



**Grinnell FINANCE COMMITTEE Meeting**  
**MONDAY, AUGUST 3, 2020 AT 8:00 A.M.**  
**VIA ZOOM**

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## ***TENTATIVE AGENDA***

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**ROLL CALL:** Wray (Chair), White, Bly.

### **PERFECTING AND APPROVAL OF AGENDA:**

### **COMMITTEE BUSINESS:**

1. Consider resolution instituting proceedings to take additional action for the issuance of not to exceed \$3,190,000 General Obligation Refunding Capital Loan Notes (See Resolution 2020-117).
2. Consider resolution instituting proceedings to take additional action for the issuance of not to exceed \$5,000,000 General Obligation Capital Loan Notes (See Resolution 2020-118).
3. Consider resolution approving the Preliminary Official Statement for \$4,765,000 (dollar amount subject to change) General Obligation Capital Loan Notes, Series 2020A and \$3,190,000 (dollar amount subject to change) General Obligation Refunding Capital Loan Notes, Series 2020B (See Resolution No. 2020-119).
4. Consider resolution approving Bond Disclosure Policy (See Resolution No. 2020-120).

5. Consider resolution approving contract with Gallagher for the Pay Plan and Compensation Study (See Resolution No. 2020-121).

**INQUIRIES:**

**ADJOURN:**

RESOLUTION NO. 2020-117

**RESOLUTION INSTITUTING PROCEEDINGS TO TAKE ADDITIONAL  
ACTION FOR THE ISSUANCE OF NOT TO EXCEED \$3,190,000 GENERAL  
OBLIGATION REFUNDING CAPITAL LOAN NOTES**

WHEREAS, pursuant to notice published as required by law, the City Council has held a public meeting and hearing upon the proposal to institute proceedings for the authorization of a Loan Agreement and the issuance of not to exceed \$3,190,000 General Obligation Refunding Capital Loan Notes, for the essential corporate purposes, in order to provide funds to pay the costs of (a) the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of the City including refunding of the City's General Obligation Capital Loan Notes, Series 2009, dated October 1, 2009; and (b) the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of the City including refunding of the City's General Obligation Urban Renewal Bonds, Series 2013B, dated December 19, 2013, and has considered the extent of objections received from residents or property owners as to the proposed issuance of Notes; and following action is now considered to be in the best interests of the City and residents thereof.

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

Section 1. That this Council does hereby institute proceedings and take additional action for the authorization and issuance in the manner required by law of not to exceed \$3,190,000 General Obligation Refunding Capital Loan Notes, for the foregoing essential corporate purposes.

PASSED AND APPROVED this 3rd day of August 2020.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

RESOLUTION NO. 2020-118

**RESOLUTION INSTITUTING PROCEEDINGS TO TAKE ADDITIONAL  
ACTION FOR THE ISSUANCE OF NOT TO EXCEED \$5,000,000 GENERAL  
OBLIGATION CAPITAL LOAN NOTES**

WHEREAS, pursuant to notice published as required by law, the City Council has held a public meeting and hearing upon the proposal to institute proceedings for the authorization of a Loan Agreement and the issuance of not to exceed \$5,000,000 General Obligation Capital Loan Notes, for the essential corporate purposes, in order to provide funds to pay the costs of aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of Chapter 403, and has considered the extent of objections received from residents or property owners as to the proposed issuance of Notes; and no petition was filed calling for a referendum thereon. The following action is now considered to be in the best interests of the City and residents thereof.

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

Section 1. That this Council does hereby institute proceedings and take additional action for the authorization and issuance in the manner required by law of not to exceed \$5,000,000 General Obligation Capital Loan Notes, for the foregoing essential corporate purposes.

Section 2. This Resolution shall serve as a declaration of official intent under Treasury Regulation 1.150-2 and shall be maintained on file as a public record of such intent. It is reasonably expected that the general fund moneys may be advanced from time to time for capital expenditures which are to be paid from the proceeds of the above Notes. The amounts so advanced shall be reimbursed from the proceeds of the Notes not later than eighteen months after the initial payment of the capital expenditures or eighteen months after the property is placed in service. Such advancements shall not exceed the amount authorized in this Resolution unless the same are for preliminary expenditures or unless another declaration of intention is adopted.

PASSED AND APPROVED this 3rd day of August 2020.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

RESOLUTION NO. 2020-119

**RESOLUTION APPROVING THE PRELIMINARY OFFICIAL STATEMENT  
FOR \$4,765,000 (DOLLAR AMOUNT SUBJECT TO CHANGE) GENERAL  
OBLIGATION CAPITAL LOAN NOTES, SERIES 2020A AND \$3,190,000  
(DOLLAR AMOUNT SUBJECT TO CHANGE) GENERAL OBLIGATION  
REFUNDING CAPITAL LOAN NOTES, SERIES 2020B**

WHEREAS, a preliminary form of Official Statement has been prepared for the purpose of offering \$4,765,000 (Dollar Amount Subject to Change) General Obligation Capital Loan Notes, Series 2020A and \$3,190,000 (Dollar Amount Subject to Change) General Obligation Refunding Capital Loan Notes, Series 2020B; and

WHEREAS, it is appropriate that the form of the Preliminary Official Statement be approved and deemed final and, upon completion of the same, that the Preliminary Official Statement be used in connection with the offering of the Notes for sale.

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

Section 1. 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 Clerk, upon the advice of bond counsel, disclosure counsel, and the Underwriter, shall determine to be appropriate, and is authorized to be distributed in connection with the offering of the Notes for sale.

PASSED AND APPROVED this 3rd day of August 2020.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUES - DTC BOOK ENTRY ONLY

RATING S&P GLOBAL: RATING PENDING  
(See "Rating" herein.)

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2020A and Series 2020B Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax. Interest on the Series 2020A and Series 2020B Notes is not exempt from present Iowa income taxes. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein for a more detailed discussion.

### City of Grinnell, Iowa

**\$4,765,000\***  
**General Obligation Capital Loan Notes,  
Series 2020A**

**\$3,190,000\***  
**General Obligation Refunding Capital Loan Notes,  
Series 2020B**

**Dated:** Date of Delivery

**Due:** As shown on inside cover

The \$4,765,000\* General Obligation Capital Loan Notes, Series 2020A (the "Series 2020A Notes") and the \$3,190,000\* General Obligation Refunding Capital Loan Notes, Series 2020B (the "Series 2020B Notes") (together hereinafter referred to as the "Notes") are being issued in fully registered form in denominations of \$5,000 or any integral multiple thereof pursuant to the provisions of Chapter 384 and Chapter 403 of the Code of Iowa, 2020, as amended and resolutions authorizing issuance of the Notes (the "Resolutions") expected to be adopted by the City of Grinnell, Iowa (the "Issuer" or the "City") on September 8, 2020\*. The Depository Trust Company, New York, New York ("DTC") will act as the securities depository for the Notes and its nominee, Cede & Co., will be the registered owner of the Notes. Individual purchases of the Notes will be recorded on a book-entry only system operated by DTC. Purchasers of the Notes will not receive certificates representing their interest in the Notes purchased. So long as DTC or its nominee, Cede & Co., is the Noteholder, the principal of, premium, if any, and interest on the Notes will be paid by BOKF, N.A. Lincoln, Nebraska as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Notes. See "APPENDIX E – BOOK-ENTRY SYSTEM" herein.

The Notes will bear interest from their dated date, payable semiannually on each June 1 and December 1, commencing June 1, 2021\*. The Notes are subject to redemption by the Issuer prior to their stated maturities in the manner and at the time described herein. The Series 2020A Notes maturing on and after June 1, 2028\* are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, beginning June 1, 2027\* or on any date thereafter at a redemption price equal to the principal amount of the Notes, together with accrued interest to the date fixed for redemption, without premium. The Series 2020B Notes maturing on and after June 1, 2028\* are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, beginning June 1, 2027\* or on any date thereafter at a redemption price equal to the principal amount of the Notes, together with accrued interest to the date fixed for redemption, without premium. See "THE NOTES – Redemption" herein.

The Notes and the interest thereon are general obligations of the Issuer, and all taxable property within the boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Notes without constitutional or statutory limitation as to rate or amount. See "SECURITY AND SOURCE OF PAYMENT" herein.

Proceeds of the Series 2020A Notes will be used provide funds to pay the costs of aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of Chapter 403; and paying certain costs of issuance related to the Notes.

Proceeds of the Series 2020B Notes will be used provide funds to pay the costs pay the costs of (a) the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of the City including refunding of the City's General Obligation Capital Loan Notes, Series 2009, dated October 1, 2009; and (b) the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of the City including refunding of the City's General Obligation Urban Renewal Bonds, Series 2013B, dated December 19, 2013; and paying certain costs of issuance related to the Notes.

The Notes are being offered, when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. Ahlers & Cooney, P.C. is also serving as Disclosure Counsel to the Issuer in connection with the issuance of the Notes. It is expected that the Notes in the definitive form will be available for delivery through the facilities of DTC on or about September 24, 2020.\*



The Date of this Official Statement is \_\_\_\_\_, 2020

\* Preliminary, subject to change.

## MATURITY SCHEDULES

**\$4,765,000\***  
**City of Grinnell, Iowa**  
**General Obligation Capital Loan Notes, Series 2020A**

<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **
June 1, 2023	\$ 25,000			
June 1, 2024	\$ 25,000			
June 1, 2025	\$ 705,000			
June 1, 2026	\$ 725,000			
June 1, 2027	\$ 745,000			
June 1, 2028	\$ 1,210,000			
June 1, 2029	\$ 1,330,000			

**\$3,190,000\***  
**City of Grinnell, Iowa**  
**General Obligation Refunding Capital Loan Notes,**  
**Series 2020B**

<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **
June 1, 2021	\$ 670,000			
June 1, 2022	\$ 685,000			
June 1, 2023	\$ 700,000			
June 1, 2024	\$ 720,000			
June 1, 2025	\$ 80,000			
June 1, 2026	\$ 80,000			
June 1, 2027	\$ 85,000			
June 1, 2028	\$ 85,000			
June 1, 2029	\$ 85,000			

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\* Preliminary, subject to change.

\*\* CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The information set forth herein has been obtained from the Issuer and from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No representation is made regarding whether the Notes constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THE NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE NOTES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "ANTICIPATED," "PLAN," "EXPECT," "PROJECTED," "ESTIMATE," "BUDGET," "PRO FORMA," "FORECAST," "INTEND," OR OTHER WORDS OF SIMILAR IMPORT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

In connection with the issuance of the Notes, the Issuer will enter into a Continuing Disclosure Certificate. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

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## OFFICIAL STATEMENT

City of Grinnell, Iowa

**\$4,765,000\***  
**General Obligation Capital Loan Notes,**  
**Series 2020A**

**\$3,190,000\***  
**General Obligation Refunding Capital Loan Notes,**  
**Series 2020B**

### INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is to set forth certain information in conjunction with the sale of \$4,765,000\* General Obligation Capital Loan Notes, Series 2020A (the “Series 2020A Notes”), and \$3,190,000\* General Obligation Refunding Capital Loan Notes, Series 2020B (the “Series 2020B Notes” and, together with the Series 2020B Notes, the “Notes”) of the City of Grinnell, Iowa (the “Issuer” or the “City”). This Introduction is not a summary of this Official Statement, but is only a brief description of the Notes and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety. The offering of the Notes to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Copies of statutes, resolutions, ordinances, reports or other documents referred to herein are available, upon request, from the Issuer.

The Notes are being issued pursuant to the provisions of Chapter 384 and Chapter 403 of the Code of Iowa, 2020, as amended (collectively, the “Act”) and a Resolution expected to be adopted by the Issuer on September 8, 2020\* (the “Resolution”) to evidence the obligations of the Issuer under one or more loan agreements (the “Loan Agreements”) between the Issuer and the Underwriter.

The Notes and the interest thereon are general obligations of the Issuer, and all taxable property within the boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Notes without constitutional or statutory limitation as to rate or amount. See “SECURITY AND SOURCE OF PAYMENT” herein.

Proceeds of the Series 2020A Notes will be used provide funds to pay the costs of aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of Chapter 403; and paying certain costs of issuance related to the Notes.

Proceeds of the Series 2020B Notes will be used provide funds to pay the costs pay the costs of (a) the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of the City including refunding of the City's General Obligation Capital Loan Notes, Series 2009, dated October 1, 2009; and (b) the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of the City including refunding of the City's General Obligation Urban Renewal Bonds, Series 2013B, dated December 19, 2013; and paying certain costs of issuance related to the Notes. See “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS” herein.

### THE ISSUER

The Issuer, with a 2010 U.S. Census population of 10,352, comprises approximately 8.7 square miles. The Issuer operates under a mayor-council form of government consisting of a six-member City Council, of which the Mayor is not a voting member. Additional information concerning the Issuer is included in “APPENDIX A – INFORMATION ABOUT THE ISSUER” hereto.

### THE NOTES

#### General

The Notes will be issued in fully registered form only, without coupons. The Notes will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Notes. Interest on and principal of the Notes are payable in lawful money of the United States of America.

The Notes are dated as of the date of their delivery, will mature on June 1 in the years and in the amounts set forth on the inside cover page hereof, and will bear interest at the rates to be set forth on the inside cover page hereof. Interest on the Notes is

payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2020\*, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the interest payment date, to the addresses appearing on the registration books maintained by the Registrar or such other address as is furnished to the Registrar in writing by a registered owner. The Notes are issuable in denominations of \$5,000 or any integral multiple thereof.

**Redemption**

Optional Redemption. The Series 2020A Notes maturing on and after June 1, 2028\* are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, beginning June 1, 2027\* or on any date thereafter at a redemption price equal to the principal amount of the Notes, together with accrued interest to the date fixed for redemption, without premium. The Series 2020B Notes maturing on and after June 1, 2028\* are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, beginning June 1, 2027\* or on any date thereafter at a redemption price equal to the principal amount of the Notes, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds identified below are subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years set forth below at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

Term Bond Maturing June 1, 20\_\_

<u>Date</u>	<u>Amount</u>
June 1, 20__	\$ _____
June 1, 20__ (maturity)	\$ _____

Selection of Notes for Redemption. Notes subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Notes of a single maturity are to be redeemed, the Notes to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Notice of Redemption. Prior to the redemption of any Notes under the provisions of the Resolution, the Registrar shall give written notice not less than thirty (30) days prior to the redemption date to each registered owner thereof.

**SECURITY AND SOURCE OF PAYMENT**

**General**

Pursuant to the Resolution and the Act, the Notes and the interest thereon are general obligations of the Issuer, and all taxable property within the boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Notes without constitutional or statutory limitation as to rate or amount. See “APPENDIX A – INFORMATION ABOUT THE ISSUER.”

Section 76.2 of the Act provides that when an Iowa political subdivision issues general obligation notes, the governing authority of such political subdivision shall, by resolution adopted before issuing the notes, 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 notes. A certified copy of this resolution shall be filed with the County Auditor, giving rise to a duty of the auditor to annually enter this levy for collection from the taxable property within the boundaries of the issuer, until funds are realized to pay the notes in full.

For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Notes as the same become due, the Resolution provides for the levy of a tax sufficient for that purpose on all the taxable property in the Issuer in each of the years while the Notes are outstanding. The Issuer shall file a certified copy of the Resolution with the County Auditor, pursuant to which the County Auditor is instructed to enter for collection and assess the tax authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the Issuer and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the Issuer and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Notes and for no other purpose whatsoever.

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\* *Preliminary, subject to change.*

Nothing in the resolutions authorizing the Notes prohibits or limits the ability of the City to use legally available moneys other than the proceeds of the general ad valorem property taxes levied as described in the preceding paragraph to pay all or any portion of the principal of or interest on the Notes. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Notes, the City may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Notes.

The City's obligation to pay the principal of and interest on the Note is on a parity with the City's obligation to pay the principal of and interest on any other of its general obligation debt secured by a covenant to levy taxes within the City, including any such debt issued or incurred after the issuance of the Notes. The resolution authorizing the Notes does not restrict the City's ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Notes. For a further description of the City's outstanding general obligation debt upon issuance of the Notes and the annual debt service on the Notes, see "OUTSTANDING DEBT" and "Fiscal Year General Obligation Debt Payments" herein. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see "DEBT LIMIT CALCULATION" herein.

