

Road Use Tax Bond Proceedings

MINUTES TO SET DATE FOR SALE OF
BONDS AND TO AUTHORIZE OFFICIAL
STATEMENT FOR BONDS

421033-45

North Liberty, Iowa

January 23, 2012

The City Council of the City of North Liberty, Iowa, met on January 23, 2012, at _____ o'clock __.m. at the _____, in the City. The meeting was called to order by the Mayor, and the roll being called, the following named Council Members were present and absent:

Present: _____

Absent: _____.

After due consideration and discussion, Council Member _____ introduced the following resolution and moved its adoption, seconded by Council Member _____. The Mayor put the question upon the adoption of said resolution, and the roll being called, the following Council Members voted:

Ayes: _____

Nays: _____.

Whereupon, the Mayor declared the resolution duly adopted, as hereinafter set out.

••••

At the conclusion of the meeting and, upon motion and vote, the Council adjourned.

Thomas A. Salm, Mayor

ATTEST:

Tracey Mulcahey, City Clerk

Resolution No. 12-10

RESOLUTION SETTING DATE FOR THE SALE OF THE ROAD TAX USE REVENUE BONDS, SERIES 2012A, AND AUTHORIZING THE USE OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION THEREWITH

WHEREAS, the City of North Liberty, Iowa (the "City"), in Johnson County, State of Iowa has heretofore proposed to contract indebtedness and enter into a Road Use Tax Revenue Loan Agreement (the "Loan Agreement") in a principal amount not to exceed \$2,200,000 for the purpose of funding the construction of a public works/street department facility, and pursuant to law and notice duly published, the City has held a public hearing on such proposal on January 10, 2012; and

WHEREAS, a Preliminary Official Statement (the "P.O.S.") has been prepared to facilitate the sale of \$1,815,000 Road Use Tax Revenue Bonds, Series 2012A (the "Bonds") and it is now necessary to make provision for the approval of the P.O.S. and to authorize its use by Public Financial Management, Inc. (the "Financial Advisor"); and

WHEREAS, it is now necessary to set the date for the sale of the Bonds and to authorize the Financial Advisor to carry out such sale;

NOW, THEREFORE, Be It Resolved by the City Council of the City of North Liberty, as follows:

Section 1. The City Administrator is hereby authorized to take such action as shall be deemed necessary and appropriate, with assistance from Dorsey & Whitney, LLP and the Financial Advisor, to set the date of February 14, 2012 as the date for the sale of the Bonds to be issued in evidence of the City's obligation under the Loan Agreement, and all action heretofore taken in this regard is hereby ratified and affirmed.

Section 2. The City Administrator is hereby authorized to take such action as shall be deemed necessary and appropriate with the assistance of the Financial Advisor to prepare the P.O.S. describing the Bonds and providing for the terms and conditions of their sale, and all action heretofore taken in this regard is hereby ratified and approved

Section 3. The use by the Financial Advisor of the P.O.S. relating to the Bonds in substantially the form as has been presented to and considered by the City is hereby approved, and the Financial Advisor is hereby authorized to prepare and use a final Official Statement for the Bonds substantially in the form of the P.O.S. but with such changes therein as are required to conform the same to the terms of the Bonds and the resolution, when adopted, providing for the sale and issuance of the Bonds, and the City Administrator is hereby authorized and directed to execute a final Official Statement for the Bonds, if requested. The P.O.S. as of its date is deemed final by the City within the meaning of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

Section 4. Pursuant to Section 75.14 of the Code of Iowa, the City Council hereby authorizes the Financial Advisor to use electronic bidding procedures for the sale of the Bonds through PARITY®, and hereby finds and determines that the PARITY® competitive bidding system will provide reasonable security and maintain the integrity of the competitive bidding process and will facilitate the delivery of bids by interested parties under the circumstances of this bond sale.

Section 5. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved this ____ day of _____, 20__.

CITY OF NORTH LIBERTY

By: _____
Thomas A. Salm, Mayor

ATTEST:

Tracey Mulcahey, City Clerk

STATE OF IOWA
COUNTY OF JOHNSON
CITY OF NORTH LIBERTY

SS:

I, the undersigned, City Clerk of the City of North Liberty, do hereby certify that attached hereto is a true and correct copy of the proceedings of the City Council of the City relating to fixing of a date for the sale of Road Tax Use Revenue Bonds, Series 2012A, and the approval of a preliminary official statement for the issuance of the Bonds, as referred to herein.

WITNESS MY HAND this ____ day of January, 2012.

