

City Council learns borrowing capacity strong

July 13, 2016

By MIKE DONAHEY - Staff Writer (mdonahey@timesrepublican.com) , Times-Republican

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With a quorum present, the Marshalltown City Council voted 4-0 at special Tuesday noon meeting to accept a bid from Raymond James & Associates, Inc. for the purchase of \$5 million in general obligation corporate purpose bonds.

"The city will apply the funds to storm water improvements at Second Avenue and Ingledue Streets," said Marshalltown Public Works Director Justin Nickel.

"Levee work on Linn Creek and the Iowa River is planned as well as undetermined 2017 street work projects."

Article Photos



T-R PHOTO BY MIKE DONAHEY

A new fire truck will be purchased too.

Marshalltown will repay the Grosse Pointe Farms, Mich. company \$5,129,218.70 at a true interest rate of 1.6126 percent.

Maggie Burger, senior vice president with Speer Financial, Inc. of Chicago, Illinois and Waterloo, made the recommendation to accept.

Burger cited Raymond James' favorable interest rate as a positive factor in her recommendation.

Speer Financial assists and advises the city on bond sales and other financial matters.

City borrowing capacity

Burger also reported on the city's outstanding debt and borrowing capacity.

"After today's award to Raymond James, the city has \$28.7 million in general obligation debt and \$39,575,606 available in borrowing capacity," she said.

The Raymond James award and passage of a \$17.5 million bond referendum for a joint police-fire building Aug. 2 would provide the city adequate borrowing power.

"The debt capacity following issuance of \$17.5 million - if approved by Marshalltown voters - will give the city \$22,075,606 remaining in bonding capacity," said Burger.

"A \$17.5 million general obligation sale fits into position in Marshalltown vs. other communities comparable in size."

Burger complimented the city on its rapid payback of past general obligation bond payments which has contributed to the city's current Aa2 rating by Moody's Investor Service on general obligation service, according to material Burger presented to the city council, the Times-Republican and public.

One of Marshalltown's strengths is a healthy financial profile characterized by ample reserves and prudent budgetary management, according to the Moody' report.

Other bidders

Also submitting bids on the \$5 million general obligation issuance were UMB Bank, NA, of Kansas City, Cantor Fitzgerald, Memphis, Tenn., Robert W. Baird & Co., Milwaukee, Wis., FTN Financial Capital Markets, Shelby, Tenn., and Bankers' Bank, Madison, Wis.

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City of Marshalltown, Marshall County, Iowa