### **NOTEHOLDERS' RISKS**

An investment in the Notes involves an element of risk. No person should purchase the Notes unless such person understands the risks described below and is willing to bear those risks. There may be other risks not listed below which may adversely affect the value of the Notes. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Notes are an appropriate investment.

#### **COVID-19**

The Issuer is monitoring daily developments and directives of federal, state and local officials to determine what precautions and procedures may need to be implemented by the Issuer in the event of the continued spread of COVID-19. Some procedures and precautions resulting from the spread of COVID-19 with respect to operations, personnel and services may be mandated by federal and/or state entities. Because of the unprecedented nature of COVID-19 the behavior of businesses and people is being altered in a manner that cannot be determined or predicted but may have negative effects on economic activity, and therefore adversely affect the financial condition of the Issuer, either directly or indirectly. The continued spread of COVID-19 in the future may: (i) limit the ability of the Issuer to conduct its operations, (ii) significantly increase the cost of operations of the Issuer, (iii) significantly impact the ability of the Issuer to provide personnel to carry out the services routinely provided by the Issuer, (iv) significantly impact certain revenues received by the Issuer and (v) affect the secondary market with respect to the Notes.

On March 20, 2020, Governor Reynolds issued an emergency declaration that temporarily suspends penalties and interest in connection with delays in property tax payments, which suspension has been continued by Governor Reynolds through June 25, 2020. The Issuer cannot predict the impact, if any, the suspension (or any extension thereof) of penalties and interest on late property tax payments may have on its timely receipt of property tax revenues.

The Issuer is monitoring both expenses and revenues of the City that might be impacted by COVID-19, including the road use tax fund receipts (statewide gas tax), local option sales tax receipts and hotel-motel tax receipts.

The Issuer serves as the home of Grinnell College, a four-year co-educational liberal arts college with enrollment of approximately 1,716 for 2019-20 fiscal year. Grinnell College will host virtual classes for the first fall term (August 24<sup>th</sup> through mid-October) with a very low density on campus student population (350 students). While Grinnell College does not pay property taxes as a tax-exempt, not-for-profit entity, it is an economic driver of the community. Because of the unprecedented nature of COVID-19 the impact of a primarily virtual student body cannot be determined or predicted but may have negative effects on economic activity, and therefore adversely affect the financial condition of the Issuer, either directly or indirectly.

#### **Tax Levy Procedures**

The Notes are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the taxable property within the boundaries of the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the taxable property within the boundaries

of the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on 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.

### **Property Tax Legislation**

During the 2019 legislative session, the Iowa General Assembly enacted Senate File 634 (the “2019 Act”). The 2019 Act modifies the process for hearing and approval of the total maximum property tax dollars under certain levies in the city budget. The 2019 Act also includes a provision that will require the affirmative vote of 2/3 of the city council when the maximum property tax dollars under these levies exceed an amount determined under a prescribed formula.

The 2019 Act does not change the process for hearing and approval of the Debt Service Levy pledged for repayment of the Notes. It is too early to evaluate the affect the 2019 Act will have on the overall financial position of the City or its ability to fund essential services.

During its 2013 session the Iowa Legislature enacted, and the Governor signed legislation that, among other things, reduced the limit on annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduced as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. The legislation also created a new separate classification for multiresidential properties which were previously taxed as commercial properties, and assigned an incremental rollback percentage over several years for multiresidential properties such that the multiresidential rollback determination will match that for residential properties in the 2022 assessment year and thereafter. As a result of this legislation, local governments expect to experience reductions in property tax revenues over the next several fiscal years. The legislation includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all, during the term the Notes remain outstanding. The Issuer does not expect the state replacement funding to fully address the property tax reductions resulting from the legislation during the term the Notes remain outstanding. The legislation does not limit the legal obligation of the Issuer to pay debt service on the Notes or the amount the Issuer is required to levy for payments of debt service on the Notes; however, there can be no assurances that it will not have a material adverse impact with respect to the Issuer’s financial position.

### **Changes in Property Taxation**

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Notes.

Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Notes and the security for the Notes.

### **Matters Relating to Enforceability of Agreements**

Noteholders 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.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution or the Loan Agreement. The remedies available to the Noteholders upon an event of default under the Resolution or the Loan Agreement, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Loan Agreement or the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal 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.

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

## **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, secondary marketing practices in connection with a particular Note or Notes issue are suspended or terminated. Additionally, prices of note 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.

Municipal Notes are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity. EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE NOTES AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE NOTES, IF ANY, COULD BE LIMITED.

## **Rating Loss**

Moody's Investors Service has assigned the Notes a rating of "\_\_\_". 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 Investors Service, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Notes.

Rating agencies are currently not regulated by any regulatory body. Future 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.

## **Bankruptcy and Insolvency**

The rights and remedies provided in the Resolution 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 creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Notes, the Loan Agreement and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under Chapter 9 of the Bankruptcy Code, the owners of the Notes could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the Issuer fails to comply with its covenants under the Resolution or fails to make payments on the Notes, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Notes.

Under sections 76.16 and 76.16A of the Act, a city, county, or other political subdivision may become a debtor under chapter nine of the federal bankruptcy code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, "debt" means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to chapter 28E of the Code of Iowa, or other political subdivision.

## **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 "anticipated," "plan," "expect," "projected," "estimate," "budget," "pro forma," "forecast," "intend," 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 Issuer to pay debt service when due on the Notes.

## **Financial Condition of the City from Time to Time**

No representation is made as to the future financial condition of the City. Certain risks discussed herein could adversely affect the financial condition and/or operations of the City in the future. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the “SECURITY AND SOURCE OF PAYMENT” herein.

### **Redemption Prior to Maturity**

In considering whether to make an investment in the Notes, it should be noted the Notes are subject to optional redemption, as outlined herein, without Noteholder discretion or consent. See “Optional Redemption” herein.

### **Tax Matters and Loss of Tax Exemption**

As discussed under the heading “TAX EXEMPTION AND RELATED 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 Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Notes would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Notes, and there is no provision for an adjustment of the interest rate on the Notes.

It is possible legislation will be proposed or introduced that could result in changes in the way 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 legislation being enacted cannot be reliably predicted. It is possible that actions of the Issuer after the closing of the Notes will alter the tax exempt 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.

The Issuer 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”), and 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. However, the Issuer’s failure to comply with such covenants could cause the Notes not to be “qualified tax exempt obligations” and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

### **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 Issuer 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 E – BOOK-ENTRY SYSTEM.”

### **Proposed Federal Tax Legislation**

From time to time, Presidential proposals, federal legislative committee proposals or legislative proposals are made that would, 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. It cannot be predicted whether or in what forms any of such proposals that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to 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.

See “TAX EXEMPTION AND RELATED TAX MATTERS” herein.

## **Changes in Property Taxation**

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Such alterations could adversely affect the City's financial condition. Historically, changes to property tax calculations and impositions are imposed on a prospective basis. However, there is no assurance future changes to property taxation by the Iowa General Assembly will not be applied retroactively. It is impossible to predict the outcome of future property taxation changes by the Iowa General Assembly or resulting impacts on the City's financial condition. However, the Notes are secured by an unlimited ad valorem property tax as described more fully under the heading "SECURITY AND SOURCE OF PAYMENT" herein.

## **Pension and OPEB Information**

The Issuer 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. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2019 (the "IPERS CAFR") indicates that as of June 30, 2019, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 83.73%, and the unfunded actuarial liability was \$6.477 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2019, at approximately \$5.791 billion, while its net pension liability at June 30, 2018 was approximately \$6.328 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "APPENDIX D – FINANCIAL STATEMENTS OF THE ISSUER" for additional information on IPERS.

In fiscal year ended June 30, 2019, the Issuer's IPERS contribution totaled approximately \$204,695. The Issuer is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2019 at approximately \$1,835,475. 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, 2019, 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. While the Issuer's contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer.

Bond Counsel, Disclosure Counsel, the Underwriter and the Issuer 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 State Auditor's website or links to other Internet sites accessed through the IPERS website.

See "APPENDIX D – FINANCIAL STATEMENTS OF THE ISSUER" for additional information on pension and liabilities of the Issuer.

The Issuer also contributes to the Municipal Fire and Police Retirement System of Iowa ("MFPRSI"), which is a multiple-employer cost-sharing defined benefit pension plan for fire fighters and police officers, administered under Chapter 411 of the Code of Iowa. MFPRSI plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to MFPRSI. Contribution amounts are set by State statute. The MFPRSI Comprehensive Annual Financial Report for its fiscal year ended June 30, 2019 (the "MFPRSI Report") indicates that as of June 30, 2019, the date of the most recent actuarial valuation for MFPRSI, the funded ratio of MFPRSI was 81.04%, and the unfunded actuarial liability was \$619.9 million. The MFPRSI Report identifies the MFPRSI Net Pension Liability at June 30, 2019, at approximately \$655.9 million, while its net pension liability at June 30, 2018, was approximately \$595.4 million. The MFPRSI Report is available on the MFPRSI website. See "APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on MFPRSI.

Bond Counsel, Disclosure Counsel, the Underwriter and the Issuer undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the MFPRSI discussed above or included on the MFPRSI website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the MFPRSI website.

In fiscal year ended June 30, 2019, the Issuer's MFPRSI contribution totaled approximately \$323,371. The Issuer is current in its obligations to MFPRSI.

Pursuant to Governmental Accounting Standards Board Statement No. 68, MFPRSI has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2019, at approximately \$2,376,684. While the Issuer's contributions to MFPRSI are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER" hereto for additional information on pension liabilities of the Issuer.

The Issuer operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. As of June 30, 2019, there were 92 active and three retired members in the plan. Participants must be age 55 or older at retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

The contribution requirements of plan members are established and may be amended by the Issuer. The Issuer currently finances the retiree benefit plan on a pay-as-you-go basis. For the year ended June 30, 2019, the City contributed \$643,117 to the plan. See "APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on OPEB obligations of the Issuer.

### **Cybersecurity**

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the Issuer's information systems could impact business operations and/or digital networks and systems, and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the City's operations and financial condition. The City maintains insurance policies through the Iowa Communities Assurance Pool (ICAP) in the amount of \$250,000 (aggregate and per occurrence cyber breach) to cover aspects of a cyber-attack. The City cannot predict whether these policies would be sufficient in the event of a cyber breach. However, the Notes are secured by an unlimited ad valorem property tax as described more fully under the heading "SECURITY AND SOURCE OF PAYMENT" herein.

### **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 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), 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 Preliminary 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.

### **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 noteholders to experience a 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.

### **Federal Funds Orders and State Funds Legislation**

Various federal executive orders, and Iowa Code Chapter 27A (collectively "ICE Enforcement Initiatives"), impose requirements intended to ensure compliance with the federal immigration detention processes. The ICE Enforcement

Initiatives impose various penalties for non-compliance, including the loss of state and/or federal funding under certain circumstances. The loss of state and/or federal funds in any significant amount would negatively impact the City's overall financial position and could affect its rating. However, the Notes are secured by a debt service levy upon real property in the jurisdictional limits of the City, and are not secured by state or federal funds. See "SECURITY AND SOURCE OF PAYMENT" herein.

**Summary**

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 to make a judgement as to whether the Notes are an appropriate investment.

**LITIGATION**

The Issuer encounters litigation occasionally, as a course of business; however, no litigation currently exists that is not believed to be covered by current insurance carriers and the Issuer is not aware of any pending litigation that questions the validity of these Notes.

**ACCOUNTANT**

The financial statements of the Issuer included as "APPENDIX D – INDEPENDENT AUDITOR'S REPORTS OF THE ISSUER" to this Official Statement have been examined by Gronewold, Bell, Kyhnn & Co. P.C., Atlantic, Iowa to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said office, and said office expresses no opinion with respect to the Notes or the Official Statement.

**PLAN OF FINANCING**

Proceeds of the Series 2020A Notes will be used provide funds to pay the costs of aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of Chapter 403; and paying certain costs of issuance related to the Notes.

Proceeds of the Series 2020B Notes will be used provide funds to pay the costs pay the costs of (a) the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of the City including refunding of the City's General Obligation Capital Loan Notes, Series 2009, dated October 1, 2009; and (b) the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of the City including refunding of the City's General Obligation Urban Renewal Bonds, Series 2013B, dated December 19, 2013; and paying certain costs of issuance related to the Notes.

**SOURCES AND USES OF FUNDS\***

The following are estimated sources and uses of funds, with respect to the Bonds.

	<u>Series 2020A Notes</u>	<u>Series 2020B Notes</u>
<b>Sources of Funds</b>		
Bond Principal	\$4,765,000*	\$3,190,000*
Premium/(Discount)		
<b>Total Sources of Funds</b>	<u>\$</u>	<u>\$</u>
<b>Uses of Funds</b>		
Project Fund	\$	\$
Refunding Fund	\$	\$
Capitalized Interest	\$	\$
Costs of Issuance & Contingency <sup>(1)</sup>	\$	\$
<b>Total Uses of Funds</b>	<u>\$</u>	

(1) Includes, among other things, payment of certain legal, financial and other expenses related to the issuance of the Bonds (including, without limitation, underwriters' discount). See the discussion under the caption "UNDERWRITING" herein.

\* Preliminary, subject to change.

## **TAX EXEMPTION AND RELATED TAX MATTERS**

### **Tax Exemption and Related Considerations**

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 Issuer 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 Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes, and interest on the Notes is not included as an item of tax preference in computing the federal alternative minimum tax imposed.

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.

### **Proposed Changes in Federal and State Tax Law**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or 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. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Notes. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax exempt 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.

Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. 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.

### **Discount and Premium 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 federal 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"). Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable premium on Premium Notes for federal 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 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. To the best of the Issuer’s knowledge, no obligations of the Issuer are currently under examination by the Service. 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 Issuer 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.

### **Related Tax Matters**

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, or clarification of the Code may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Notes from realizing the full current benefit of the tax status of such interest. For example, future legislation might subject interest on the Notes to a federal income tax at a certain rate, or might limit or eliminate the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers whose income is subject to higher marginal income tax rates, either of which could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes.

The introduction or enactment of any such legislative proposals or clarification of the Code may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion.

The opinion expressed by Bond Counsel is 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**

There is no bond trustee or similar person to monitor or enforce the terms of the resolution authorizing issuance of 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 Issuer and certain other public officials to perform the terms of the resolution for the Notes) may have to be enforced from 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 will state, in part, that the obligations of the Issuer 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.

### **Opinion**

Bond Counsel’s opinion is not a guarantee of a result, or of the transaction on which the opinion are 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 Issuer 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.

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).

### LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes and with regard to the tax-exempt status of the interest thereon (see “TAX EXEMPTION AND RELATED TAX MATTERS” herein) are subject to the approving legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as “APPENDIX B – FORM OF BOND COUNSEL OPINION.” Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Notes, will be delivered to the Underwriter at the time of such original delivery. The Notes are offered subject to prior sale and to the approval of legality of the Notes by Bond Counsel. Ahlers & Cooney, P.C. is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Notes.

The legal opinion to be delivered will express the professional judgment of Bond Counsel, and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

### RATINGS

S&P Global Ratings has assigned the Notes a rating of “\_\_\_”. The rating reflects only the views of S&P Global Ratings, and an explanation of the significance of that rating may be obtained only from S&P Global Ratings and its published materials. The rating described above is not a recommendation to buy, sell or hold the Notes. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of S&P Global Ratings, circumstances so warrant. Therefore, after the date hereof, investors should not assume that the rating is still in effect. A downward revision or withdrawal of the rating is likely to have an adverse effect on the market price and marketability of the Notes. The Issuer has not assumed any responsibility either to notify the owners of the Notes of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Certificate, or to contest any revision or withdrawal.

### CONTINUING DISCLOSURE

The Issuer will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Notes to provide annually certain financial information and operating data relating to the Issuer (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than twelve months after the close of each fiscal year, commencing with the fiscal year ending June 30, 2020, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

During the previous five years, the City did not file certain operating data for its fiscal year ended June 30, 2019 and did not file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings.