Tracey Mulcahey, City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2012

New Issue

Rating: Application Made

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions (assuming compliance with certain covenants,) interest on the Bonds will be excluded from gross income for federal income tax purposes, such interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 and will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). The City will designate the Bonds as "qualified tax-exempt obligations." See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein.

**CITY OF NORTH LIBERTY, IOWA
\$1,815,000* Road Use Tax Revenue Bonds, Series 2012A**

BIDS RECEIVED: Tuesday, February 14, 2012, 11:00 o'clock A.M., Central Time

AWARD: Tuesday, February 14, 2012, 7:00 o'clock P.M., Central Time

Dated: Date of Delivery (March 15, 2012)

Minimum Bid: \$1,798,665

Principal Due: June 1, 2013-2027

Good Faith Deposit: Required of the Purchaser Only

The \$1,815,000* Road Use Tax Revenue Bonds, Series 2012A (the "Bonds") are being issued pursuant to for the purpose of funding the Division V of Chapter 384 of the Code of Iowa, and a resolution to be adopted by the City Council of the City of North Liberty, Iowa (the "City"). The Bonds are being issued to provide funds for the cost of construction of a public works/street department facility. The purchaser of the Bonds agrees to enter into a loan agreement (the "Loan Agreement") with the City pursuant to authority contained in Section 384.24A of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, but are payable solely and only with annual road use tax funds received by the City from the State of Iowa, which funds will be pledged for the full and prompt payment of the principal and interest payable under the Loan Agreement.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of the Bonds, payable annually on each June 1, beginning June 1, 2013 and interest on the Bonds, payable initially on December 1, 2012 and thereafter on each June 1 and December 1, will be paid to DTC by the City's registrar/paying agent, Bankers Trust Company, Des Moines, Iowa (the "Registrar"). DTC will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the Bonds as described herein. Principal and interest shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding the interest payment date (the "Record Date").

The Bonds will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2013	\$95,000	2021	120,000
2014	110,000	2022	125,000
2015	110,000	2023	130,000
2016	110,000	2024	130,000
2017	115,000	2025	135,000
2018	115,000	2026	140,000
2019	115,000	2027	145,000
2020	120,000		

*** PRINCIPAL**

ADJUSTMENT:

Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds. However, the maximum par amount will not exceed \$2,200,000. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

REDEMPTION:

The Bonds due after June 1, 2020 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to the unqualified approving legal opinion of Dorsey & Whitney LLP, Bond Counsel, Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery on or about March 15, 2012. This Preliminary Official Statement will be further supplemented by offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the City with respect to the Bonds, as defined in Rule 15c2-12.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. 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 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to prospective bidders. Its primary purpose is to disclose information regarding the Bonds to prospective bidders in the interest of receiving competitive bids in accordance with the TERMS OF OFFERING contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement".

Review Period: This Preliminary Official Statement has been distributed to City staff as well as to prospective bidders for an objective review of its disclosure. Comments or omissions or inaccuracies must be submitted to Public Financial Management, Inc. (the "Financial Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received. If there are any changes, corrections or additions to the Preliminary Official Statement, prospective bidders will be informed by an addendum at least one business day prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the legislative body will authorize the preparation of a Final Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the underwriter (the "Syndicate Manager") and syndicate members. Copies of the Final Official Statement will be delivered to the Syndicate Manager within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto were prepared relying on information from the City and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Financial Advisor, payable entirely by the City, is contingent upon the sale of the issue.

City of North Liberty, Iowa

Mayor and City Council

Thomas Salm
Gerald Kuhl
Coleen Chipman
Terry Donahue
Chris Hoffman
Brian Wayson

Mayor
Mayor Pro Tem
Council Member
Council Member
Council Member
Council Member

Administration

Ryan Heiar, City Administrator
Tracey Mulcahey, Assistant City Administrator/City Clerk
Debra Hilton, City Treasurer
Mary Byers, Deputy City Clerk

City Attorney

Scott Peterson
North Liberty, Iowa

Bond Counsel

Dorsey & Whitney LLP
Des Moines, Iowa

Financial Advisor

Public Financial Management, Inc.
Des Moines, Iowa

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TERMS OF OFFERING

CITY OF NORTH LIBERTY, IOWA

Bids for the purchase of the \$1,815,000* Road Use Tax Revenue Bonds, Series 2012A (the “Bonds”) will be received on Tuesday, February 14, 2012 until 11:00 o’clock A.M. Central Time after which time they will be tabulated. Questions regarding the sale of the Bonds should be directed to the Assistant City Administrator/City Clerk at (319) 626-5700. The City Council will consider award of the Bonds at 7:00 o’clock P.M. Central Time, on the same day. This section sets forth the description of certain of the terms the Bonds as well as the TERMS OF OFFERING with which all bidders and bid proposals are required to comply, as follows:

DETAILS OF THE BONDS

ROAD USE TAX REVENUE BONDS, SERIES 2012A (the “Bonds”), in the principal amount of \$1,815,000* to be dated the date of delivery (March 15, 2012) in the denomination of \$5,000 or multiples thereof, will mature June 1, as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2013	\$95,000	2021	120,000
2014	110,000	2022	125,000
2015	110,000	2023	130,000
2016	110,000	2024	130,000
2017	115,000	2025	135,000
2018	115,000	2026	140,000
2019	115,000	2027	145,000
2020	120,000		

* Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds. However, the maximum par amount will not exceed \$2,200,000. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

OPTIONAL REDEMPTION OF THE BONDS

The Bonds due after June 1, 2020 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST ON THE BONDS

Interest on the Bonds will be payable on December 1, 2012 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a note as shown on the records of ownership maintained by the Registrar on the 15th day of the month preceding the interest payment date (the “Record Date”). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

LIEN

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, but are payable solely and only with annual road use tax funds received by the City from the State of Iowa, which funds will be pledged for the full and prompt payment of the principal and interest payable under the Loan Agreement.

PARITY BONDS

[The City reserves the right and privilege to issue additional revenue bonds, from time to time, payable from the same source and ranking on a parity with the Bonds. In order to pay the cost of future extensions and improvements to the Public Works/Street Department Facility or for refunding any of the outstanding Parity obligations payable from annual road use tax funds received by the City from the State of Iowa, but before any such bonds ranking on a parity are issued, there will have been produced a statement on an independent certified public accountant or consulting engineer, not a regular employee of the City, reciting the opinion based upon necessary investigations that the net revenues of the annual road use tax funds received by the City from the State of Iowa for the preceding fiscal year were equal to at least 120% of the average amount that will become due in any fiscal year for both principal of and interest on all Bonds and Parity Obligations then outstanding and the obligations then proposed to be issued.]

GOOD FAITH DEPOSIT

A good faith deposit in the amount of \$18,150 for the Bonds (the "Deposit") is required from the lowest bidder only of each series of the Bonds. The lowest bidder is required to submit such deposit payable to the order of the City in the form of either (i) a cashier's check provided to the City or its Financial Advisor prior to the opening of bids or (ii) a wire transfer as instructed by the City's Financial Advisor not later than 1:00 P.M. Central Time on the day of sale of the Bonds. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a deposit and thereafter may award the sale of the Bonds to the same. No interest on a deposit will accrue to the successful bidder (the "Purchaser"). The Deposit will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, any deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the Bonds for a price not less than \$1,798,665 for the Bonds, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth under the "RATES OF INTEREST" section. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORM provided by the City. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (the "TIC") basis assuming compliance with the "GOOD FAITH DEPOSIT" section. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Financial Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Financial Advisor's computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

The City will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause and (iii) reject any bid which the City determines to have failed to comply with the terms herein.

RATES OF INTEREST

The rates of interest specified in the bidder's proposal must conform to the following limitations:

1. Each annual maturity must bear a single rate of interest from the dated date of the Bonds to the date of maturity.
2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. Each rate of interest specified for any annual maturity shall not be less than a rate of interest specified for any earlier maturity. Rates must be level or in ascending order.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the TERMS OF OFFERING and OFFICIAL BID FORM provided by the City or PARITY[®] competitive bidding system (the "Internet Bid System"). The City shall not be responsible for malfunction or mistake made by any person, or as a result of the use of an electronic bid or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the TERMS OF OFFERING. The time as maintained by the Internet Bid System shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Assistant City Administrator/City Clerk, City Hall, 3 Quail Creek Circle, North Liberty, Iowa, 52317.

Electronic Internet Bidding: Electronic internet bids must be submitted through the Internet Bid System. Information about the Electronic Internet Bid System may be obtained by calling (212) 404-8102.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the TERMS OF OFFERING and OFFICIAL BID FORM. The City is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the Internet bidding and the Internet Bid System is not an agent of the City. Provisions of the TERMS OF OFFERING and OFFICIAL BID FORM shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the Assistant City Administrator/City Clerk, City Hall, 3 Quail Creek Circle, North Liberty, Iowa, 52317. (facsimile number: (319) 626-3288) or at the office of the City's Financial Advisor, Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 (facsimile number: (515) 243-6994). Electronic facsimile bids will be sealed and treated as sealed bids.

Electronic facsimile bids received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full responsibility for the transmission of such bid. Neither the City nor its agents shall be responsible for malfunction or mistake made by any person, or as a result of the use of the facsimile facilities or any other means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named facsimile numbers prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator receiving the bids.