\$17,500,000 General Obligation Bonds, Series 2017

Police/Fire Station Project

Date of Bonds: 01/Jun/17

| Date | Principal | Estimated Interest Rate | Interest | Principal and Interest | Fiscal Year | Estimated Series 2017 Debt Service | Total | Estimated Net Debt Service | Taxable Valuation 1/1/15 | ETV Growth Assumptions | Estimated Tax Rate Per (\$1000 ETV) | Taxes Per Year Property Assessed \$100,000 Taxable Value \$55,625.90 |
|-----------|-----------|-------------------------|--------------|------------------------|-------------|------------------------------------|----------------|----------------------------|--------------------------|------------------------|-------------------------------------|--|
| 01/Dec/17 | | | \$299,997.50 | \$299,997.50 | | | | | | | | |
| 01/Jun/18 | 670,000 | 1.750% | 299,997.50 | 969,997.50 | 2018 | \$1,269,995.00 | \$1,269,995.00 | \$1,269,995.00 | \$797,559,644 | | \$ 1.59 | \$ 88.58 |
| 01/Dec/18 | | | 294,135.00 | 294,135.00 | | | | - | | | | - |
| 01/Jun/19 | 680,000 | 2.250% | 294,135.00 | 974,135.00 | 2019 | 1,268,270.00 | 1,268,270.00 | 1,268,270.00 | \$797,559,644 | | 1.59 | 88.46 |
| 01/Dec/19 | | | 286,485.00 | 286,485.00 | | | | - | | | | - |
| 01/Jun/20 | 695,000 | 2.250% | 286,485.00 | 981,485.00 | 2020 | 1,267,970.00 | 1,267,970.00 | 1,267,970.00 | \$797,559,644 | | 1.59 | 88.43 |
| 01/Dec/20 | | | 278,666.25 | 278,666.25 | | | | - | | | | - |
| 01/Jun/21 | 710,000 | 2.250% | 278,666.25 | 988,666.25 | 2021 | 1,267,332.50 | 1,267,332.50 | 1,267,332.50 | \$797,559,644 | | 1.59 | 88.39 |
| 01/Dec/21 | | | 270,678.75 | 270,678.75 | | | | - | | | | - |
| 01/Jun/22 | 725,000 | 2.250% | 270,678.75 | 995,678.75 | 2022 | 1,266,357.50 | 1,266,357.50 | 1,266,357.50 | \$797,559,644 | | 1.59 | 88.32 |
| 01/Dec/22 | | | 262,522.50 | 262,522.50 | | | | - | | | | - |
| 01/Jun/23 | 745,000 | 2.550% | 262,522.50 | 1,007,522.50 | 2023 | 1,270,045.00 | 1,270,045.00 | 1,270,045.00 | \$797,559,644 | | 1.59 | 88.58 |
| 01/Dec/23 | | | 253,023.75 | 253,023.75 | | | | - | | | | - |
| 01/Jun/24 | 760,000 | 2.650% | 253,023.75 | 1,013,023.75 | 2024 | 1,266,047.50 | 1,266,047.50 | 1,266,047.50 | \$797,559,644 | | 1.59 | 88.30 |
| 01/Dec/24 | | | 242,953.75 | 242,953.75 | | | | - | | | | - |
| 01/Jun/25 | 780,000 | 2.750% | 242,953.75 | 1,022,953.75 | 2025 | 1,265,907.50 | 1,265,907.50 | 1,265,907.50 | \$797,559,644 | | 1.59 | 88.29 |
| 01/Dec/25 | | | 232,228.75 | 232,228.75 | | | | - | | | | - |
| 01/Jun/26 | 805,000 | 2.900% | 232,228.75 | 1,037,228.75 | 2026 | 1,269,457.50 | 1,269,457.50 | 1,269,457.50 | \$797,559,644 | | 1.59 | 88.54 |
| 01/Dec/26 | | | 220,556.25 | 220,556.25 | | | | - | | | | - |
| 01/Jun/27 | 825,000 | 3.050% | 220,556.25 | 1,045,556.25 | 2027 | 1,266,112.50 | 1,266,112.50 | 1,266,112.50 | \$797,559,644 | | 1.59 | 88.31 |
| 01/Dec/27 | | | 207,975.00 | 207,975.00 | | | | - | | | | - |
| 01/Jun/28 | 850,000 | 3.200% | 207,975.00 | 1,057,975.00 | 2028 | 1,265,950.00 | 1,265,950.00 | 1,265,950.00 | \$797,559,644 | | 1.59 | 88.29 |
| 01/Dec/28 | | | 194,375.00 | 194,375.00 | | | | - | | | | - |
| 01/Jun/29 | 880,000 | 3.400% | 194,375.00 | 1,074,375.00 | 2029 | 1,268,750.00 | 1,268,750.00 | 1,268,750.00 | \$797,559,644 | | 1.59 | 88.49 |
| 01/Dec/29 | | | 179,415.00 | 179,415.00 | | | | - | | | | - |
| 01/Jun/30 | 910,000 | 3.600% | 179,415.00 | 1,089,415.00 | 2030 | 1,268,830.00 | 1,268,830.00 | 1,268,830.00 | \$797,559,644 | | 1.59 | 88.49 |
| 01/Dec/30 | | | 163,035.00 | 163,035.00 | | | | - | | | | - |
| 01/Jun/31 | 940,000 | 3.800% | 163,035.00 | 1,103,035.00 | 2031 | 1,266,070.00 | 1,266,070.00 | 1,266,070.00 | \$797,559,644 | | 1.59 | 88.30 |
| 01/Dec/31 | | | 145,175.00 | 145,175.00 | | | | - | | | | - |
| 01/Jun/32 | 980,000 | 4.050% | 145,175.00 | 1,125,175.00 | 2032 | 1,270,350.00 | 1,270,350.00 | 1,270,350.00 | \$797,559,644 | | 1.59 | 88.60 |
| 01/Dec/32 | | | 129,330.00 | 129,330.00 | | | | - | | | | - |
| 01/Jun/33 | 1,015,000 | 4.250% | 129,330.00 | 1,140,330.00 | 2033 | 1,265,660.00 | 1,265,660.00 | 1,265,660.00 | \$797,559,644 | | 1.59 | 88.27 |
| 01/Dec/33 | | | 103,761.25 | 103,761.25 | | | | - | | | | - |
| 01/Jun/34 | 1,060,000 | 4.400% | 103,761.25 | 1,163,761.25 | 2034 | 1,267,522.50 | 1,267,522.50 | 1,267,522.50 | \$797,559,644 | | 1.59 | 88.40 |
| 01/Dec/34 | | | 80,441.25 | 80,441.25 | | | | - | | | | - |
| 01/Jun/35 | 1,105,000 | 4.550% | 80,441.25 | 1,185,441.25 | 2035 | 1,265,882.50 | 1,265,882.50 | 1,265,882.50 | \$797,559,644 | | 1.59 | 88.29 |
| 01/Dec/35 | | | 55,302.50 | 55,302.50 | | | | - | | | | - |
| 01/Jun/36 | 1,155,000 | 4.600% | 55,302.50 | 1,210,302.50 | 2036 | 1,265,605.00 | 1,265,605.00 | 1,265,605.00 | \$797,559,644 | | 1.59 | 88.27 |
| 01/Dec/36 | | | 28,737.50 | 28,737.50 | | | | - | | | | - |
| 01/Jun/37 | 1,210,000 | 4.750% | 28,737.50 | 1,238,737.50 | 2037 | 1,267,475.00 | 1,267,475.00 | 1,267,475.00 | \$797,559,644 | | 1.59 | 88.40 |
| 01/Dec/37 | | | | | | | | - | | | | - |

