also filed the notices of the failure to file the bond calls.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

OPTIONAL REDEMPTION

Notes due June 1, 2019 - 2026 inclusive, are not subject to optional redemption. Notes due June 1, 2027 - 2033, inclusive, are callable in whole or in part on any date on or after June 1, 2026, at a price of par and accrued interest. If less than all the Notes are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

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

LITIGATION

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

LEGAL MATTERS

The Notes are subject to approval as to certain legal matters by Ahlers & Cooney, P.C., Des Moines, Iowa, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the sections regarding **"TAX MATTERS"**, and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto. A legal opinion in substantially the form set forth in **APPENDIX C** to this Official Statement will be delivered at closing.

The legal opinion to be delivered concurrently with the delivery of the Notes expresses the professional judgment of the attorneys rendering the opinion as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, the enforceability of the rights and remedies of owners of the Notes may be subject to limitation as set forth in the Bond Counsel's opinion. The opinion will state, in part, that the obligation of the City with respect to the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and to the exercise of judicial discretion in appropriate cases.

OFFICIAL STATEMENT AUTHORIZATION

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

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

INVESTMENT RATING

The City has supplied certain information and material concerning the Notes and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Notes. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Notes. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

UNDERWRITING

The Notes were offered for sale by the City at a public, competitive sale on April 4, 2018. The best bid submitted at the sale was submitted by _____ (the "Underwriter"). The City awarded the contract for sale of the Notes to the Underwriter at a price of $_____ (reflecting the par amount of $_____, plus a reoffering premium of $_____, and less an Underwriter's discount of $_____). The Underwriter has represented to the City that the Notes have been subsequently re-offered to the public initially at the yields or prices set forth in the on the cover of the Final Official Statement.

MUNICIPAL ADVISOR

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

CERTIFICATION

We have examined this Official Statement dated March __, 2018, for the $2,475,000* General Obligation Capital Loan Notes, Series 2018, believe it to be true and correct and will provide to the purchaser of the Notes at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief, information in the Official Statement was at the time of acceptance of the bid for the Notes and, including any addenda thereto, was at the time of delivery of the Notes true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **KELLY KORNEGOR**
City Clerk
CITY OF HIAWATHA
Linn County, Iowa

/s/ **BILL BENNETT**
Mayor
CITY OF HIAWATHA
Linn County, Iowa

**Subject to change.*