### UNDERWRITING

The Notes are being purchased, subject to certain conditions, by D.A. Davidson & Co. (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Notes at an aggregate purchase price of \$ \_\_\_\_\_ (reflecting the par amount of the Bonds with original issue premium of \$ \_\_\_\_\_ and an underwriter’s discount of \$ \_\_\_\_\_).

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Notes may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Notes subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Notes at the request of the holder thereof.



**APPENDIX A**  
**INFORMATION ABOUT THE ISSUER**

**CITY OF GRINNELL, IOWA**

927 4<sup>th</sup> Avenue  
 Grinnell, Iowa 50112  
 (641) 236-2600

**MAYOR and CITY COUNCIL**

<b>Dan Agnew</b> , Mayor .....	December 31, 2021
<b>Julie Davis</b> , Council Member – First Ward .....	December 31, 2021
<b>Jo Wray</b> , Council Member – Second Ward .....	December 31, 2023
<b>Rachel Bly</b> , Council Member – Third Ward .....	December 31, 2021
<b>Lamoyne Gaard</b> , Council Member – Fourth Ward .....	December 31, 2023
<b>Jim White</b> , Council Member – At-Large .....	December 31, 2021
<b>Byron Hueftle-Worley</b> , Council Member – At-Large .....	December 31, 2023

**CITY OFFICIALS**

Russ Behrens, City Manager  
 Ann Wingerter, City Clerk/Finance Director

**BOND AND DISCLOSURE COUNSEL**

Ahlers & Cooney, P.C.  
 100 Court Avenue, Suite 600  
 Des Moines, IA 50309

**UNDERWRITER**

D.A. Davidson & Co.  
 515 East Locust Street, Suite 200  
 Des Moines, IA 50309

**GENERAL INFORMATION**

The City of Grinnell (the “City” or “Issuer”) is located in Poweshiek County in central Iowa, halfway between Des Moines and Iowa City. The City serves as home to Grinnell College, which was the first four-year co-educational liberal arts college west of the Mississippi river, with enrollment of approximately 1,716 for 2019-20 fiscal year. Grinnell College consistently is rated as one of the top ten liberal arts colleges in the Nation. Major transportation to and from the City is provided by U.S. Interstate 80, Iowa Highway 6 and the Chicago & Northwestern Railroad. The City operates a municipal airport sufficient for light aircrafts. Commercial air transportation is available at either Des Moines or Cedar Rapids (both approximately 1-hour drive). Medical needs are provided by the Grinnell Regional Medical Center, an 81 bed unit. In addition, Grinnell’s proximity to Iowa City allows residents immediate access to the University of Iowa Hospitals.

Educational facilities for residents of the City are provided by the Grinnell-Newburg Community School District. For the 2019-20 school year, the District had enrollment of 1,752 and serves a total population of 12,151. Continuing education opportunities are provided by Grinnell College; University of Iowa, Iowa City; Iowa Valley Community College, Marshalltown; Central College, Pella; Drake University, Des Moines; and University of Northern Iowa, Cedar Falls.

**POPULATION**

Population trends for the City, county and state are as follows:

	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
City of Grinnell	9,218	9,105	8,902	8,868
County of Poweshiek	18,914	18,815	19,033	19,306
State of Iowa	3,046,355	2,926,324	2,776,831	2,913,808

Source: U.S. Department of Commerce.

**LARGER EMPLOYERS**

A representative list of the larger employers in the City and surrounding area is as follows:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate No. of Employees</u> <sup>1)</sup>
Grinnell Mutual Reinsurance Co. <sup>2)</sup>	Insurance	722
Grinnell College	Higher Education	700
Grinnell Regional Medical Center	Healthcare	400
Brownells Co., Inc. <sup>3)</sup>	Firearms Accessories & Gunsmithing Tools	370
Jeld-Wen Interior Doors	Doors	330
Grinnell Community School District	Public Education (Contracted)	274
Mayflower Homes	Retirement Living	133
St. Francis Manor/Seeland Park	Retirement Living	122
Engineered Plastic Components, Inc.	Manufacturing	68
City of Grinnell <sup>4)</sup>	Government	65

<sup>1)</sup> Includes full time and part time employees.

<sup>2)</sup> The company employees a total of approximately 722 employees, approximately 550 employees work in the City.

<sup>3)</sup> Previously located in the City of Montezuma, transitioning offices to new Grinnell distribution center.

<sup>4)</sup> The City hires additional seasonal employees during the summer.

Source: The City.

**AGRICULTURE STATISTICS**

	<u>Poweshiek County</u>	<u>State of Iowa</u>
<u>Corn/Grain:</u>		
Harvested acres	139,500	12,800,000
Yield per acre (bu/acre)	218.8	196.0
Production (1,000 bu.)	30,523	2,508,800
<u>Soybeans:</u>		
Harvested acres	118,200	9,910,000
Yield per acre (bu/acre)	59.4	57.0
Production (1,000 bu.)	7,022	564,870

Source: 2019 Iowa Agricultural Statistics Bulletin, USDA, National Agriculture Statistics Service.

**TAXABLE RETAIL SALES**

Year Ended	City of Grinnell		Poweshiek County	
	<u>Retail Sales</u>	<u>No. of Businesses</u>	<u>Retail Sales</u>	<u>No. of Businesses</u>
<u>June 30</u>				
2019	\$119,127,133	346	\$185,153,330	641
2018	\$115,212,154	336	\$180,720,250	626
2017	\$108,906,636	333	\$173,563,597	623
2016	\$103,917,879	331	\$167,265,667	633
2015	\$100,057,496	329	\$163,507,140	631
2014	\$96,150,764	341	\$153,579,969	645

Source: Iowa Department of Revenue and Finance, Iowa Retail Sales and Use Tax Reports.

**BUILDING PERMIT TREND (as of June 30, 2020)**

	June 2020	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Single-Family Homes</b>						
No. of New Homes	4	4	4	11	14	5
Valuation	\$1,131,000	\$701,340	\$859,866	\$2,650,448	\$3,569,333	\$1,049,046
<b>Multiple Family Dwellings</b>						
No. of New Buildings	0	0	0	0	1	0
Valuation	\$0	\$0	\$0	\$0	\$185,000	\$0
<b>Commercial/Industrial/Other</b>						
No. of New Buildings	18	17	24	30	23	2
Valuation	\$264,428	\$2,501,664	\$6,162,071	\$13,259,286	\$1,017,213	\$8,336,969
<b>Additions/Remodeling</b>						
No. of New Add./Remodels	33	34	61	67	59	340
Valuation	\$1,450,426	\$929,204	\$6,005,352	\$44,974,113	\$47,329,765	\$6,510,865
Total Permits	55	55	89	108	97	347
Total Valuations	\$2,845,854	\$4,132,208	\$13,027,289	\$60,883,847	\$52,101,311	\$15,896,880

Source: The City.

**UNEMPLOYMENT STATISTICS**

	<u>2020</u> <sup>1</sup>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County of Poweshiek <sup>2</sup>	6.35%	2.70%	2.45%	3.20%	3.45%	3.65%
State of Iowa <sup>2</sup>	6.10%	2.75%	2.60%	3.10%	3.60%	3.75%

<sup>1</sup>) 2020 data is as of May 31.

<sup>2</sup>) Not seasonally adjusted annual average.

Source: Iowa Workforce Development.

**PERSONAL AND PER CAPITA INCOME <sup>1</sup>)**

The U.S. Department of Commerce reports 2014 personal income for all Poweshiek County as \$877,913,000 with an increase of 6.96% from the 2017 personal income of \$820,789,000.

The following table summarizes per capita income in 2014 through 2018:

	<u>2018</u> <sup>1</sup> )	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Poweshiek County	46,950	44,216	42,708	43,648	42,573
State of Iowa	50,124	47,458	46,431	46,224	44,799
U.S. Total	544,446	51,885	49,870	48,978	47,058

<sup>1</sup>) 2018 is the most recent data from the U.S. Department of Commerce, Bureau of Economic Analysis.

Source: U.S. Department of Commerce - Bureau of Economic Analysis.

**MAJOR TAXPAYERS**

Set forth in the following table are the persons or entities which represent larger taxpayers within the boundaries of the City, as provided by the Poweshiek County Auditor’s office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. With the exception of the electric and natural gas providers (which is subject to an excise tax in accordance with Iowa Code chapter 437A), the City’s mill levy is applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

<u>Name<sup>1</sup></u>	<u>Taxable Value as of 1/1/2018</u>
St Francis Manor Inc	\$10,632,450
Jeld Wen Inc	7,818,120
The Knolls LC	7,466,346
Harwich Terrace at Mayflower LLC	5,857,873
Grinnell Mutual Reinsurance Company	5,766,434
Key Cooperative	5,522,679
Wal Mart Real Estate Business Trust	4,195,665
Interstate Power & Light Co	3,344,544
Mayflower Homes Inc	2,889,277
Grinnell Center LLC	<u>2,700,000</u>
Total:	\$56,193,388
Top 10 as % of Total 2018 Taxable Valuation:	15.94%

<sup>1)</sup> This list represents some of the top taxpayers in the City, not necessarily the top 10 taxpayers.

Source: Poweshiek County Auditor’s office.

**TAX RATES OF THE CITY**

Valuation Year:	2018	2017	2016	2015	2014
<u>Collection Year:</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
General	8.10000	8.10000	8.10000	8.10000	8.10000
Outside \$8.10	1.02010	1.01871	0.51809	0.55717	0.53205
Debt Service	0.80903	0.73140	0.32667	1.43113	1.25674
Other	<u>4.90163</u>	<u>4.98065</u>	<u>5.47600</u>	<u>4.33246</u>	<u>4.53197</u>
Total Levy	14.83076	14.83076	14.42076	14.42076	14.42076
City Ag Land	3.00375	3.00375	3.00375	3.00375	3.00375

Source: Iowa Department of Management.

**HISTORICAL TAX RATE PER \$1,000 (Combined Levy for all Taxing Districts)**

Valuation Year:	2018	2017	2016	2015	2014
<u>Collection Year:</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>
City of Grinnell	14.83076	14.83076	14.42076	14.42076	14.42076
Poweshiek County	3.99739	4.14694	4.16396	4.31948	4.21741
County Assessor	0.49938	0.45604	0.39714	0.55216	0.45623
Ag. Extension	0.20671	0.20987	0.20386	0.20915	0.20601
Grinnell-Newburg CSD	14.24677	14.24677	14.24677	14.24677	14.32206
Iowa Valley CC	0.88409	0.99668	1.36842	1.74505	1.78170
State (Bruc./T.B.)	<u>0.0028</u>	<u>0.0029</u>	<u>0.0031</u>	<u>0.0033</u>	<u>0.0033</u>
Grinnell Resident:	38.70692	38.62485	38.50532	38.47350	38.98053

Source: Iowa Department of Management.

**LEVIES AND TAX COLLECTIONS**

Valuation <u>Year</u>	Collection <u>Year</u>	Amount <u>Levied</u>	Amount <u>Collected*</u>	Percent <u>Collected</u>
2019	2020/21	\$4,324,749	<i>In Process of Collection</i>	
2018	2019/20	4,019,405	\$4,157,823	103.44%
2017	2018/19	4,009,988	4,034,032	100.60%
2016	2017/18	3,998,954	4,026,596	100.69%
2015	2016/17	3,669,299	3,605,298	98.26%

*\*Includes delinquent taxes, if any*

*Source: The City.*

**CURRENT FUND BALANCES (as of June 30, 2020)**

	<u>as of 6/30/2020</u>
General Fund	\$2,417,648.14
Special Revenue Fund	\$4,475,106.72
TIF Fund	\$415,527.64
Debt Service Fund	\$133,166.43
Capital Project Fund	\$794,854.24
Perp Care Fund	\$527,494.12
City Utilities Fund	\$4,241,753.16

*Source: The City.*

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## CITY PROPERTY VALUATIONS

### PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs the county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The 2019 final Actual Values were adjusted by the Poweshiek County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2019 the taxable value rollback rate was 55.0743% of actual value for residential property; 81.4832% of actual value for agricultural property; 71.25% for multi-residential property; and 90% of actual value for commercial, industrial and railroad property. Utility property is limited to an 8% annual growth.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 3% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

### 1/1/2019 VALUATIONS (Taxes payable July 1, 2020 to June 30, 2020)

	100% Actual Value	Taxable Value (With Rollback)
Residential	\$353,006,502	\$182,807,643
Commercial	\$90,303,139	\$77,344,256
Industrial	\$15,828,933	\$13,028,191
Multiresidential	\$17,874,988	\$11,142,927
Railroads	\$2,620,500	\$2,358,451
Utilities w/o Gas & Electric	\$573,293	\$573,293
Other	\$0	\$0
Gross Valuation	\$480,207,355	\$287,254,761
Less: Military Exemption	\$750,060	\$750,060
Net Valuation	\$479,457,295	\$286,504,701
TIF Increment - <i>(used to compute debt service levies and constitutional debt limit)</i>	\$82,843,849	\$82,843,849
Taxed Separately		
Ag. Land	\$911,090	\$742,387
Ag. Buildings	\$163,250	\$133,020
Gas & Electric	26029022	4268123

### VALUATION TREND

Valuation Year	Payable Fiscal Year	100% Actual Valuation	Taxable Valuation (With Rollback)	Taxable TIF Increment Valuation	Total Taxable Valuation
2019	2020/21	\$589,404,506	\$290,772,824	\$82,843,849	\$373,616,673
2018	2019/20	\$555,631,825	\$270,446,876	\$82,035,167	\$352,482,043
2017	2018/19	\$539,485,640	\$271,066,393	\$69,138,781	\$340,205,174
2016	2017/18	\$543,508,186	\$279,874,591	\$71,184,219	\$351,058,810
2015	2016/17	\$511,428,037	\$251,269,304	\$74,945,040	\$326,214,344

The 100% actual valuations, before rollback and after reduction of military exemption, include ag land and buildings, TIF increment, and gas and electric utilities and are used for calculating debt capacity. The taxable valuations, with the rollback and after the reduction of military exemption, include gas and electric utilities, exclude ag land and buildings and exclude taxable TIF increment value, which is shown separately. Iowa cities certify operating levies against taxable value excluding TIF increment. However, debt service levies are certified against taxable value including TIF increment.

Source: Iowa Department of Management.

## CITY INDEBTEDNESS

### DEBT LIMIT CALCULATION

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by constitutional debt limit which is an amount equal to 5% of the value of taxable property within its limits as ascertained by the last state and county tax lists. The Issuer's debt limit, based upon 2019 property valuations, is illustrated below:

	<u>2019 Valuation</u>
Actual Valuation	\$589,404,506
Less: Military Exemption	<u>(750,060)</u>
	\$512,515,669
	<u>x 5%</u>
Debt Limit	\$29,470,225
Less Debt Subject to Debt Limit:	
General Obligation Bonds/Notes Outstanding	*\$19,010,000
TIF Rebate Obligations	<u>389,986</u>
Total Debt Subject to Debt Limit	<u>*\$19,499,986</u>
Amount of Debt Capacity Remaining	*\$10,070,239
Percent of Debt Capacity Remaining	*34.2%

### GENERAL OBLIGATION DEBT

#### General Obligation Debt Paid by Taxes, Tax Increment and Local Option Sales Tax

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding as of 9/24/2020
10/2009	\$1,900,000	Various Projects	6/2020	\$0 <sup>1</sup>
12/2013B	3,720,000	Urban Renewal (Streets/Boiler)	6/2020	0 <sup>1</sup>
9/2014	5,995,000	Advance Refunding of 2008	6/2027	4,805,000
6/2016	7,460,000	Various Projects	6/2036	5,330,000
6/2018	700,000	Urban Renewal	6/2028	580,000
3/2019	425,000	Fire Truck	6/2024	340,000
9/2020A	4,765,000	Urban Renewal	6/2029	4,765,000 *
9/2020B	3,190,000	Current Refunding of 2009/2013B	6/2029	<u>3,190,000 *</u>
		Total		<u>\$19,010,000</u>

1) Series 2009 and Series 2013B will be refunded with proceeds from the Series 2020B Notes at closing.