Total **\$17,500,000** \$7,849,590.00 \$25,349,590.00 \$25,349,590.00 \$25,349,590.00 \$25,349,590.00

| | |
|----------------|------------------|
| \$1.59 Average | \$ 88.40 Average |
|----------------|------------------|

Net Interest Rate **3.955243%**
 Bond Years 202,000,000
 Average Life 11.543

Premium Discount \$140,000.00

City of Marshalltown, Marshall County, Iowa

\$17,500,000 General Obligation Bonds, Series 2017

Police/Fire Station Project

*Using the Re-offering rates of 2016A GO Bonds 7-12-2016

Date of Bonds: 01/Jun/17

| Date | Principal | Estimated Interest Rate | Interest | Principal and Interest | Fiscal Year | Estimated Series 2017 Debt Service | Total | Estimated Net Debt Service | Taxable Valuation 1/1/15 | ETV Growth Assumptions | Estimated Tax Rate Per (\$1000 ETV) | Taxes Per Year Property Assessed \$100,000 Taxable Value \$55,625.90 |
|--------------|---------------------|-------------------------|-----------------------|------------------------|-------------|------------------------------------|------------------------|----------------------------|--------------------------|------------------------|-------------------------------------|--|
| 01/Dec/17 | | | \$153,596.25 | \$153,596.25 | | | | | | | | |
| 01/Jun/18 | 765,000 | 0.750% | 153,596.25 | 918,596.25 | 2018 | \$1,072,192.50 | \$1,072,192.50 | \$1,072,192.50 | \$797,559,644 | | 1.34 | \$ 74.78 |
| 01/Dec/18 | | | 150,727.50 | 150,727.50 | | | | - | | | | - |
| 01/Jun/19 | 775,000 | 0.850% | 150,727.50 | 925,727.50 | 2019 | 1,076,455.00 | 1,076,455.00 | 1,076,455.00 | \$797,559,644 | | 1.35 | 75.08 |
| 01/Dec/19 | | | 147,433.75 | 147,433.75 | | | | - | | | | - |
| 01/Jun/20 | 780,000 | 0.950% | 147,433.75 | 927,433.75 | 2020 | 1,074,867.50 | 1,074,867.50 | 1,074,867.50 | \$797,559,644 | | 1.35 | 74.97 |
| 01/Dec/20 | | | 143,728.75 | 143,728.75 | | | | - | | | | - |
| 01/Jun/21 | 785,000 | 1.050% | 143,728.75 | 928,728.75 | 2021 | 1,072,457.50 | 1,072,457.50 | 1,072,457.50 | \$797,559,644 | | 1.34 | 74.80 |
| 01/Dec/21 | | | 139,607.50 | 139,607.50 | | | | - | | | | - |
| 01/Jun/22 | 795,000 | 1.150% | 139,607.50 | 934,607.50 | 2022 | 1,074,215.00 | 1,074,215.00 | 1,074,215.00 | \$797,559,644 | | 1.35 | 74.92 |
| 01/Dec/22 | | | 135,036.25 | 135,036.25 | | | | - | | | | - |
| 01/Jun/23 | 805,000 | 1.200% | 135,036.25 | 940,036.25 | 2023 | 1,075,072.50 | 1,075,072.50 | 1,075,072.50 | \$797,559,644 | | 1.35 | 74.98 |
| 01/Dec/23 | | | 130,206.25 | 130,206.25 | | | | - | | | | - |
| 01/Jun/24 | 815,000 | 1.300% | 130,206.25 | 945,206.25 | 2024 | 1,075,412.50 | 1,075,412.50 | 1,075,412.50 | \$797,559,644 | | 1.35 | 75.00 |
| 01/Dec/24 | | | 124,908.75 | 124,908.75 | | | | - | | | | - |