BOOK-ENTRY-ONLY ISSUANCE

The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC.

MUNICIPAL BOND INSURANCE AT PURCHASER’S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds. The City reserves the right in its sole discretion to accept or deny changes to the financing documents requested by the insurer selected by the Purchaser.

DELIVERY

The Bonds will be delivered to the Purchaser via Fast Automated Securities Transfer (“FAST”) delivery with the Registrar holding the Bonds on behalf of DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from the date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw their bid and thereafter their interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the City will give the Purchaser five working days notice of the delivery date and the City will expect payment in full on that date, otherwise reserving the right at its option to determine that the Purchaser failed to comply with the offer of purchase.

INFORMATION FROM PURCHASER

The Purchaser will be required to certify to the City immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including sales to bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed their fair market value of the Bonds on the sale date. The Purchaser will also be required to provide a certificate at closing confirming the information required by this paragraph.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a Final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. By awarding the

Bonds to any underwriter or underwriting syndicate submitting an OFFICIAL BID FORM therefore, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 20 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in Rule 15c2-12) to comply with the provisions of Rule 15c2-12. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to the Participating Underwriter. Any underwriter executing and delivering an OFFICIAL BID FORM with respect to the Bonds agrees thereby that if its bid is accepted by the City, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CONTINUING DISCLOSURE

In order to assist bidders in complying with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will undertake, pursuant to the resolution for the Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of these undertakings is set forth in APPENDIX C of this Preliminary Official Statement. The City will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of the City to deliver the same shall relieve the Purchaser of its obligation to purchase the Bonds. The City has complied in all material respects with its previous continuing disclosure undertakings.

CUSIP NUMBERS

It is anticipated that the Committee on Uniform Security Identification Procedures ("CUSIP") numbers will be printed on the Bonds and the Purchaser must agree in the bid proposal to pay the cost thereof. In no event will the City, Bond Counsel or Financial Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds.

BY ORDER OF THE CITY COUNCIL

Tracey Mulcahey, Assistant City Administrator/City Clerk
City of North Liberty
3 Quail Creek Circle
North Liberty, IA 52317

SCHEDULE OF BOND YEARS

\$1,815,000*

**CITY OF NORTH LIBERTY, IOWA
Road Use Tax Revenue Bonds, Series 2012A**

Bonds Dated: 3/15/2012
Interest Due: December 1, 2012 and each June 1st and December 1st to maturity
Principal Due: June 1, 2013-2027

<u>Year</u>	<u>Principal</u> *	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2013	\$95,000	115.06	115.06
2014	110,000	243.22	358.28
2015	110,000	353.22	711.50
2016	110,000	463.22	1,174.72
2017	115,000	599.28	1,774.00
2018	115,000	714.28	2,488.28
2019	115,000	829.28	3,317.56
2020	120,000	985.33	4,302.89
2021	120,000	1,105.33	5,408.22
2022	125,000	1,276.39	6,684.61
2023	130,000	1,457.44	8,142.06
2024	130,000	1,587.44	9,729.50
2025	135,000	1,783.50	11,513.00
2026	140,000	1,989.56	13,502.56
2027	145,000	2,205.61	15,708.17

Average Maturity (dated date): 8.655 Years

* Preliminary; subject to change.

OFFICIAL STATEMENT
CITY OF NORTH LIBERTY, IOWA
\$1,815,000 ROAD USE TAX REVENUE BONDS, SERIES 2012A

INTRODUCTION

This Official Statement contains information relating to the City of North Liberty, Iowa (the “City”) and its issuance of \$1,815,000* Road Use Tax Revenue Bonds, Series 2012A (the “Bonds”). This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be made to Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 or by telephoning (515) 243-2600. Information can also be obtained from the City Administrator, City of North Liberty, 3 Quail Creek Circle, North Liberty, Iowa 52317 or by telephoning (319) 626-5700.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Division V of Chapter 384 of the Code of Iowa, and resolutions to be adopted by the City Council of the City of North Liberty, Iowa (the “City”). The Bonds are being issued to provide funds for the purpose of funding the construction of a public works/street department facility.

The estimated Sources and Uses of the Bonds are as follows:

Sources of Funds

Par Amount of Bonds	\$1,815,000.00*
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Uses of Funds

Project Fund	\$1,600,000.00
Deposit to Reserve Fund	151,950.50
Underwriter’s Discount	16,335.00
Cost of Issuance & Contingency	<u>46,714.50</u>
Total Uses	\$1,815,000.00*

* Preliminary; subject to change.