\*Preliminary, subject to change.

**Annual Fiscal Year G.O. Debt Service Payments Paid by Taxes, Tax Increment and Local Option Sales Tax**

Year Ending <u>June 30,</u>	Outstanding G.O. Debt		Series 2020A Notes*		Series 2020B Notes*		TOTAL G.O. P+I
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$1,535,000	\$261,377		\$0 <sup>1</sup>	\$670,000	\$49,622	\$2,516,000
2022	1,567,000	228,203		0 <sup>1</sup>	685,000	50,400	2,530,604
2023	1,589,000	194,365	\$25,000	142,950	700,000	36,700	2,688,015
2024	1,631,000	158,208	25,000	142,200	720,000	22,700	2,699,108
2025	1,573,000	119,230	705,000	141,450	80,000	8,300	2,626,980
2026	1,611,000	81,008	725,000	120,300	80,000	6,700	2,624,008
2027	843,000	39,838	745,000	98,550	85,000	5,100	1,816,488
2028	146,000	19,303	1,210,000	76,200	85,000	3,400	1,539,903
2029	65,000	15,240	<u>1,330,000</u>	<u>39,900</u>	<u>85,000</u>	<u>1,700</u>	1,536,840
2030	65,000	13,810					78,810
2031	65,000	12,380					77,380
2032	70,000	10,950					80,950
2033	70,000	8,850					78,850
2034	75,000	6,750					81,750
2035	75,000	4,500					79,500
2036	<u>75,000</u>	<u>2,250</u>					<u>77,250</u>
Total	\$11,055,000	\$1,176,260	\$4,765,000	\$761,550	\$3,190,000	\$184,622	\$21,132,434

**OTHER CITY DEBT**

**Sewer Revenue Debt:** The City has revenue debt payable solely from net revenues of the sewer enterprise fund as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding as of 9/24/2020
4/2018	\$14,300,000	Sewer Treatment Plant	6/2038	\$13,774,000

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**FINANCIAL SUMMARY**

City of Grinnell, Iowa (as of September 24, 2020)

2019 100% Valuation	\$589,404,506
2019 Taxable Valuation (excludes \$875,407 ag value)	\$373,616,673
General Obligation Bonded Debt ( <i>including this issue</i> )	\$19,010,000 *
Direct General Obligation Debt per Capita (2010 Census: 9,218)	\$2,062.27 *
Total Direct and Indirect General Obligation Debt per Capita	\$2,302.78 *
Ratio of Direct General Obligation Debt to 100% Valuation	3.23% *
Ratio of Direct and Indirect G. O. Debt to 100% Valuation per Capita	3.60% *
100% Valuation per Capita	\$63,940.61
 Sewer Revenue Debt	 \$13,774,000

Poweshiek County

2019 100% Valuation	\$2,095,430,544
2019 Taxable Valuation	\$1,352,946,286
General Obligation Bonded Debt	\$3,975,000
Percent Allocable to City	27.62%
Amount Allocable to City	\$1,097,697.88
City's share of Debt per Capita	\$119.08

Grinnell-Newburg School District

2019 100% Valuation	\$1,098,783,138
2019 Taxable Valuation	\$709,585,384
General Obligation Bonded Debt	\$0
Percent Allocable to City	52.65%
Amount Allocable to City	\$0.00
City's share of Debt per Capita	\$0.00

Iowa Valley Community College

2019 100% Valuation	\$8,964,209,648
2019 Taxable Valuation	\$5,674,496,888
Bonded Debt:	
General Obligation School Bonds/Notes	\$17,000,000
General Obligation Certificates: Industrial New Jobs Training Certificates	\$6,865,000
Total General Obligation Debt	\$23,865,000 <sup>(1)</sup>
Percent Allocable to City	6.58%
Amount Allocable to City (excludes New Jobs Training Certificates)	\$1,119,303.36
City's share of Debt per Capita (excludes New Jobs Training Certificates)	\$121.43

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1) *The Certificates were issued to finance projects which provide education and training of workers for new or expanding industry in the Merged Area. While secured by an annual levy of a standby tax upon all taxable property in the Merged Area, the debt service is payable from revenues of the respective projects and the standby tax will be collected **only** in the event such revenues are insufficient. The Certificates are currently self-supporting.*

*\*Preliminary, subject to change.*

**PENSION AND RETIREMENT BENEFITS**

**Iowa Public Employees Retirement System**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer 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 issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The Issuer’s share, payable from the applicable funds of the Issuer, is provided by an annual levy of taxes without limit or restriction as to rate or amount against all the taxable property of the Issuer. All contributions are on a current basis. See “APPENDIX A” for additional information on IPERS.

In fiscal year 2019, regular plan members are required to contribute 6.29% of their annual covered payroll and the City is required to contribute 9.44% of covered payroll. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City’s contributions to IPERS for the years ended June 30, 2019, 2018, and 2017 were approximately \$204,695, \$195,481, and \$197,035, respectively, equal to the required contribution for each year

The fund is administered by the Board with administration costs paid from income derived from invested funds. IPERS has an unfunded actuarial liability and unrecognized actuarial loss. The following table sets forth certain information about the funding status of IPERS that has been extracted from the Actuarial Valuation Report of IPERS for fiscal years noted below (the “Reports”). A complete copy of the Reports can be obtained by visiting IPERS website at: <http://www.ipers.org/> or by writing to IPERS at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

Fiscal Year Ended June 30,	Actuarial Value of Assets [a]	Actuarial Liability [b]	Unfunded Actuarial Liability (UAL) [b] - [a]	Percentage Funded [a] / [b]	Annual Covered Payroll [c]	UAL as a Percentage of Covered Payroll ([b] - [a]) / [c]
2019	\$33,324,327,606	\$39,801,338,797	\$6,477,011,191	83.73	\$8,151,043,468	79.46
2018	\$31,827,755,864	\$38,642,833,653	\$6,815,077,789	82.36	\$7,983,219,527	85.37
2017	\$30,472,423,914	\$37,440,382,029	\$6,967,958,115	81.39	\$7,863,160,443	88.62
2016	\$29,033,696,587	\$34,619,749,147	\$5,586,052,560	83.86	\$7,556,515,720	73.92
2015	\$27,915,379,103	\$33,370,318,731	\$5,454,939,628	83.65	\$7,326,348,141	74.46

The Reports outline the assumptions made in the above valuations.

Bond Counsel, Disclosure Counsel, the Issuer and the Underwriter 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 State Auditor’s website or links to other Internet sites accessed through the IPERS website.

**Municipal Fire and Police Retirement System of Iowa Pension Plan**

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

Plan members are required to contribute 9.40% of earnable compensation and the City’s contribution rate, based upon an actuarially determined normal contribution rate, cannot be less than 17.0% of earnable compensation. Contribution requirements are established by state statute. The City’s contributions to the Plan for the years ended June 30, 2019, 2018, and 2017 were approximately \$323,371, \$297,948 and \$303,137, respectively, which met the required minimum contribution for each year. For additional information, please see the City’s Audit in “APPENDIX A” for additional information.

Source: IPERS website, and the City’s 2019 Audit.

## **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Description: As required by state law, the City operates a single-employer health benefit plan which provides medical benefits for employees and retirees. There are 52 active members and 1 retired member in the plan. Retired participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with a commercial insurance carrier. Retirees under age 65 pay the same premium for the medical benefits as active employees.

Funding Policy: The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2019, the City contributed \$643,117 and plan members eligible for benefits contributed \$109,170 to the plan. For additional information, please see the City's Audit in "APPENDIX A" for additional information

*Source: The City's 2019 Audit.*

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APPENDIX B

FORMS OF BOND COUNSEL OPINION

Series 2020A Form of Bond Counsel Opinion



**Ahlers & Cooney, P.C.**

*Attorneys at Law*

100 Court Avenue, Suite 600

Des Moines, Iowa 50309-2231

**Phone:** 515-243-7611

**Fax:** 515-243-2149

[www.ahlerslaw.com](http://www.ahlerslaw.com)

DATE

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Grinnell, Iowa (the "Issuer"), relating to the issuance of General Obligation Capital Loan Notes, Series 2020A, by said City, dated \_\_\_\_\_, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$ \_\_\_\_\_ (the "Notes").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing the Loan Agreement and issuance of the Notes (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and Loan Agreement and issue the Notes.
2. The Loan Agreement and Notes are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Notes. Taxes have been levied by the Resolution for the payment of the Notes and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.
4. 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. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability of the Notes are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,



**Ahlers & Cooney, P.C.**

*Attorneys at Law*

100 Court Avenue, Suite 600

Des Moines, Iowa 50309-2231

**Phone:** 515-243-7611

**Fax:** 515-243-2149

[www.ahlerslaw.com](http://www.ahlerslaw.com)

DATE

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Grinnell, Iowa (the "Issuer"), relating to the issuance of General Obligation Refunding Capital Loan Notes, Series 2020B, by said City, dated \_\_\_\_\_, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$ \_\_\_\_\_ (the "Notes").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing the Loan Agreement and issuance of the Notes (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and Loan Agreement and issue the Notes.
2. The Loan Agreement and Notes are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Notes. Taxes have been levied by the Resolution for the payment of the Notes and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.
4. 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. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability of the Notes are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

#### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Grinnell, Iowa (the "Issuer"), in connection with the issuance of \$ \_\_\_\_\_ General Obligation Capital Loan Notes, Series 2020A (the "Series 2020A Notes") and the issuance of \$ \_\_\_\_\_ General Obligation Refunding Capital Loan Notes, Series 2020B (the "Series 2020B Notes") (collectively, the "Notes") dated \_\_\_\_\_. The Notes are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2020 (the "Resolution"). The Issuer covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate; Interpretation.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.

**Section 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.

"Holders" shall mean the registered holders of the Notes, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" ([emma.msrb.org](http://emma.msrb.org)).

"Official Statement" shall mean the Issuer's Official Statement for the Notes, dated \_\_\_\_\_, 2020.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

### Section 3. Provision of Annual Financial Information.

a) The Issuer shall, or shall cause the Dissemination Agent to, not later than twelve (12) months after the end of the Issuer's fiscal year (presently June 30th), commencing with information for the 2019/2020 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

b) If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

c) The Dissemination Agent shall:

- i. each year file Annual Financial Information with the National Repository; and
- ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.

b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions "Valuation by Property Classification", "Valuation Trend", "Major Taxpayers", "Tax Rate Per \$1,000 of Taxable Valuation", "Debt Limit Calculation" and "General Obligation Debt".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

### Section 5. Reporting of Significant Events.

a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not later than 10 Business Days after the day of the occurrence of the event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements relating to the Notes reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Notes, or material events affecting the tax-exempt status of the Notes;
- vii. Modifications to rights of Holders of the Notes, if material;
- viii. Note calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- ix. Defeasances of the Notes;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes on the Notes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- xvi. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

**Section 6. Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Certificate with respect to each Series of Notes shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes of that Series or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;
- b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c) The amendment or waiver either (i) is approved by the Holders of the Notes in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Section 13. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: \_\_\_\_\_ day of \_\_\_\_\_, 2020.

CITY OF GRINNELL, IOWA

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: City of Grinnell, Iowa.

Name of Note Issue: \$ \_\_\_\_\_ General Obligation Capital Loan Notes, Series 2020A/B

Dated Date of Issue: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Notes as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Notes. The Issuer anticipates that the Annual Financial Information will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

CITY OF GRINNELL, IOWA

By: \_\_\_\_\_

Its: \_\_\_\_\_

**APPENDIX D**

**INDEPENDENT AUDITOR'S REPORTS OF THE ISSUER**

## APPENDIX E

### BOOK-ENTRY SYSTEM

*The information in this Appendix concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC. Neither the Underwriter nor the Issuer take responsibility for the accuracy or completeness thereof, or for any material changes in such information subsequent to the date hereof, or for any information provided at the web sites referenced below. Beneficial Owners should confirm the following with DTC or the Direct Participants (as hereinafter defined). So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references in the Official Statement to the Bondowners or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.*

#### **Book-Entry System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for series of the Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Direct Participant as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on any payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer does not take any responsibility for the accuracy thereof.

RESOLUTION NO: 2020-120

RESOLUTION APPROVING BOND DISCLOSURE POLICY

WHEREAS, the City of Grinnell, State of Iowa, is a political subdivision, organized and exists under and by virtue of the laws and Constitution of the State of Iowa who routinely sells municipal securities to underwriters; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), imposes requirements upon the City's municipal securities offerings including providing an official statement and a continuing disclosure agreement with the purchaser or underwriter in connection with each new issuance of obligations which fall within the Rule; and

WHEREAS, to provide a protocol for future compliance with the Rule, the City has prepared a Bond Disclosure Policy outlining procedures related to the preparation of its primary and secondary disclosures for existing and future municipal securities issued by the City.

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

Section 1. The Bond Disclosure Policy attached hereto as Exhibit "A" is hereby adopted and approved.

Section 2. The City Clerk/Finance Officer identified as the Disclosure Coordinator therein is hereby approved and shall take any and all action necessary to properly implement the Policy.

PASSED AND APPROVED this 3rd day of August 2020.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

## EXHIBIT "A"

### **BOND DISCLOSURE POLICY City of Grinnell, Iowa Approved: August 3, 2020**

#### **Article I *General Overview***

Section 1.01. Purpose. This Bond Disclosure Policy ("Policy") of the City of Grinnell, Iowa (the "City") is intended to ensure that the City efficiently carries out its primary (offering) and secondary (continuing) disclosure obligations with respect to Securities it issues or guarantees pursuant to Rule 15c2-12, as amended (the "Rule"), promulgated under the Securities Exchange Act of 1934, as amended.

Section 1.02. Background. The Rule prohibits underwriters from purchasing bonds, notes or other obligations for resale to private investors unless the issuer provides an official statement and contractually promises to provide specified disclosures as required in the Rule. To facilitate compliance with the Rule, each issuer must enter into a continuing disclosure agreement ("Disclosure Agreement(s)") with the purchaser or underwriter in connection with each new issuance of Securities, thereby creating a contractual promise on behalf of the issuer to provide the market with these disclosures. The City is responsible for ensuring that all disclosure documents contain accurate information. The SEC has asserted that, under Rule 10b-5, "disclosure documents used by municipal issuers, such as official statements, are subject to the prohibition against false or misleading statements of material facts, including the omission of material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading."

Section 1.03. Securities Subject to the Rule. Various offerings of Securities are fully or partially exempt from the continuing disclosure provisions under the Rule. Offerings with an aggregate original principal amount of less than \$1 million ("Small Offerings"), offerings sold prior to July 3, 1995 ("Old Offerings") and offerings sold by an issuer directly to investors without using a broker, dealer, or municipal securities dealer as an underwriter or placement agent ("Direct Offerings") are entitled to certain exemptions from all continuing disclosure provisions under the Rule, unless the City voluntarily agrees to provide continuing disclosures for an otherwise exempt offering. Such exempt offerings may constitute a reportable "Financial Obligation" under a Disclosure Agreement entered into after February 27, 2019.

Section 1.04. Definitions. In addition to the terms defined above, the following capitalized terms shall have the following meanings:

- (A) "Annual Reports" shall have the meaning set forth in Section 4.01 of this Policy.
- (B) "Disclosure Coordinator" means the individual designated in Section 2.01 of this Policy.

(C) "Disclosure Counsel" means legal counsel (which may be bond counsel retained under separate engagement for a series of Securities) engaged for the purpose of assisting the City in meeting its primary and secondary market disclosure obligations.

(D) "EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is currently available at <http://emma.msrb.org/>.

(E) "Employee" means any person who, as part of his or her employment, has regular responsibility for the administration of matters related to Securities and Financial Obligations.

(F) "Financial Advisor" means a municipal advisor engaged for the purpose of assisting with the City's structuring and sale of Securities and incurrence of Financial Obligations.