| 01/Jun/25 | 825,000 | 1.400% | 124,908.75 | 949,908.75 | 2025 | 1,074,817.50 | 1,074,817.50 | 1,074,817.50 | \$797,559,644 | | 1.35 | 74.96 |
| 01/Dec/25 | | | 119,133.75 | 119,133.75 | | | | - | | | | - |
| 01/Jun/26 | 835,000 | 1.650% | 119,133.75 | 954,133.75 | 2026 | 1,073,267.50 | 1,073,267.50 | 1,073,267.50 | \$797,559,644 | | 1.35 | 74.86 |
| 01/Dec/26 | | | 112,245.00 | 112,245.00 | | | | - | | | | - |
| 01/Jun/27 | 850,000 | 1.650% | 112,245.00 | 962,245.00 | 2027 | 1,074,490.00 | 1,074,490.00 | 1,074,490.00 | \$797,559,644 | | 1.35 | 74.94 |
| 01/Dec/27 | | | 105,232.50 | 105,232.50 | | | | - | | | | - |
| 01/Jun/28 | 865,000 | 1.850% | 105,232.50 | 970,232.50 | 2028 | 1,075,465.00 | 1,075,465.00 | 1,075,465.00 | \$797,559,644 | | 1.35 | 75.01 |
| 01/Dec/28 | | | 97,231.25 | 97,231.25 | | | | - | | | | - |
| 01/Jun/29 | 880,000 | 1.850% | 97,231.25 | 977,231.25 | 2029 | 1,074,462.50 | 1,074,462.50 | 1,074,462.50 | \$797,559,644 | | 1.35 | 74.94 |
| 01/Dec/29 | | | 89,091.25 | 89,091.25 | | | | - | | | | - |
| 01/Jun/30 | 895,000 | 2.000% | 89,091.25 | 984,091.25 | 2030 | 1,073,182.50 | 1,073,182.50 | 1,073,182.50 | \$797,559,644 | | 1.35 | 74.85 |
| 01/Dec/30 | | | 80,141.25 | 80,141.25 | | | | - | | | | - |
| 01/Jun/31 | 915,000 | 2.000% | 80,141.25 | 995,141.25 | 2031 | 1,075,282.50 | 1,075,282.50 | 1,075,282.50 | \$797,559,644 | | 1.35 | 75.00 |
| 01/Dec/31 | | | 70,991.25 | 70,991.25 | | | | - | | | | - |
| 01/Jun/32 | 930,000 | 2.150% | 70,991.25 | 1,000,991.25 | 2032 | 1,071,982.50 | 1,071,982.50 | 1,071,982.50 | \$797,559,644 | | 1.34 | 74.77 |
| 01/Dec/32 | | | 60,993.75 | 60,993.75 | | | | - | | | | - |
| 01/Jun/33 | 950,000 | 2.150% | 60,993.75 | 1,010,993.75 | 2033 | 1,071,987.50 | 1,071,987.50 | 1,071,987.50 | \$797,559,644 | | 1.34 | 74.77 |
| 01/Dec/33 | | | 50,781.25 | 50,781.25 | | | | - | | | | - |
| 01/Jun/34 | 975,000 | 2.300% | 50,781.25 | 1,025,781.25 | 2034 | 1,076,562.50 | 1,076,562.50 | 1,076,562.50 | \$797,559,644 | | 1.35 | 75.08 |
| 01/Dec/34 | | | 39,568.75 | 39,568.75 | | | | - | | | | - |
| 01/Jun/35 | 995,000 | 2.400% | 39,568.75 | 1,034,568.75 | 2035 | 1,074,137.50 | 1,074,137.50 | 1,074,137.50 | \$797,559,644 | | 1.35 | 74.92 |
| 01/Dec/35 | | | 27,628.75 | 27,628.75 | | | | - | | | | - |
| 01/Jun/36 | 1,020,000 | 2.600% | 27,628.75 | 1,047,628.75 | 2036 | 1,075,257.50 | 1,075,257.50 | 1,075,257.50 | \$797,559,644 | | 1.35 | 74.99 |
| 01/Dec/36 | | | 14,368.75 | 14,368.75 | | | | - | | | | - |
| 01/Jun/37 | 1,045,000 | 2.750% | 14,368.75 | 1,059,368.75 | 2037 | 1,073,737.50 | 1,073,737.50 | 1,073,737.50 | \$797,559,644 | | 1.35 | 74.89 |
| 01/Dec/37 | | | | | | | | - | | | | - |
| Total | \$17,500,000 | | \$3,985,305.00 | \$21,485,305.00 | | \$21,485,305.00 | \$21,485,305.00 | \$21,485,305.00 | | | \$1.35 Average | \$ 74.92 Average |