OPTIONAL REDEMPTION OF THE BONDS

The Bonds due after June 1, 2020 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST ON THE BONDS

Interest on the Bonds will be payable on December 1, 2012 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a note as shown on the records of ownership maintained by the Registrar on the 15th day of the month preceding the interest payment date (the “Record Date”). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds will be payable solely from Road Use Tax Fund moneys deposited in the City Fund. Interest and principal represent a valid and binding first lien on all of the revenues of the City Fund. **The Bonds shall not constitute a debt for which the faith and credit or the unlimited taxing powers of the City are pledged.**

The City covenants and agrees to maintain the City Fund and to appropriate the moneys deposited in such Fund as is necessary to pay debt service prior to appropriating moneys in the City Fund for any other purpose allowed by law.

Funds and Accounts

The following is a summary of certain portions of the Resolution authorizing the issuance of the (the “Resolution”). This summary is not to be considered a full statement of the provisions of the Resolution and is qualified by reference to the Resolution, which will be adopted by the City Council upon sale of the Bonds. A copy of the Resolution is available upon request.

The Resolution establishes the Road Use Tax Fund (the “City Fund”), into which shall be deposited all tax receipts from the State Road Use Tax Fund. Moneys in the City Fund shall be disbursed to the following accounts in the following order of priority:

Sinking Fund: Interest and principal on the Bonds (and any Parity Obligations) will be paid from the Sinking Fund (the “Sinking Fund”). The City shall make monthly deposits to the Sinking Fund in an amount equal to 1/6th of the next scheduled interest payment plus 1/12th of the next schedules interest payment of the debt service due on the Bonds. All revenues in the Sinking Fund shall be used solely for the purpose of paying debt service on the Bonds. Within the Sinking Fund, there shall be established an Interest Account and a Principal Account. Money deposited in the Sinking Fund shall be credited first to the Interest Account, in an amount equal to the interest payment requirements during the fiscal year and, next, to the Principal Account, in an amount equal to the principal payment requirements during the fiscal year.

Reserve Fund: Upon settlement, from proceeds of the Bonds, the Debt Service Reserve Fund (the “Reserve Fund”) will be funded in an amount equal to the lesser of the maximum amount of principal and interest coming due on the Bonds and Parity Obligations in any succeeding fiscal year or 10% of the proceeds of the Bonds. Moneys deposited in the Reserve Fund shall be used solely for the purpose of paying principal and interest on the Bonds in the event funds available within the Sinking Fund are inadequate for such purpose. Whenever funds deposited in the Reserve Fund are drawn down below the minimum as prescribed above, monthly deposits shall be made into the Reserve Fund from the City Fund, after the monthly payments required to the Sinking Fund shall have been accomplished, until the balance has once again been established to the minimum required. The City will deposit \$ __ ,000 from bond proceeds into this Fund.

Subordinate Obligations: Moneys in the City Fund not required for the Sinking Fund or Reserve Fund may be used to pay principal of and interest on (including reasonable reserves therefor) any other obligations payable from moneys in the City Fund, but subordinate in lien to the Bonds, and which have been issued for permitted street improvement purposes.

Surplus Revenue Fund: All money thereafter remaining in the Revenue Fund at the close of each month may be deposited in the Surplus Revenue Fund, to pay for other expenses of the Project, or may be used to pay or redeem the Bonds or Parity Obligations any of them, or for any lawful purpose of the City.

Modification of the Resolution

The Resolution may be amended from time to time if such amendment shall have been consented to by holders of not less than 50% in principal amount of the Bonds and Parity Obligations at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the City, but including such refunding Bonds, if such refunding Bonds shall not then be owned by the Issuer); but the Resolution may not be so amended in such manner as to:

1. Make any changes in the maturity or interest rate of the Bonds, or modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payment;
2. Materially affect the rights of the holders of less than all of the Bonds then outstanding; and
3. Reduce the percentage of the principal amount of the Bonds, the consent of the holders of which is required to effect a further amendment.

The City shall cause notice of any proposed amendment to be filed with the original purchaser and to be mailed by certified mail to each registered owner of the Bonds.

BOOK-ENTRY-ONLY ISSUANCE

The information contained in the following paragraphs of this subsection “Book-Entry-Only Issuance” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE.” The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 (the “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 (the “Indirect Participants”). DTC has Standard & Poor’s highest rating: 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 and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (the “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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC

nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities 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 City 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.

Redemption proceeds, distributions, and dividend payments on the Securities 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 City or Agent, on payable 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 securities 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, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or Agent, 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.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC account.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FUTURE FINANCING

The City has no additional borrowing plans for at least the next 90 days.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

DEBT PAYMENT HISTORY

The City knows of no instance in which it has defaulted in the payment of principal or interest on its debt.