(G) "Financial Obligation" means a (i) debt obligation<sup>1</sup>; (ii) derivative instrument entered in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii).

By way of further explanation of the definition:

- a. The term Financial Obligation is intended to distinguish debt, debt-like, and debt-related obligations (which could impact the City's liquidity, overall creditworthiness, or an existing Securities-holder's rights) from ordinary financial and operating obligations incurred in the normal course of City operations.
- b. The term Financial Obligation shall not include Securities as to which an official statement has been provided to the MSRB consistent with the Rule.
- c. The term Financial Obligation includes lease arrangements entered into by the City that operate as vehicles to borrow money, e.g. create an obligation to repay borrowed money over time under the terms of a lease equivalent to a similar obligation incurred under the terms of an indenture, loan agreement or similar contract, but does not include lease arrangements that are not vehicles to borrow money (e.g. operating leases) which do not represent competing debt of the City.
- d. A "derivative instrument" includes a swap, security-based swap, futures contract, forward contract, option, any combination of the foregoing, or any similar instrument to which the City is a counterparty, designed to hedge

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<sup>1</sup> SEC guidance as of the date of the policy indicates the term "debt obligation" includes, but is not limited to: (1) any short-term or long-term debt obligation of the City under the terms of an indenture, loan agreement or similar contract; (2) a direct purchase of municipal securities of the City by an investor; (3) a direct loan to the City by a bank; and (4) generally, lease arrangements entered into by the City that operate as a vehicle to borrow money. The City should analyze each "Financial Obligation" upon the facts and circumstances in accordance with the Rule, and any subsequent guidance thereunder by the SEC.

against the risks of a related debt obligation, as opposed to such vehicles designed to mitigate investment risk.

- (H) "Fiscal Year" means the fiscal year of the City, beginning on July 1 and ending on the following June 30.
- (I) "Listed Event" means any of the events listed in Exhibit A of this Policy.
- (J) "MSRB" means the Municipal Securities Rulemaking Board or any other Municipal Securities Rulemaking Board by the Rule.
- (K) "Official Statement" shall have the meaning set forth in Section 3.01 of this Policy.
- (L) "SEC" means the United States Securities and Exchange Commission.
- (M) "Securities" means any securities issued by, or whose payment is guaranteed by the City, that are subject to the Rule.

**Article II**  
***Key Participants and Responsibilities***

Section 2.01. Disclosure Coordinator. By adoption of this Policy, the City hereby appoints the City Clerk/Finance Officer to act as the Disclosure Coordinator hereunder.

Section 2.02. Responsibilities. The Disclosure Coordinator is responsible for the following tasks:

- (A) reviewing and approving all preliminary and final official statements relating to the City's Securities, together with any supplements, for which a Disclosure Agreement is required (each, an "Official Statement"), before such documents are released, in accordance with Article III below;
- (B) moderating City Councils' (or departmental, if delegated) approval of all Financial Obligations triggering a Listed Event Notice under any new Disclosure Agreement entered into after February 27, 2019;
- (C) reviewing the City's status and compliance with Disclosure Agreements, including filings of disclosure documents thereunder and in compliance with this Policy, in accordance with Articles IV and V below;
- (D) serving as a "point person" for personnel to communicate issues or information that should be or may need to be included in any disclosure document;
- (E) recommending changes to this Policy to the City Council as necessary or appropriate;

- (F) communicating with third parties, including coordination with outside consultants assisting the City, in the preparation and dissemination of disclosure documents to make sure that assigned tasks have been completed on a timely basis and making sure that the filings are made on a timely basis and are accurate;
- (G) in anticipation of preparing disclosure documents, soliciting "material" information (as defined for purposes of federal securities law) from Employees identified as having knowledge of or likely to have information of Listed Events under Article IV or relevant to Disclosure Agreements;
- (H) maintaining records documenting the City's compliance with this Policy; and
- (I) ensuring compliance with training procedures as described below.

The responsibilities of the Disclosure Coordinator to make certain filings with the MSRB under Articles IV (Annual Report Filings) and V (Listed Event Filings) may be delegated by contract to a dissemination agent, under terms approved by the City Council.

### **Article III** ***Official Statements***

Section 3.01. Review and Approval of Official Statements. Whenever the City issues Securities, an Official Statement may be prepared. Each of these Official Statements contains information relating to the City's finances. The Disclosure Coordinator (with advice from Bond Counsel, any retained Disclosure Counsel, and/or Financial Advisor) shall have primary responsibility for ensuring that all such information is accurate and not misleading in any material aspect. The Official Statement may also include a certification that the information contained in the Official Statement regarding the City, as of the date of each Official Statement, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the information contained in the Official Statement, in light of the circumstances under which it was provided, not misleading. When undertaking review of a final or preliminary Official Statement, the Disclosure Coordinator shall:

- (A) review the Official Statement to ensure: (i) that there are no material misstatements or omissions of material information in any sections, (ii) that the information relating to the City that is included in the Official Statement is accurate, and (iii) that when necessary the information relating to the City has been reviewed by a knowledgeable Employee or other appropriate person;
- (B) draft, or cause to be drafted, for the Official Statement descriptions of (i) any material current, pending or threatened litigation, (ii) any material settlements or court orders and (iii) any other legal issues that are material information for purposes of the Official Statement; and

- (C) report any significant disclosure issues and concerns to the City Council (with advice, as necessary, from Bond Counsel, retained Disclosure Counsel, if any, and/or Financial Advisor).

Section 3.02. Submission of Official Statements to City Council for Approval. The Disclosure Coordinator shall submit all Official Statements to the City Council for review and approval. The City Council shall undertake such review it deems necessary, following consultation with the Disclosure Coordinator, Bond Counsel, retained Disclosure Counsel, if any, and/or the Financial Advisor to fulfill the City Council responsibilities under applicable federal and state securities laws.

#### **Article IV** ***Annual Report Filings***

Section 4.01. Overview. Under the Disclosure Agreements the City has entered into in connection with certain of its Securities, the City is required each year to file Annual Reports with the EMMA system. Such Annual Reports are generally required to include: (1) certain updated financial and operating information as outlined in each Disclosure Agreement, and (2) the City's audited financial statements. The documents, reports and notices required to be submitted to the MSRB pursuant to this Policy shall be submitted through EMMA in an electronic format (searchable PDF), and shall be accompanied by identifying information, in the manner prescribed by the MSRB, or in such other manner as is consistent with the Rule. A description of the format and information presently prescribed to be filed with EMMA is included in Exhibit B. To facilitate the City's Disclosure Agreements the Disclosure Coordinator shall:

- (A) maintain a record of all Disclosure Agreements of the City using a chart substantially in the form attached as Exhibit C, which shall identify and docket all deadlines;
- (B) schedule email reminders on the EMMA website for each issue of Securities to help ensure timely filing of financial disclosures;
- (C) ensure that preparation of the Annual Reports commences as required under each specific Disclosure Agreement; and
- (D) comply with the City's obligation to file Annual Reports by submitting or causing the required (i) annual financial information and operating data and (ii) audited financial statements to be submitted to the MSRB through EMMA.
  - (i) In the event audited financial statements are not available by the filing deadline imposed by the Disclosure Agreement, the Disclosure Coordinator shall instead timely submit unaudited financial statements, with a notice to the effect that the unaudited financial statements are being provided pending the completion of audited financial statements and that the audited financial

statements will be submitted to EMMA when they have been prepared. In the event neither audited nor unaudited financial statements are timely posted, the City shall file a "failure to file notice" in accordance with the Rule. The failure to file notice for audited financial statements shall include information describing the nature and/or cause of the failure to meet the contractual deadline and, if available, an approximate timeframe for when the completed audited financial statement is expected to be submitted. Audited financial statements shall be filed as soon as available. If updated financial and operating information is not posted by the filing deadline, the Disclosure Coordinator shall cause a "failure to file notice" to be posted to EMMA in accordance with the Rule.

- (ii) All documents submitted to the MSRB through EMMA that are identified by specific reference to documents already available to the public on the MSRB's Internet website or filed with the SEC shall be clearly identified by cross reference.

## **Article V**

### ***Listed Event Filings***

Section 5.01. Disclosure of Listed Events. Pursuant to Rule 15c2-12(b)(5)(i)(C), the City is obligated to disclose to the MSRB notice of certain specified events with respect to the Securities (a "Listed Event"). Employees shall be instructed to notify the Disclosure Coordinator upon becoming aware of any of the Listed Events in the City's Disclosure Agreements. The Disclosure Coordinator may consult with Bond Counsel, retained Disclosure Counsel, if any, or the Financial Advisor, to determine if an occurrence is a Listed Event, and whether a filing is required or is otherwise desirable. If such a filing is deemed necessary, the Disclosure Coordinator shall cause a notice of the Listed Event (a "Listed Event Notice") that complies with the Rule to be prepared, and the Disclosure Coordinator shall file the Listed Event Notice as required by the Rule as follows:

- (A) Prior to issuance of new Securities after February 27, 2019, a complete list of current Financial Obligations shall be compiled in accordance with Exhibit D hereof, and submitted to the Disclosure Coordinator for continuous monitoring with regard to compliance with all Disclosure Agreements entered into on or after February 27, 2019.
- (B) The Disclosure Coordinator shall monitor and periodically review the Listed Events identified on Exhibit A, in connection with the Disclosure Agreements identified on the chart in Exhibit C to determine whether any event has occurred that may require a filing with EMMA. To the extent Disclosure Coordinator determines notice for an event is not required based on the event not achieving a level of materiality, Disclosure Coordinator shall document the basis for the determination.

- (C) Securities to which the Listed Event or Events are applicable, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event.
- (D) The Disclosure Coordinator shall monitor Securities data on EMMA regarding rating agency reports for rated Securities, and may subscribe to any available ratings agency alert service regarding the ratings of any Securities.

**Article VI**  
***Miscellaneous***

Section 6.01. Documents to be Retained. The Disclosure Coordinator shall be responsible for retaining records demonstrating compliance with this Policy. The Disclosure Coordinator shall retain an electronic or paper file ("Transcript") for each Annual Report the City completes. Each Transcript shall include final versions of documents submitted to the MSRB through EMMA, and any documentation related to determinations of materiality (or immateriality) of Listed Events. The Transcript shall be maintained for the period that the applicable Securities are outstanding, and for a minimum of five [5] years after the date the final Annual Report for an issue of Securities is posted on EMMA.

Section 6.02. Education and Training. The City shall conduct periodic training to assist the Disclosure Coordinator, Employees and the City Council, as necessary and appropriate, in understanding and performing their responsibilities under this Policy. Such training sessions may include a review of this Policy, the disclosure obligations under the Disclosure Agreement(s), applicable federal and state securities laws, including the Listed Events in Exhibit A, and the disclosure responsibilities and potential liabilities of members of City staff and members of the City Council. Training sessions may include meetings with Bond Counsel, retained Disclosure Counsel, if any, Dissemination Agent, if any, or Financial Advisor, and teleconferences, attendance at seminars or conferences where disclosure responsibilities are discussed, and/or recorded presentations. Disclosure Coordinator shall maintain a record of training activities in furtherance of this Policy.

Section 6.03. Public Statements Regarding Financial Information. Whenever the City makes statements or releases information relating to its finances to the public that is reasonably expected to reach investors and the trading markets (including, without limitation, all Listed Event notices, statements in the annual financial reports, and other financial reports and statements of the City), the City is obligated to ensure that such statements and information are accurate and complete in all material aspects. The Disclosure Coordinator shall assist the City Council and City Attorney in ensuring that such statements and information are accurate and not misleading in any material aspect. Investment information published on the City's website shall include a cautionary statement referring investors to EMMA as the official repository for the City's Securities-related data.

**EXHIBIT A**  
**LISTED EVENTS**

*The following events automatically trigger a requirement to file on EMMA within ten (10) business days of their occurrence (listed events are subject to change by the SEC):*

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person<sup>2</sup>;

Note to paragraph (b)(5)(i)(C)(12):

For the purposes of the event identified in paragraph (b)(5)(i)(C)(12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body

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<sup>2</sup> The term "obligated person" for purposes of the Rule shall mean the party, if other than the City, responsible for the Securities, e.g. in a conduit issue sold through the City, the conduit party would be the "obligated person" under the Disclosure Agreement.

and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

*Additionally, the following events apply to Disclosure Agreements entered into by the City on or after February 27, 2019:*

(15) Incurrence of a Financial Obligation of the obligated person, *if material\**, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, *if material\**; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

\*Materiality is determined upon the incurrence of each distinct Financial Obligation, taking into account all relevant facts and circumstances. A Financial Obligation is considered to be incurred when it is enforceable against the City. Event notices for Financial Obligations (e.g. under 15 and 16 above) should generally include a description of the material terms of the Financial Obligation, including: (i) date of the incurrence, (ii) principal amount, (iii) maturity and amortization; (iv) interest rate(s), if fixed, or method of computation, if variable, (v) other appropriate terms, based on the circumstances. In addition to a summary of material terms, the City may alternatively, or in addition, submit related materials, such as transaction documents (which may require some redaction), terms sheets prepared in connection with the Financial Obligation, or continuing covenant agreements or financial covenant reports.

## **EXHIBIT B**

### **Suggested Practices in Submitting Annual Financial Information to EMMA\***

#### **Annual Financial Information is to be submitted to EMMA as follows:**

- through the EMMA Dataport;
- in one or more electronic word-searchable portable document format files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means ("properly formatted pdf file"); and
- indexed by the submitter as "Annual Financial Information and Operating Data" – this EMMA indexing category should be used for all submissions consisting of one or both parts of an annual financial information submission. A submission should be indexed in EMMA by the submitter as "Annual Financial Information and Operating Data" if it consists of complete annual financial information (including audited financial statements and/or the CAFR).

#### **If the audited financial statements have not been prepared in time to meet the deadline:**

- file unaudited financial statements with a notice to the effect that the unaudited financial statements are being provided pending completion of audited financial statements and that the audited financial statements will be submitted to EMMA when they have been prepared.

#### **If annual financial information is provided by reference to other submitted documents file:**

- a notice that includes specific reference to a document available on the EMMA website or the SEC (such as, but not limited to, an official statement), to the extent that such document in fact includes the information required to be included in the annual financial information; and
- the submitter should confirm that such document in fact is available from the EMMA website or the SEC and should include in such notice (A) a textual description of the document that includes the required information, with sufficient detail for a reasonable person to determine the precise document being referenced, and (B) an active hyperlink to the pdf file of such document as then posted on the EMMA website or to the SEC's EDGAR system; further, if such document includes audited financial statements, the submitter should also index such submission as "Audited Financial Statements or CAFR" in addition to (but not instead of) "Annual Financial Information and Operating Data" unless the submitter submits such audited financial statements separately to EMMA.

**Failure to file notices are to be submitted to EMMA as follows:**

- through the EMMA Dataport;
- as an electronic word-searchable and properly formatted pdf file; and
- indexed by the submitter as "Failure to Provide Annual Financial Information."

\* Procedures subject to change

**EXHIBIT C**  
**DISCLOSURE AGREEMENT INVENTORY**  
*Complete upon each new issuance*

NAME OF ISSUE/PRINCIPAL AMOUNT	DATE OF ISSUE	FINAL MATURITY DATE	CUSIP FOR FINAL MATURITY	DATE BY WHICH ANNUAL REPORTS MUST BE FILED (OR "EXEMPTION" UNDER THE RULE)	ANNUAL REPORTS INFORMATION TO BE FILED	SOURCE OF INFORMATION	DATE INFORMATION WAS FILED

**EXHIBIT D**  
**FINANCIAL OBLIGATION INVENTORY**  
*Update Upon Incurrence*

DESCRIPTION OF SECURITY AND ORIGINAL PAR AMOUNT	DATE INCURRED	FINAL PAYMENT DATE	MATERIAL TERMS (RATES/PAYMENT/ DEFAULT/REMEDIES)	PLEGGED SECURITY	SOURCE OF INFORMATION	DATE INFORMATION WAS FILED ON EMMA

## RESOLUTION NO. 2020-121

A RESOLUTION APPROVING THE AGREEMENT BETWEEN GALLAGHER, MINNEAPOLIS, MN AND THE CITY OF GRINNELL FOR THE AMOUNT OF \$67,500.00 FOR COMPLETION OF A PAY PLAN AND COMPENSATION STUDY

WHEREAS, the City desires enter into an agreement with Gallagher, Minneapolis, MN for the amount of \$67,500.00 for the completion of a pay plan and compensation study; and

WHEREAS, the City has elected not to add the optional service of Performance Management; and

WHEREAS, the City Council has reviewed the terms and conditions of said agreement; and

NOW, THEREFORE, IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRINNELL, IOWA, AS FOLLOWS:

Section 1. The City Council of Grinnell, Iowa, approves the agreement with the Gallagher, Minneapolis, MN; and

Section 2. The Grinnell City Council authorizes the Mayor and City Clerk to execute the Agreement on behalf of the City of Grinnell.