Net Interest Rate
Bond Years
Average Life

2.133539%
193,355,000
11.04

Premium Discount \$140,000.00

PRELIMINARY - SUBJECT TO CHANGE

run date: 12/11/16

file name: Marshalltown

DEBT INFORMATION

After issuance of the Bonds, the City will have outstanding \$28,650,000* principal amount of general obligation debt. In addition, the City has outstanding approximately \$10,668,000 principal amount of water pollution control revenue debt.

The City has a general obligation legal debt limit equal to 5% of Actual Valuation. For the January 1, 2015 Actual Valuation of \$1,364,512,112 (including tax increment valuation and excluding military exemption valuation) applied to fiscal year 2016/17, the total limit is \$68,225,606. Including the Bonds, the estimated principal amount of bonded and non-bonded debt applicable to this limit is \$28,650,000, resulting in a legal debt margin of \$39,575,606.

The City expects to issue additional general obligation debt in fiscal year 2017, including the possible issuance of an additional general obligation bonds.

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

| | |
|--------------------|------------------|
| Series 2008A | \$ 1,100,000 |
| Series 2009..... | 650,000 |
| Series 2011..... | 4,375,000 |
| Series 2011B | 1,830,000 |
| Series 2012A | 4,475,000 |
| Series 2012B | 2,335,000 |
| Series 2013..... | 5,195,000 |
| Series 2014..... | 1,690,000 |
| Series 2015..... | 2,000,000 |
| The Bonds(2) | <u>5,000,000</u> |
| Total(2) | \$28,650,000 |

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

58%
 remaining
 currently

Debt capacity
 following issuance
 of \$17,500,000
 (if approved)
 \$ 22,075,606
 33%

*Subject to change.

| | | | | | | |
|-------------------------|----------------|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
| rollback | 0.55625900 | Numbers are based on \$17,500,000 - G.O. Bond | | | | |
| | | | | | | |
| tax rate per \$1000 ETV | | Initial Estimate | | | Revised Estimate | |
| | | \$1.59 | | | \$1.35 | |
| | Assessed Value | ETV- Estimated Taxable Value* | Initial Estimated Annual Cost | Initial Estimated Monthly | Initial Estimated Annual Cost | Initial Estimated Monthly |
| | \$ 50,000.00 | \$ 27,812.95 | \$ 44.22 | \$ 3.69 | \$ 37.55 | \$ 3.13 |
| | \$ 80,000.00 | \$ 44,500.72 | \$ 70.76 | \$ 5.90 | \$ 60.08 | \$ 5.01 |
| | \$ 90,000.00 | \$ 50,063.31 | \$ 79.60 | \$ 6.63 | \$ 67.59 | \$ 5.63 |
| | \$ 100,000.00 | \$ 55,625.90 | \$ 88.45 | \$ 7.37 | \$ 75.09 | \$ 6.26 |
| | \$ 150,000.00 | \$ 83,438.85 | \$ 132.67 | \$ 11.06 | \$ 112.64 | \$ 9.39 |
| | \$ 200,000.00 | \$ 111,251.80 | \$ 176.89 | \$ 14.74 | \$ 150.19 | \$ 12.52 |
| | \$ 250,000.00 | \$ 139,064.75 | \$ 221.11 | \$ 18.43 | \$ 187.74 | \$ 15.64 |
| | \$ 300,000.00 | \$ 166,877.70 | \$ 265.34 | \$ 22.11 | \$ 225.28 | \$ 18.77 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | * Property is taxed after rollback | | | | |