LEGALITY

The Bonds are subject to approval as to certain matters by Dorsey & Whitney LLP of Des Moines, Iowa as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Preliminary Official Statement and will express no opinion with respect thereto. Legal opinions in substantially the form set out as Appendix A to this Preliminary Official Statement, will be delivered at closing.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt or taxable status of the interest thereon (see "TAX EXEMPTION AND RELATED TAX CONSIDERATIONS" herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as APPENDIX A. Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Purchaser at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

The legal opinion 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.

Bond Counsel has not been engaged, nor has it undertaken, to prepare or to independently verify the accuracy of the Preliminary Official Statement, including but not limited to financial or statistical information of the City and risks associated with the purchase of the Bonds, except Bond Counsel has reviewed and/or prepared the information and statements contained in the Preliminary Official Statement under "AUTHORITY AND PURPOSE", "PAYMENT OF AND SECURITY FOR THE BONDS", "TAX EXEMPTION AND RELATED CONSIDERATIONS" and "CONTINUING DISCLOSURE" insofar as such statements contained under such captions purport to summarize certain provisions of the Internal Revenue Code of 1986, the Bonds and any opinions rendered by Bond Counsel. Bond Counsel has prepared the documents contained in APPENDIX A and APPENDIX C.

TAX EXEMPTION AND RELATED CONSIDERATIONS

Federal Income Tax Exemption: The opinions of Bond Counsel will state that under present laws and rulings, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes. Interest payable on the Bonds will not be treated as a preference item in calculating the alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "Code") with respect to individuals and corporations, but will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

The opinions set forth in the preceding sentence will be subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds and in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the resolutions authorizing the issuance of the Bonds, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Bonds by 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 and 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 express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of such bonds should consult with their tax advisors as to such matters.

Bank Qualification: In the resolutions authorizing the issuance of the Bonds, the City will designate such Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations.

RELATED TAX MATTERS

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

There are or may be pending in the Congress of the United States, legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to in this section or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

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

BONDHOLDERS RISKS

The Bonds do not constitute a general obligation of the City, the State of Iowa or any other political subdivision thereof, within the meaning of any constitutional or statutory provision, nor a charge against their general credit, general funds or taxing power (except as to the revenues pledged to support the Bonds).

The payment of the principal of and premium, if any, and interest on the Bonds depends upon the receipt by the City of sufficient moneys from the Road Use Tax Fund. A number of factors could prevent the receipt of revenues,

including, but not limited to, statutory changes in the method of allocation of the Road Use Tax Fund by the State, a general decline in the economy affecting tax receipts and/or revenues of the Road Use Tax Fund at the State, a decrease in taxes due to technology changes in motor vehicles or statutory changes in the method of assessment of road use taxes collected for deposit in the Road Use Tax Fund. This discussion of certain risk factors is not, and is not intended to be, all inclusive or exhaustive.

From time to time, the Legislature has allocated Road Use Tax Fund receipts that would be deposited in the State Fund to have a priority above the priority established in the Resolution. There can be no assurance that the Legislature might not make similar prior allocations in the future, and those allocations could materially alter the security of the Bonds. In addition, there can be no assurance that the Legislature might not change the Waterfall itself. Changes in the Iowa Code do not require the consent of the Issuer or any other city or county in Iowa that is a recipient of the State Funds. Changes in the Iowa Code do not require voter approval.

There are several different types of taxes that are collected and deposited in the State Fund, including gasoline and diesel fuel taxes, use fees from the purchase of motor vehicles, license and registration fees and rental car excise taxes. From time to time, the Legislature has revised the level of tax or fee associated with each of these retail transactions. There can be no assurance that the Legislature might not do so again in the future. The Issuer cannot control the level of tax or fee associated with the State Fund. Legislative changes to the level of taxation or fee could materially alter the revenues available for allocation and credit to the City Fund, which in turn could affect the security of the Bonds.

Revenues received in the State Fund are determined in large part by the taxable transactions surrounding the purchase and use of motor vehicles in Iowa. Changes in the economy of the State that would affect these taxable transactions, including a general slowdown in the State economy, reduction in demand for motor vehicles or motor fuels due to economic conditions or technological changes, and reductions in the use of rental vehicles could materially alter the taxes and fees collected and deposited in the State Fund. Changes in the economy could be driven by factors including, but not limited to, strikes or other labor unrest, labor shortages resulting in industry slowdown, weather-related problems causing a decrease in the quantity or quality of agricultural products grown and resulting in a decrease in farm receipts, world economic factors that influence commodity prices, reduction in demand for insurance products, and changes in demand for products from Iowa's manufacturing sector.