ADOPTED AND APPROVED on 3rd day of August 2020.

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Dan F. Agnew, Mayor

Attest:

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Annmarie Wingerter, City Clerk



**Gallagher**

Insurance | Risk Management | Consulting

# City of Grinnell, Iowa

## Professional Services Proposal To Conduct a Pay Plan and Compensation Study

July 15, 2020

Ronnie Charles, National Managing Director  
Ronnie\_Charles@ajg.com  
Annette Hoefler, Senior Consultant  
Annette\_Hoefler@ajg.com

Gallagher Human Resources & Compensation  
Consulting Practice  
901 Marquette Ave. S., Suite 1900  
Minneapolis, MN 55402  
[www.GallagherHRCC.com](http://www.GallagherHRCC.com)



# Gallagher

Insurance | Risk Management | Consulting

July 15, 2020

Russ Behrens, City Manager  
City of Grinnell, Iowa  
520 Fourth Avenue  
Grinnell, IA 50112-1947

Dear Mr. Behrens:

In response to your request, Gallagher's Human Resources & Compensation Consulting practice is pleased to submit a proposal to provide assistance to the City of Grinnell ("the City") related to the City's RFP for a Pay Plan and Compensation Study covering 71 full-time and part-time non-bargaining and bargaining unit employees in approximately 37 job titles and 61 seasonal employees. Gallagher has provided a response that is in alignment with the City's RFP and clearly addresses a comprehensive study of positions, classifications, and compensation for purposes of determining the appropriateness of existing classifications and ensuring market competitiveness among employers with whom the City competes for talent.

Gallagher believes a review of our proposal will demonstrate several characteristics that will be advantageous to the City including our previous service to the City. Ronnie Charles, National Managing Director, will be the Project Director and Annette Hoefler, Senior Consultant, will be your Project Manager and day-to-day contact. Annette is located in Marion, Iowa.

Gallagher believes that we provide the City with the most diverse project team of any consulting practice in the country, which enhances the solutions and recommendations that are provided on this engagement. The questions and perspective provided by the Gallagher team ensure we anticipate the many issues the City may face throughout this project, as well as the ongoing management of the new classification and compensation structure.

Gallagher appreciates the opportunity to submit this proposal and looks forward to assisting the City in conducting this study. Should you need any additional information or have questions regarding our proposal, please contact me at 651.234.0848; [Ronnie Charles@ajg.com](mailto:Ronnie_Charles@ajg.com) or Annette Hoefler at 319.377.3771 or [Annette Hoefler@ajg.com](mailto:Annette_Hoefler@ajg.com). I am authorized to negotiate the terms and conditions of this proposal and commit the organization.

Sincerely,

Ronnie Charles, SPHR, GPHR, IPMA-SCP  
Managing Director



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## CITY OF GRINNELL PROPOSAL FOR PAY PLAN AND COMPENSATION STUDY

### PROPOSAL SUBMITTAL FORMS

Submit proposal electronically to [rbehrens@grinnelliowa.gov](mailto:rbehrens@grinnelliowa.gov)

**1. Name of proposer organization, address, telephone, and email address:**

Legal entity: Gallagher Benefit Services, Inc.

Service entity: Gallagher's Human Resources & Compensation Consulting practice

901 Marquette Ave. S., Suite 1900

Minneapolis, MN 55402

[www.GallagherHRCC.com](http://www.GallagherHRCC.com)

Ronnie Charles, National Managing Director

651.234.0848

[Ronnie\\_Charles@ajg.com](mailto:Ronnie_Charles@ajg.com)

Annette Hoefler, Senior Consultant

319.377.3771

[Annette\\_Hoefler@ajg.com](mailto:Annette_Hoefler@ajg.com)

**2. Type of organization:**

Corporation

**3. Year established and former firm name(s) (if applicable):**

Arthur J. Gallagher & Co. opened its doors for business in 1927.

The Public Sector and Higher Education practice was formally Fox Lawson and Associates, LLC and was purchased by Gallagher in 2009.

**4. Federal Identification Number or social security number:**

36-4291971



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## 5. **General character of work performed:**

Arthur J. Gallagher & Co. opened its doors for business in 1927 and is still “growing strong” because of a practiced ability to help clients think ahead. Founded by its namesake who was previously the leading producer for Chicago’s largest insurance brokerage, Gallagher is now one of the world’s largest human capital, insurance brokerage and risk management services firms. Headquartered in Rolling Meadows, IL, Gallagher has operations in 33 countries, and extend its client-service capabilities to more than 90 countries through a global network of correspondent brokers and consultants.

Gallagher’s interactions with you will be straightforward and candid. By earning the trust of our clients, we have sustained a reputation for ethics and a commitment to transparency that continue to contribute to our growth. In fact, Gallagher was the first insurance broker named to the Ethisphere® Institute’s annual list of the World’s Most Ethical Companies in 2012 and has earned this recognition for next several consecutive years, through 2019. This is a tremendous achievement: in 2018, only 135 companies based in 23 countries and representing 57 industry categories received this honor. Gallagher is the only insurance broker to have ever been recognized.

The Public Sector service line of Gallagher’s Human Resources & Compensation Consulting practice includes extensive experience in developing and communicating a compensation philosophy, designing, and implementing market-aligned pay structures, and developing job evaluation methods to maintain internal equity. We conduct benchmark analyses, including conducting custom tailored salary surveys, and recommend appropriate administrative and procedural guidelines to maintain the compensation system. Gallagher ensures that our clients are in compliance with applicable laws and regulations, such as the Fair Labor Standards Act (FLSA), the Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) standards and have pay systems that are appropriate for their organization and market strategy. 95% of the work of Gallagher’s Public Sector and Higher Education practice is with public sector organizations.



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## **Industry Associations and Presentations**

Gallagher also has a strategic alliance with the International Public Management Association for Human Resources (IPMA – HR), the National Public Employers Labor Relations Association (NPELRA), and the Colleges and Universities Professional Association for Human Resources (CUPA - HR). We have been frequent featured speakers at IPMA-HR national conferences.

## **Industry Leadership**

The consultants of Gallagher have demonstrated leadership in the field of compensation. Each member has obtained their IPMA-CP certification, the CCP certification, or teaches courses through *WorldatWork*. They teach courses on a variety of compensation topics including Job Analysis and Evaluation, Performance Management, Broad Banding, Gainsharing and Variable Pay seminars.

## **Published Articles**

Gallagher consultants also have published articles in [American City and County](#), [Public Management](#), [Corporate Report Ventures](#), [Corporate Board Member](#), and [Benefits Planner](#). We encourage you to access many of these articles through our website at [www.ajg.com/compensation](http://www.ajg.com/compensation).

## **Client Expectations**

Gallagher takes pride in fulfilling and exceeding our clients' expectations. To ensure that we are accomplishing this, we conduct random client satisfaction feedback surveys after completion of projects. These surveys provide valuable feedback regarding our performance on projects and the level of satisfaction of our clients. Below are some of the comments we consistently receive from our clients.

### Customer Service and Follow-Up

“Gallagher is very responsive to their clients' questions and immediate needs; if there is a question, it is answered quickly and in words we understand.”

## Teaching, Feedback & Guidance

“Gallagher does an excellent job walking their clients through the project; they teach ‘classification and compensation 101’ and they move up to advanced courses when we are ready.”

## Professional

“Gallagher is very professional, knowledgeable, and accommodating in handling their clients' questions and concerns.”

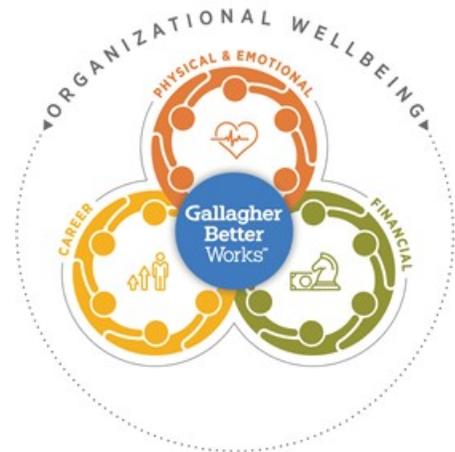
## Analytic Ability & Data Quality

“Gallagher analyzes data in a manner that is easy to understand and provides data that is credible and valid.”

## **Gallagher Better Works<sup>SM</sup> Assessment Tool**

With our Gallagher Better Works<sup>SM</sup> model, Gallagher works with organizations to establish a vision and path to organizational wellbeing. In order to develop a strategy custom to each organization, Gallagher first aligns objectives and priorities as individuals that draft the blueprint of organization success.

The proprietary Gallagher Better Works<sup>SM</sup> Assessment tool is used to gather data around the unique nature of each organization’s goals and workforce. Key stakeholders complete the assessment using individual perspectives to define urgency around a number of topics in each area of wellbeing (physical & emotional, career, financial, organizational). Gallagher will then aggregate the results to provide decision-makers with an interactive report defining top areas of organizational urgency.



**6. Names and titles of principals of the firm:**

Ronnie Charles, National Managing Director

Mike Verdoorn, Managing Principal Consultant

**7. Names and titles of key personnel who are expected to be involved with this project and number of years with the firm:**

Ronnie Charles, Managing Director, is the Project Director for services provided to the City. Annette Hoefler, Senior Consultant, is the day-to-day contact and has direct and continued responsibility for the services provided to the City. Annette is in Marion and will be available and easily accessible to the City for the duration of the project.

Ronnie Charles, National Managing Director	5 years
Annette Hoefler, Senior Consultant	15 years
Elishka Correa, Consulting Associate	3 years

**8. Provide resumes describing qualifications and experience of the personnel listed in number 7. (Submit and label as Attachment A to this proposal.)**

Please see Attachment A.

**9. List the names, addresses, telephone numbers and contact person(s) of other employers for which the proposer has completed similar projects in the last three years, with specific emphasis on mid-size Midwest municipal governments. (Submit and label as Attachment B to this proposal.)**

Please see Attachment B.

**10. List other significant experience qualifying the proposer for this project.**

Below is a partial list of the cities and counties we have worked with nationally:

CITIES	
Ann Arbor, MI, City of	Los Angeles, CA, City of
Arlington, MN, City of	Mandan, ND, City of
Asheville, NC, City of	Mason City, IA, City of
Ashland, OR, City of	Medford, OR, City of
Atlanta Traffic Court, GA	Mercer Island, WA, City of
Baltimore, MD, City of	Mesa, AZ, City of



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CITIES	
Barnesville, MN, City of	Mill Creek, WA, City of
Bellingham, WA, City of	Missoula, MT, City of
Bend, OR, City of	Montrose, CO, City of
Beverly Hills, CA, City of	Mount Pleasant, MI, City of
Billings, MT, City of	Mountain View, CA, City of
Bismarck, ND, City of	Murray City Corporation, UT
Burlington, IA, City of	Newcastle, WA, City of
Carlsbad, CA, City of	North Branch, MN, City of
Carson, CA, City of	North Lauderdale, FL, City of
Cave Creek, AZ, Town of	Northfield, MN, City of
College Station, TX, City of	Oceanside, CA, City of
Colorado Springs Attorney's Office, CO	Palo Alto, CA, City of
Colorado Springs, CO, City of	Paradise Valley, AZ, Town of
Concord, NC, City of	Pella, IA, City of
Cumberland, MD, City of	Peoria, AZ, City of
Dallas, TX, City of	Phoenix, AZ, City of
Danville, VA, City of	Plymouth, MN, City of
Davis, CA, City of	Prescott, AZ, City of
Desert Hot Springs, CA, City of	Pulaski, VA, Town of
Des Plaines, IL, City of	Queen Creek, AZ, Town of
Dickinson, ND, City of	Rancho Cucamonga, CA, City of
District of Columbia Government	Redmond, WA, City of
Durham, NC, City of	Richland, WA, City of
Eden Prairie, MN, City of	Rifle, CO, City of
Edmond, OK, City of	Rio Rancho, NM, City of
Encinitas, CA, City of	Riverside, CA, City of
Fargo, ND, City of	Roanoke, VA, City of
Farmington, MN, City of	Rochester, MN, City of
Fayetteville, NC, City of	Roseburg, OR, City of
Federal Way, WA, City of	Sacramento, CA, City of
Fergus Falls, MN, City of	San Clemente, CA, City of
Flagstaff, AZ, City of	San Francisco, CA, City of
Fremont, CA, City of	San Jose, CA, City of
Fresno, CA, City of	San Ramon, CA, City of
Ft. Collins, CO, City of	Santa Ana, CA, City of
Ft. Lauderdale, FL, City of	Santa Cruz, CA, City of
Grants Pass, OR, City of	Schaumburg, IL, Village of
Glen Ellyn, IL, Village of	Scottsdale, AZ, City of
Goodyear, AZ, City of	Seattle, WA, City of
Grand Forks, ND, City of	Shakopee, MN, City of
Greensboro, NC, City of	Sheboygan Falls, WI, City of
Hamilton, OH, City of	Sioux City, IA, City of
Hanford, CA, City of	Sioux Falls, SD, City of
Hartford, CT, City of	Solano Beach, CA, City of
Healdsburg, CA, City of	Surprise, AZ, City of
Hercules, CA, City of	Tacoma, WA, City of



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CITIES	
Hilton Head, SC, Town of	Telluride, CO, City of
Huber Heights, OH, City of	Thief River Falls, MN, City of
Huron, SD, City of	Tucson, AZ, City of
Issaquah, WA, City of	Tukwila, WA, City of
Jackson, MN, City of	Upper Arlington, OH, City of
Kalamazoo, MI, City of	Valley City, ND, City of
Kalispell, MT, City of	Vancouver, WA, City of
Kansas City, MO, City of	Walnut Creek, CA, City of
Kennewick, WA, City of	Washington DC, City of
Kingman, AZ, City of	Watertown, NY, City of
Kirkland, WA, City of	West Fargo, ND, City of
Lake Havasu City, AZ, City of	West Hollywood, CA, City of
Lake Oswego, OR, City of	West Jordan, UT, City of
Lakewood, CO, City of	Wichita, KS, City of
Larkspur, CA, City of	Wilmington, NC, City of
Liberty, MO, City of	Windsor, CA, Town of
Litchfield Park, AZ, City of	Woodland Park, CO, City of
Longview, WA, City of	Yuma, AZ, City of
COUNTIES	
Alameda County Office of Education, CA	Maricopa County Attorney, AZ
Baltimore Co., MD	Maricopa County Superior Court, AZ
Becker County, MN	Maricopa County, AZ
Blue Earth County, MN	Marin County, CA
Broward County, FL	McLean County, ND
Burleigh County, ND	Mecklenburg County, NC
Carver County, MN	Miami-Dade County, FL
Cass County, ND	Mille Lacs County, MN
Charleston County, SC	Monterey County, CA
City/County of Denver, CO	Montgomery County, MD
City/County of San Francisco, CA	Mower County, MN
Clay County, MN	Multnomah County, OR
Cochise County, AZ	Nassau County, NY
Coconino County, AZ	New Hanover County, NC
Contra Costa County, CA	Olmstead County, MN
Crow Wing County, MN	Pima County, AZ
Dakota County, MN	Pine County, MN
Dodge County, MN	Pipestone County, MN
Douglas County, WI	Polk County, MN
Durham County, NC	Polk County, WI
Eau Claire County, WI	Ramsey County, MN
El Dorado County, CA	Rice County, MN
Escambia County, FL	Rockdale County, GA
Faribault County, MN	Santa Cruz County, CA
Freeborn County, MN	Santa Rosa County, FL
Fulton County, GA	Scott County, IA
Greene County, OH	Scott County, MN



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COUNTIES	
Gwinnett County, GA	Sedgwick County, KS
Hennepin County, MN	Shelby County, TN
Itasca County, MN	Sherburne County, MN
Johnson County, KS	Solano County, CA
Kent County, MI	St. Louis County, MN
Kern County, CA	Stearns County, MN
King County Superior Court, WA	Unified Gov't of Wyandotte Co./KCK, KS
King County, WA	Ventura County, CA
Klickitat County, WA	Watonwan County, MN
Lane County, OR	Yakima County, WA

**11. Describe how the proposer will perform the services from the SCOPE OF SERVICES, beginning on page 8.**

**Due to the current COVID situation, all meetings will be conducted by webinar or conference call until further notice.**

Based on Gallagher’s understanding of the City’s needs, a detailed summary of the phases of a work plan has been prepared which addresses the City’s stated needs. The City desires the classification and compensation review and update of all 37 bargaining and non-bargaining City jobs.

Project Initiation and Strategy Development

Gallagher’s general approach which is consistent with best practices for the success of a classification and compensation study is to start by reviewing and updating an overall classification and compensation philosophy and strategy with our clients. A steering committee, similar to the City’s previous study, could be used in the process of updating this strategy as well as to guide subsequent steps in this study.



### Classification Study

The City would like to review and analyze the duties and responsibilities for all of the City's 37 jobs to make sure the jobs are described correctly, that similar types of work are classified together, and that levels of work are appropriately differentiated. Employees will be provided with an organization-approved, electronic Position Description Questionnaire (PDQ) to collect job responsibility information for individual employees which will be further reviewed by City managers. Employee informational sessions conducted in a webinar format will be held in advance of the completion of the PDQs to ensure employees understand how to complete the questionnaires as well as inform them of the overall study process.

Completed PDQs will then be reviewed in relation to the current job descriptions. Gallagher consultants will also conduct individual or group interviews by job title to clarify information found within the PDQs and offer employees an opportunity provide additional input to the process. Recommendations for updates to the City's classifications will be provided to the City. Gallagher will provide recommendations regarding FLSA status on the existing and any recommended new classifications. Gallagher will also develop new classification specifications/job descriptions as a result of this classification process. Recommendations for allocation of employees to the updated classifications will be made. The City will review all recommendations and classification specifications within this process and provide consolidated and timely feedback to Gallagher. One set of revisions for the job descriptions and classification recommendations is provided for in this process.

### Job Evaluation

During the previous study, the Decision Band Method® of job evaluation was applied to City jobs. Gallagher will discuss with the City whether it wants to maintain this system and if so, will apply this system to all resulting jobs and update the internal equity ratings as appropriate. Otherwise, Gallagher will explore more options with the City. The City will have the opportunity to provide consolidated feedback to the job evaluation results and the results finalized by Gallagher. Detailed and tailored training will be provided to the administrative staff that will be responsible for overseeing the system.



## Compensation and Benefits Survey and Pay Structure Development

Following industry standards and best practices, a customized survey process will be undertaken to collect market information related to City classifications. Gallagher and the City will work together to review and update the listing of comparable organizations to survey. Private sector data will be collected by direct survey of a selected organizations such as in the previous study or by using valid and credible published survey sources and the data integrated with the customized survey data to arrive at the market information. The survey will also include the various benefit offerings of the City's selected market.

Gallagher follows professionally accepted compensation principles and practices as outlined by *WorldatWork*, SHRM, and the Department of Labor. Some of these guidelines are listed below. Gallagher has authored many articles on various aspects of conducting salary surveys; please refer to our website [www.ajg.com/compensation](http://www.ajg.com/compensation) for these specific articles.

Gallagher utilizes the following guidelines for benchmark selection:

- Representation of all job families and levels throughout the organization
- Highly populated jobs
- Jobs found in most organizations
- Jobs with recruitment or retention problems

Gallagher will review job descriptions and other job documentation to ensure that the duties and responsibilities, level in which the job is functioning, and the reporting relationships are understood so that participating organizations can match their classifications to the benchmark jobs. Gallagher will draw on our 30 years of salary and benefits survey experience to determine if a comparable job can be found in the labor market. Gallagher will ask the City to clarify any questionable jobs and/or answer any questions about a particular job.

Gallagher follow guidelines for job matching (match only those jobs that match at least 80% of the duties, responsibilities and functions as outlined in the benchmark job summary). While some firms may claim to use a higher percentage, Gallagher believes anything over 80% may exclude data that are good, valid matches. Gallagher does not ask participants to rate the quality of the match, as this introduces additional subjectivity to the process that cannot be controlled.

Gallagher follows professionally accepted guidelines for defining labor markets and selecting organizations to survey. Gallagher factors in that different jobs will have different recruiting markets, by:

- Type of organization (e.g. Public vs. Private sector)
- Size of organization
- Geographic location

It is important to define an organization's labor market prior to the survey rather than after the data have been collected so that it does not appear that the labor market data are being manipulated to support a certain conclusion. This could cause significant issues from an employee perception standpoint as well as potentially violate Federal Trade Commission and the U.S. Department of Labor's Sherman Antitrust Act guidelines regarding the analysis of salary data. Any published sources utilized must meet the following criteria:

- Be conducted by a reputable salary survey firm
- Survey data is not self-reported
- Survey is conducted on a continual basis instead of a one-time event
- Survey reports its data sources, the effective date of the data, and was tested to ensure accurate matches and data

Gallagher will develop a data collection form that poses questions in a fashion that is easy for participants to answer, as well as being easy to quantify and analyze.

Gallagher will follow-up with participants to ensure data quality and validity of matches and data being reported. If there are any questions, Gallagher asks questions and seeks job descriptions, organizational charts, and other information.

Gallagher performs several reviews of the data as well as statistical tests to identify any extreme data and to ensure the validity of the data.

Gallagher utilizes trend factors for aging data so that all data is consistent to a current point in time. The trend factors are derived from either the U.S. Department of Labor data or *WorldatWork* Surveys.



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Gallagher applies geographic differentials as appropriate and necessary to ensure that the data are reflective of the City's labor market and economic conditions. Gallagher uses third party resources (ERI) to identify the appropriate geographic differences.

Gallagher calculates various statistics for summarizing the data (means, medians, and percentiles). Gallagher follows the Federal Trade Commission and the U.S. Department of Labor guidelines that 5 matches should exist per job to draw reliable conclusions. Therefore, Gallagher does not calculate statistics (means, medians, etc.) on jobs with fewer than 5 job matches.

In addition to the collection of pay data, Gallagher will also collect benefits program data.

The City would like the development of new or updated salary structures so that compensation is equitable and competitive. To develop a reliable salary structure, Gallagher integrates market data and custom survey results with the internal equity ratings from job evaluation, so that the structure is internally equitable and externally competitive. In this step, Gallagher assigns all jobs to the right pay grade and all employees to the right place in the range based on agreed upon criteria. During this phase, Gallagher will also discuss how pay progression is integrated in a sustainable system that grows with the City and allows for employee development and contribution to goal achievement. Up to three implementation scenarios will be provided to the City.

Gallagher will also review, and update select classification and compensation policies, including overtime policy, for the City's consideration.

### Draft and Final Reports

Gallagher will communicate the results of each phase and recommendations to be delivered at milestones and critical junctures during the project. Gallagher will be in constant contact with the designated City project manager. A draft report will be submitted for the City's review and discussion and necessary updates made. Gallagher anticipates that City Council and other communications meetings will be required of the consultant. During this phase, we will provide detailed training to the City's administrative staff on the entirety of the new system.

## Follow-up Technical Support

Per the RFP, follow-up support will be provided to the City for a minimum of six (6) months following the plan implementation date. Because it is difficult to determine the level of support at this point, we will provide an estimate of 20 hours at no additional cost to the City.

## Work Plan

<b>WORK PLAN</b> Due to the COVID situation, meetings and interviews will be conducted by Webinar and telephone.	
Study Component	Summary Tasks/Deliverables
<b>1. Project Initiation and Strategy Development</b>  Project Manager	<p><b>Gallagher:</b> Review of current systems including classification, job evaluation, and compensation. Assessment of needs and issues. Review of the Decision Band Method®.</p> <p><b>Gallagher and City:</b> Development of or facilitation of an updated compensation philosophy and strategies with leadership and administration. The City to review, provide feedback and approve.</p> <p><b>Gallagher and City:</b> Individual interviews with the City Council. (Optional for an additional fee.)</p> <p><b>Gallagher and City:</b> Employee orientation sessions conducted by Gallagher to explain the PDQ and study process.</p>
<b>2. Classification Study</b>  Project Manager Consultant	<p><b>Gallagher:</b> Review of current organization material and job descriptions, and PDQ's.</p> <p><b>Gallagher and City:</b> Individual and employee interviews conducted by telephone or webinar.</p> <p><b>Gallagher:</b> Development of recommended classification structure and changes.</p> <p><b>City:</b> Provide consolidated and timely feedback to recommended classification changes. One set of revisions by the organization.</p> <p><b>Gallagher:</b> Finalized classification recommendations and allocations provided to the City.</p> <p><b>Gallagher:</b> Development and approval of new class specifications/descriptions. One set of revisions allowed by the City. Finalized classification specifications.</p>

<b>WORK PLAN</b> Due to the COVID situation, meetings and interviews will be conducted by Webinar and telephone.	
Study Component	Summary Tasks/Deliverables
<b>3. Job Evaluation</b>  Project Manager Consultant	<p><b>Gallagher:</b> Application of the Decision Band Method® and provided related recommendations.</p> <p><b>City:</b> Internal review conducted, and consolidated feedback provided to Gallagher. Finalized job evaluation.</p> <p><b>Gallagher and City:</b> Training scheduled and conducted for administration as appropriate in the use of the job evaluation system.</p>
<b>4. Compensation and Benefits Survey and Pay Structure Development</b>  Project Manager Consultant	<p><b>Gallagher and City:</b> Labor market confirmed, and survey participants identified up to 35 organizations and confirmed by the City.</p> <p><b>Gallagher and City:</b> All 37 City jobs will be surveyed.</p> <p><b>Gallagher:</b> Market pricing specifications detailing the survey and data collection process developed by Gallagher and approved by the City.</p> <p><b>Gallagher:</b> Custom salary and benefits survey document developed by Gallagher and approved by the City.</p> <p><b>Gallagher:</b> Published (private sector) source data identified and approved for compensation research. (Optional)</p> <p><b>Gallagher:</b> Custom survey distributed collecting pay and benefits information.</p> <p><b>City:</b> Completion of the survey document as if it was a participant.</p> <p><b>Gallagher:</b> Data verified, and competitive analysis performed.</p> <p><b>Gallagher:</b> Recommended pay structure(s) options or update of existing structures. Competitive position of benefits programs determined, and recommendations made for update.</p> <p><b>Gallagher:</b> With the advanced input and current employee listing, up to three transition options costed and next steps/costs outlined.</p> <p><b>Gallagher:</b> Review and update of pay guidelines including overtime.</p>

WORK PLAN	
Due to the COVID situation, meetings and interviews will be conducted by Webinar and telephone.	
Study Component	Summary Tasks/Deliverables
<b>5. Draft and Final Report</b>  Project Manager Consultant	<b>Gallagher:</b> Draft report developed and discussed with the City.  <b>City:</b> Quality assurance reviews conducted. Review and written feedback provided.  <b>Gallagher:</b> Report finalized.  <b>Gallagher:</b> Final presentations made to the City.  <b>Gallagher:</b> Project closure and training as appropriate and requested by the City.
<b>6. Follow up Technical Support</b>  Project Manager Consultant	<b>Gallagher:</b> Provide services to the City as requested. 20 hours of services included.

- 11. (Continued) Provide a time schedule generally outlining the phases of the project, beginning with an anticipated start date of September 2020, a preliminary report by January 2021, and a final report by February 1, 2021.**

In today’s world, speed is important. Given the significance of this project, it is important for City officials, department heads, and employees to have sufficient time to review and approve the recommendations of Gallagher and to ensure proper communications occur. The City has requested the completion of this study by February 1, 2021. Based on Gallagher’s 35 years of public sector experience, a five month timeline is the minimum amount of time that this study could be completed and is predicated on the City’s ability to meet very tight timelines and make quick decisions as well as surveyed organizations ability to provide data in a timely matter.

Gallagher has provided for a 5-month timeline, but the City should also be cognizant that this schedule could be altered by events outside of the City’s or consultant’s control. Gallagher will discuss the details of each phase during Phase I and identify specific deadlines for the project at that time. Gallagher will conduct frequent meetings and conference calls with the City to ensure that the schedule is monitored throughout the project.

PHASE	DECRPTION	MONTH				
		1	2	3	4	5
1	Project Initiation and Strategy Development					
2	Classification Study					
3	Job Evaluation					
4	Compensation and Benefits Survey and Pay Structure Development					
5	Draft and Final Report					

**12. Describe the proposed communication program designed to gain the cooperation of Elected Officials, City Manager, Department Directors, and employees which will enhance the credibility of the resulting pay plans.**

Gallagher recommends that use of a steering committee to act as sounding board and decision maker throughout the study process. This committee may be made up of elected officials, management staff and employees. The City utilized a committee within its past study with Gallagher and this group can act as a communication conduit throughout the organization for the course of the study.

Council member interviews could also be included as part of this study and are listed as an option within the cost section of this proposal. Council members are interviewed to ascertain their current views of classification, compensation, and benefits within the City and to address any concerns that they may have regarding the study.

City employees will have the opportunity to participate in this study in several ways: during the study and PDQ introduction meetings, during employee interviews and at study conclusion meetings as authorized by the City.

Gallagher also recommends that the City publish regular updates regarding the study through its newsletter and/or intranet. Gallagher can assist the City in reviewing those communication materials.

**13. Describe criteria that will be used to update the job descriptions. How do you propose to gather the information? Who will you survey (inside the organization, other governmental jurisdictions, and local businesses)?**

*(Partial repeat of question 11.)* The City would like to review and analyze the duties and responsibilities for all of the City's 37 jobs to make sure the jobs are described correctly, that similar types of work are classified together, and that levels of work are appropriately differentiated. Employees will be provided with an organization-approved, electronic Position Description Questionnaire (PDQ) to collect job responsibility information for individual employees which will be further reviewed by City managers. Employee informational sessions conducted in a webinar format will be held in advance of the completion of the PDQs to ensure employees understand how to complete the questionnaires as well as inform them of the overall study process.

Completed PDQs will then be reviewed in relation to the current job descriptions. Gallagher consultants will also conduct individual or group interviews by job title to clarify information found within the PDQs and offer employees an opportunity provide additional input to the process. Recommendations for updates to the City's classifications will be provided to the City. Gallagher will provide recommendations regarding FLSA status on the existing and any recommended new classifications. Gallagher will also develop new classification specifications/job descriptions as a result of this classification process. Recommendations for allocation of employees to the updated classifications will be made. The City will review all recommendations and classification specifications within this process and provide consolidated and timely feedback to Gallagher.

**14. Describe the way the salary survey will be conducted. How do you propose to gather the information? Who will you survey (inside the organization, other governmental jurisdictions, and local businesses)? What existing survey data will be considered, if any? What analysis will be performed?**

*(Partial repeat of question 11.)* Following industry standards and best practices, a customized survey process will be undertaken to collect market information related to City classifications. Gallagher and the City will work together to review and update the listing of comparable public organizations to survey. Private sector data will be collected by direct survey of a number of selected organizations such as in the previous study or by using valid and credible published survey sources and the data integrated with the customized survey data to arrive at the market information. The survey will also include the various benefit offerings of the City's selected market.



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Gallagher follows professionally accepted compensation principles and practices as outlined by WorldatWork, SHRM, and the Department of Labor. Some of these guidelines are listed below. Gallagher has authored many articles on various aspects of conducting salary surveys; please refer to our website [www.ajg.com/compensation](http://www.ajg.com/compensation) for these specific articles.