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 Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. One such proposal is the American Jobs Act of 2011 (S.1549) (the "Jobs Bill") which was introduced in the Senate on September 13, 2011 at the request of the President. If enacted in its current form, the Jobs Bill could adversely impact the marketability and market value of the Bonds and prevent certain bondholders (depending on the financial and tax circumstances of the particular bondholder) from realizing the full benefit of the tax exemption of interest on the Bonds. In addition, on September 29, 2011, President Obama submitted to Congress a legislative proposal entitled the "Debt Reduction Act of 2011" (the "Reduction Act"). If enacted, as proposed, the Reduction Act would require the Office of Management and Budget establish a steadily declining ratio for debt as a percentage of Gross Domestic Product and would impose a penalty in the event that Congress failed to meet the requirements, including automatic sequestration of spending and the reduction in the value of certain tax incentives, including interest on tax-exempt municipal bonds, potentially (in the extreme) eliminating the exemption from taxation that tax-exempt municipal bonds held at the time of issuance.

It cannot be predicted whether or in what form any such proposals might be enacted or whether if enacted it would apply to bonds issued prior to enactment. 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 status of the Bonds. 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 Bonds would be impacted thereby. It is possible that further legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding the Jobs Act and/or the Reduction Act and any other pending or proposed federal income tax legislation. The likelihood of the Jobs Act or the Reduction Act being enacted or whether the currently proposed terms of the Jobs Act and/or the Reduction Act will be altered or removed during the legislative process cannot be reliably predicted.

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 Bonds, 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.

RATING

The City has requested a rating on the Bonds from Moody's Investors Service Inc ("Moody's"). The City's general obligation long-term debt maintains an underlying rating of "Aa3" by Moody's. Such a rating reflects only the view of the rating agency and any explanation of the significance of such a rating may only be obtained from Moody's. There is no assurance that such a rating, if and when received, will continue for any period of time or that it will not be revised or withdrawn.

FINANCIAL ADVISOR

The City has retained Public Financial Management, Inc., Des Moines, Iowa as financial advisor (the "Financial Advisor") in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Financial Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Financial Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in this Preliminary Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other Participating Underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the resolution authorizing the issuance of the Bonds and the Continuing Disclosure Certificate, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth as APPENDIX C to this Official Statement. The City has complied in all material respects with its previous undertakings under the Rule.

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

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City of North Liberty, Iowa, by Public Financial Management, Des Moines, Iowa, and said Preliminary Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of \$1,815,000* Road Use Tax Revenue Bonds, Series 2012A.

CITY OF NORTH LIBERTY, IOWA
/s/ Ryan Heiar, City Administrator

* Preliminary; subject to change.

DRAFT

DESCRIPTION OF THE ROAD USE TAX FUND

THE ROAD USE TAX FUND – THE STATE OF IOWA

The Road Use Tax Fund in the State of Iowa (the "State Fund") was created by the Legislature in 1954, codified as Chapter 312, Iowa Code, and has been amended several times. The State Fund receives certain revenues of the State, including all net proceeds from the tax levied on registration of motor vehicles, all net proceeds of the motor vehicle fuel tax and license fees, all revenues derived from the excise tax imposed on rental vehicles, certain revenues derived from the use tax levied on motor vehicles (generally collected at the time a motor vehicle or accessory is purchased from a retailer) and any other funds that the Legislature might appropriate. Revenues are collected at the point of purchase by merchants and retailers in Iowa and paid to the State in a fashion similar to sales tax receipts. Revenues in the State Fund are apportioned by the Iowa Code in the following fashion (the "Waterfall"):

- 47.5% of revenues to the State primary road fund
- 24.5% to the secondary road fund of the counties in Iowa
- 8% to the farm to market road fund; and
- 20% to the street construction fund of Iowa cities

Presented below is a summary of the revenues of the State Fund for the period indicated:

<u>Fiscal Year</u>	<u>Gross Revenue of the State Fund</u> ¹⁾
2011	
2010	
2009	
2008	
2007	

At various times since the State Fund was established, the Legislature has appropriated monies in the State Fund, prior to moving through the Waterfall, for certain projects. Currently, before money is allocated pursuant to the Waterfall, funds are carved out for certain projects including: railroad grade crossing reconstruction, certain expenses associated with the creation of license plates, certain additional funds to the state primary road fund and to the state department of transportation for operating costs, contributions to the living roadway trust fund, additional compensation to the farm to market fund, odometer enforcement costs, the RISE fund for joint city/state street repairs, public transit support, traffic safety improvements, motorcycle education, trail acquisition and construction and county data processing equipment acquisition costs. Presented below is a summary of the money allocated under the Iowa Code to the Primary Road Fund:

<u>Fiscal Year</u>	<u>Revenues Allocated to State Primary Road Fund</u> ¹⁾
2011	
2010	
2009	
2008	
2007	

¹⁾ Source; Office of Treasurer, State of Iowa

Presented below is a summary of the portion of the tax allocated to cities under the Iowa Code:

<u>Fiscal Year</u>	<u>Revenues Allocated to Cities under the Iowa Code</u> ¹⁾
2011	
2010	
2009	
2008	
2007	

The portion of the net revenues of the State Fund, after carved-out projects described above, allocated to cities is based on the most recent population census of the city as a percentage of the most recent total population census of the State.