Gallagher utilizes the following guidelines for benchmark selection:

- Representation of all job families and levels throughout the organization
- Highly populated jobs
- Jobs found in most organizations
- Jobs with recruitment or retention problems

Gallagher will review job descriptions and other job documentation to ensure that the duties and responsibilities, level in which the job is functioning, and the reporting relationships are understood so that participating organizations can match their classifications to the benchmark jobs. Gallagher will draw on our 35 years of salary and benefits survey experience to determine if a comparable job can be found in the labor market. Gallagher will ask the City to clarify any questionable jobs and/or answer any questions about a particular job.

Gallagher follow guidelines for job matching (match only those jobs that match at least 80% of the duties, responsibilities and functions as outlined in the benchmark job summary). While some firms may claim to use a higher percentage, Gallagher believes anything over 80% may exclude data that are good, valid matches. Gallagher does not ask participants to rate the quality of the match, as this introduces additional subjectivity to the process that cannot be controlled.

Gallagher follows professionally accepted guidelines for defining labor markets and selecting organizations to survey. Gallagher factors in that different jobs will have different recruiting markets, by:

- Type of organization (e.g. Public vs. Private sector)
- Size of organization
- Geographic location

It is important to define an organization's labor market prior to the survey rather than after the data have been collected so that it does not appear that the labor market data are being manipulated to support a certain conclusion. This could cause significant issues from an employee perception standpoint as well as potentially violate Federal Trade Commission and the U.S. Department of Labor's Sherman Antitrust Act guidelines regarding the analysis of salary data. Any published sources utilized must meet the following criteria:

- Be conducted by a reputable salary survey firm
- Survey data is not self-reported
- Survey is conducted on a continual basis instead of a one-time event
- Survey reports its data sources, the effective date of the data, and was tested to ensure accurate matches and data

Gallagher will develop a data collection form that poses questions in a fashion that is easy for participants to answer, as well as being easy to quantify and analyze. This survey document is sent out by email to survey participants and can be completed in a file or hard copy format.

Gallagher will follow-up with participants to ensure data quality and validity of matches and data being reported. If there are any questions, Gallagher asks questions and seeks job descriptions, organizational charts, and other information.

Gallagher performs several reviews of the data as well as statistical tests to identify any extreme data and to ensure the validity of the data.

Gallagher utilizes trend factors for aging data so that all data is consistent to a current point in time. The trend factors are derived from either the U.S. Department of Labor data or WorldatWork Surveys.

Gallagher applies geographic differentials as appropriate and necessary to ensure that the data are reflective of the City's labor market and economic conditions. Gallagher uses third party resources (ERI) to identify the appropriate geographic differences.

Gallagher calculates various statistics for summarizing the data (means, medians, highs, lows, percentiles). Gallagher follows the Federal Trade Commission and the U.S. Department of Labor guidelines that 5 matches should exist per job to draw reliable conclusions. Therefore, Gallagher does not calculate statistics (means, medians, etc.) on jobs with fewer than 5 job matches. Gallagher compares these statistics to the City's current data in order to determine the current competitiveness of the organization's pay to the market.

- 15. Describe the process that will be utilized to establish the pay structure. What pay theories will you consider? (i.e. pay for performance, variable pay, broad banding , use of competencies, etc.) Describe your experience in successful implementation of these pay strategies.**

*(Partial repeat of question 11.)* The City would like the development of new or updated salary structures so that compensation is equitable and competitive. To develop a reliable salary structure, Gallagher integrates market data and custom survey results with the internal equity ratings from job evaluation, so that the structure is internally equitable and externally competitive. Multiple options for pay structures are considered in alignment with pay progression: step, open range and a combination of step and open ranges. Any of these structures can be considered in alignment with pay for performance, competencies, or variable pay. In the state of Iowa, those structure options previously listed are the most found structures. The key for any structure development is that it is aligned with the organization's strategy and philosophy which will be determined multiple times, throughout this process.

In this step, Gallagher assigns all jobs to the right pay grade and all employees to the right place in the range based on agreed upon criteria. During this phase, Gallagher will also discuss how pay progression is integrated in a sustainable system that grows with the City and allows for employee development and contribution to goal achievement. Up to three implementation scenarios will be provided to the City.

- 16. Describe generally the implementation support that will be provided by the proposer.**

Gallagher will be available to answer any questions that may arise as the result of the new system. These questions can take many forms such as: minimum hiring requirements, employee classification concerns, job evaluation of a new job, and/or development, or adjustment of a new job description. Gallagher consultants respond within 24 business hours to these concerns.

Per the RFP, follow-up support will be provided to the City for a six (6) months following the plan implementation date. Because it is difficult to determine the level of support at this point, we will provide an estimate of 20 hours which will be offered at no additional cost to the City.

**17. Describe the specific assistance and support the proposer will request of the city of Grinnell to complete this project.**

Because of the importance of the project, we recommend that the City allocate a portion of the City's project manager and an administrative support person's time for the duration of the project to ensure adequate internal support to the project.

During this project, Gallagher is a mentor to the City and provides work products that fit your needs. To successfully complete this project, we anticipate reasonable support from the City in the following areas, in general:

- Designation of and access to a City project manager and support staff.
- Provision of accurate and timely information to the study. We trust that data provided by the City is current and accurate.
- Collection of any classification and compensation information, questionnaires, job descriptions and related material.
- Discussion of the City's current systems.
- Administration and scheduling of the PDQ process.
- Logistics regarding strategy and stakeholder meetings.
- The City's timely completion of all survey documents as if it were a participant.
- Review and approval of consultant deliverables/recommendations, draft reports and other deliverables in timely fashion providing consolidated written feedback.
- Provision of City developed communication materials to Gallagher for review in advance of distribution.

**18. Describe any other project phases the proposer deems necessary to complete and maintain this project.**

**Optional Phase:** The City has indicated an interest in pay for performance within the RFP. Gallagher provides a work plan for the development of a performance management process to support the possible introduction of pay for performance to the City.

**Performance Management**

Gallagher will review any current system with the City, identify its strengths and weaknesses, determine how employee performance contributes to City objectives, and identify key areas of performance. We will review alternative performance management systems with the City and select the method that is appropriate for the City. Gallagher will either update the City’s existing system or develop a new system, whichever is appropriate. We will train appropriate City representatives on the application of the system and provide guidelines for the possible link of the system to pay. This activity is outlined as an optional cost.

WORK PLAN	
Study Component	Summary Tasks/Deliverables
Performance Management	<p><b>Gallagher:</b> Review the current system and determine its strengths and weaknesses and determine how employee performance contributes to the overall mission and objectives of the City. We will identify key areas of performance.</p> <p><b>Gallagher and City:</b> Examine various approaches to performance management systems. Various systems will include: behaviorally anchored rating scales, management by objective, forced ranking, competencies, etc.</p> <p><b>Gallagher:</b> Develop/update up to four (4) evaluation or related forms and documents to ensure they support the City’s mission and objectives.</p> <p><b>Gallagher:</b> Develop general administrative guidelines in accordance with the compensation system. This activity does not involve the creation of a detailed performance management procedures manual which can be provided at an additional cost.</p> <p><b>Gallagher and City:</b> Conduct training of applicable employees in the usage of the system and performance management methods.</p>

**19. The total proposed cost to the City for this project, as defined by the Scope of Services will be:**

**Proposers should list below an itemization of the costs involved in the project clearly indicating any optional variations including pricing. Please list below how you plan to structure the study and plan and the costs for those components.**

Our fees to conduct the classification and compensation study are inclusive of all fees except for the purchase of City requested resources like additional surveys. The table below outlines the price per phase.

Phase	Fees
<b>PHASE 1:</b> Project Initiation and Strategy Development	\$2,500
<b>Optional:</b> Council Interviews	\$1,500
<b>PHASE 2:</b> Classification Study (including class specification development)	\$30,000
<b>PHASE 3:</b> Job Evaluation	\$5,000
<b>PHASE 4:</b> Compensation and Benefits Survey and Pay Structure Development	\$25,000
<b>PHASE 5:</b> Draft and Final Report	\$5,000
<b>PHASE 6:</b> Follow up Technical Support (20 hours estimated at no additional cost)	\$0
<b>Optional:</b> Performance Management	\$17,500
<b>TOTAL COST</b> (depending on the options selected)	<b>\$67,500 to \$86,500</b>

Our study costs are directly derived from estimating the number of hours needed to perform the work and the level of the consultant charged with performing the work. Gallagher typically bills on a monthly basis for work completed in the previous month. All expenses are included in this quote. Gallagher will be able to adjust fees to meet the City's scope of work if it changes before or during the process.



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We, the undersigned, do hereby provide the above required information in the form and format required by the city of Grinnell as described below. I/We fully understand that failure to provide this information as required will constitute an incomplete proposal and may be grounds for rejection of this proposal.

**Gallagher Benefit Service, Inc.**

Typed or Printed Name of Proposer

**Ronnie Charles, National Managing Director**

Typed or Printed Name and Title of Authorized Representative

Date: July 15, 2020

\_\_\_\_\_  
Signature of Authorized Representative



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## ATTACHMENT A

Gallagher fosters a commitment of excellence, professionalism, integrity, collaboration, and urgency to each of our clients. With each unique client, Gallagher combines these principles to deliver client services customized, specifically to meet your needs. Your Gallagher consulting team has years of experience consulting to public sector clients. All the staff as outlined below are available to be part of your project team. Staff resumes begin below.

**RONNIE E. CHARLES, SPHR, GPHR, IPMA-SCP - Managing Director** Mr. Charles is the National Managing Director with the firm. He is responsible for leading Gallagher's public sector consulting practice in the United States. Mr. Charles has over 30 years of public sector human resources experience including Chief Human Resources Officer (CHRO) experience most recently in the City of Baltimore with additional professional employment in the District of Columbia, State of Virginia, and City of Suffolk, Virginia. Mr. Charles has a Bachelor's Degree in Management from Saint Paul's College. Mr. Charles is a member of several professional organizations, including the International Public Management Association for Human Resources (IPMA-HR) and currently chairs the International IPMA-HR Professional Development Committee. In addition, Mr. Charles is a past Chair of the Human Resources Institute (HRCI). He brings vast experience in domestic U.S., international, and global HR compensation practices.

**ANNETTE HOEFER, MBA, CCP - Senior Consultant** Ms. Hoefer is the Project Manager in the coordination of the activities for the City. She is responsible for conducting classification and compensation consulting projects. Prior to joining the firm, Ms. Hoefer worked for 9 years in the same capacity at Lee and Burgess Associates, a consulting firm based in Colorado, and prior to that, had held human resources positions in energy and insurance companies. Ms. Hoefer has a Bachelor's Degree in Business Administration from the University of Iowa and a Master's Degree in Business Administration with an emphasis in Human Resources from same institution and has earned her CCP certification from WorldatWork. She conducted the previous compensation study for the City and has provided similar services to other Iowa organizations.

**ELISHKA CORREA, MA-HRIR – Consulting Associate** Ms. Correa will provide staff support during all phases of this study. She has been with Gallagher for 3 years and provided job evaluation, classification, pay equity, compensation, and related consulting support for several projects. She has a Bachelor's Degree in Psychology from St. Xavier's College, India and a Master's Degree in Human Resources and Industrial Relations from the University of Minnesota. Prior to joining Gallagher Benefit Services, she worked in the nonprofit and education sector.



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## ATTACHMENT B

In addition to the City of Grinnell, our firm has assisted several hundred public sector clients throughout the country in the last 20 years. These projects have included from less than 100 to more than 100,000 employees. We have included a sampling of references that demonstrates our experience in conducting similar engagements. Contact names and phone numbers are listed for each project. These projects are relevant in demonstrating our ability to meet the needs of the City and show considerable experience in developing compensation programs for a variety of municipalities. Our references can attest to the timeliness, quality, and responsiveness of the services we provide, as well as our knowledge of legal issues, such as the ADA and FLSA, our understanding of job classifications, and our skill and ability in dealing with public organizations and sensitive personnel issues.

**LINN COUNTY, IA** In 2010, we conducted a review of this large eastern Iowa county's performance management system and merit plan. The review was presented to the Board of Supervisors. We have recently completed a classification and compensation study of non-bargaining jobs for this County with the Board accepting all recommendations. We continue to assist the Human Resources Director with a variety of compensation related issues such as job audits, job evaluation, and market pricing. Lisa Powell, Human Resources Director, 319.892.5124, [Lisa.Powell@linncounty.org](mailto:Lisa.Powell@linncounty.org), Address: 935 2<sup>nd</sup> Avenue SW, Cedar Rapids, IA 52404-2100.

**CITY OF JOHNSTON, IA** In 2010, we conducted job evaluation and a salary and benefits survey resulting in the development of a new pay system for this organization. Through 2012 to 2014, we assisted this City in the development of and training in a new performance management system. We continue to provide performance management training and updated the compensation study in 2016. We also conducted a study of Fire jobs in 2017 and continue to provide classification reviews for this City. Teresa Rotschafer, Finance Director, [TRotschafer@ci.johnston.ia.us](mailto:TRotschafer@ci.johnston.ia.us), 515.727.7783, Address: 6221 Merle Hay Road, Johnston, IA 50131.

**CITY OF WEST DES MOINES, IA** In 2010 and 2011, we conducted a salary and benefits study for this fast growing Des Moines metro area community. We also made recommendations for pay structure updates and conducted a pay for performance readiness assessment. We completed a pay equity study and information technology job study in 2018. We continue to assist West Des Moines with special compensation studies and job evaluation review. Ms. Jane Pauba Dodge, Human Resources Director, [Jane.Dodge@wdm.iowa.gov](mailto:Jane.Dodge@wdm.iowa.gov), 515.222.3616, Address: 4200 Mills Civic Parkway, West Des Moines, IA 50265.



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**OLMSTED COUNTY, MN** We have been providing compensation and classification services to the County for over 30 years. During this time, the County has successfully maintained a single salary structure across all bargaining units and had continued compliance with the Minnesota Pay Equity Law. Dale Ignatius, Director of Human Resources, [Ignatius.dale@co.olmsted.mn.us](mailto:Ignatius.dale@co.olmsted.mn.us), 507.328.7711. Address: 151 4<sup>th</sup> Street, Se, Rochester, MN 55906.

**CITY OF HOPKINS MN** We conducted a full classification and compensation study for all city positions through employee completion of position description questionnaires, job evaluation application and the conduct of market pricing of jobs using published survey data. Ari Lenz, Assistant City Manager, 952.548.6303, [alenz@hopkinsmn.com](mailto:alenz@hopkinsmn.com). Address: 1010 1<sup>st</sup> Street South, Hopkins, MN 55343.

**CITY OF OWATONNA MN** We completed a full classification and compensation study of all city positions through employee completion of position description questionnaires and related employee interviews, job evaluation review and the conduct of a market survey. Lynn Gorski, Director of Human Resources, 507.774.7345, [Lynn.Gorski@ci.owatonna.mn.us](mailto:Lynn.Gorski@ci.owatonna.mn.us). Address: 540 West Hills Circle, Owatonna, MN 55060.

**LAKE COUNTY MN** We conducted a full classification and compensation study for this county in 2018. The study involved developing a new classification and pay plan. Cammie Young, Human Resources Director, 218-834-894, [Cammie.Young@co.lake.mn.us](mailto:Cammie.Young@co.lake.mn.us). Address: 601 Third Avenue, Two Harbors, MN 55616.

## Other Iowa Clients

Des Moines Public Schools  
Des Moines Regional Transit  
City of Urbandale  
City of Pella  
Cedar Rapids Community Schools



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Thank you for this opportunity to offer our services. Please feel free to contact myself or Annette at any time if you have any questions or require additional information. We look forward to hearing from you soon.

Sincerely,

**Gallagher's Human Resources & Compensation Consulting practice**

**Legal entity name: Gallagher Benefit Services, Inc.**

Ronnie E. Charles, SPHR, GPHR, IPMA-SCP  
Managing Director

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.



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