Presented below is a summary of the tax allocated to counties under the Iowa Code:

<u>Fiscal Year</u>	<u>Revenues Allocated to Counties under the Iowa Code</u> ¹⁾
2011	
2010	
2009	
2008	
2007	

Presented below is a summary of the tax allocated to other purposes, including the 8% that goes to the farm to market fund and the collections allocated before the application of the waterfall:

<u>Fiscal Year</u>	<u>Revenues Allocated to all other purposes under the Iowa Code</u> ¹⁾
2011	
2010	
2009	
2008	
2007	

THE ROAD USE TAX FUND – THE CITY OF NORTH LIBERTY

With a census population of 13,374, North Liberty receives approximately _% of the portion of the tax allocated to cities. Road Use Taxes are received by the City monthly. The Iowa Code requires that the revenues be credited to the Street Fund of the City (the "City Fund") from which payments for road related improvements and services must be made. No transfers from the City Fund to other funds of the city is allowed under the Iowa Code. Cities may use the money received in the City Fund for expenses including: road repairs, road construction, curb & gutter improvements and construction, snow removal, street cleaning, street lighting, and salaries and benefits of staff engaged in road services.

North Liberty has received the following amounts in the years indicated from the Road Use Tax Fund for deposit in the City Fund:

<u>Fiscal Year</u>	<u>Road Use Funds received in City Fund</u>	<u>Percentage Increase</u>
2011		
2010		
2009		
2008		
2007		

The City has historically used its receipts from the Road Use Tax Fund to pay for certain street-related staffing costs, and to provide for street lighting costs and capital equipment acquisition and improvements. The City anticipates using the City Fund in a similar fashion going forward, except that debt service will be paid first from receipts in the City Fund and all other permitted costs and expenses, including operating expenses, will be paid after debt service.

HISTORICAL CASHFLOW AND DEBT COVERAGE

The following table represents the financial performance of the Road Uses Tax Fund Fiscal Year 2005-07 through Fiscal Year 2010-11 using information from the City’s Independent Auditor’s Reports. Based on the FY 2010-11 Independent Auditor’s Report, the revenues available for debt of \$__ would __ times coverage of the \$__ maximum annual debt service.

[PRO FORMA]

DRAFT

REVENUE DEBT PAID SOLEY FROM ROAD USE TAX REVENUES

The City has revenue debt payable from net revenues of the Road Use Tax Fund as follows:

Road Use Tax Revenue Bonds

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 2/14/12</u>
3/12A	\$1,815,000*	Street Improvements	6/27	\$1,815,000*

Annual Fiscal Year Debt Service Payments of Road Use Tax Revenue Debt (Includes the Bonds)

CITY ISSUED DEBT

Bonds*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Principal & Interest</u>
2011-12		
2012-13	\$95,000	\$147,187
2013-14	110,000	151,951
2014-15	110,000	150,466
2015-16	110,000	148,783
2016-17	115,000	151,935
2017-18	115,000	149,876
2018-19	115,000	147,599
2019-20	120,000	150,127
2020-21	120,000	147,319
2021-22	125,000	149,271
2022-23	130,000	150,908
2023-24	130,000	147,216
2024-25	135,000	148,368
2025-26	140,000	149,237
2026-27	<u>145,000</u>	149,785
Total	\$1,815,000*	

* Preliminary; subject to change.

CITY PROPERTY VALUES

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs all County Auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The 2010 final Actual Values were adjusted by the Johnson County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2010, the Taxable Value rollback rate was 48.5299% of Actual Value for residential property; 69.0152% of Actual Value for agricultural property; and 100% of Actual Value for commercial, industrial, railroad and utility property.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 4% 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.

1/1/2010 VALUATIONS (Taxes Payable July 1, 2011 through June 30, 2012)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$726,698,577	\$331,301,696
Commercial	141,162,175	141,162,175
Industrial	9,033,653	9,033,653
Railroads	1,140,861	1,140,861
Utilities w/o Gas & Electric	<u>1,582,525</u>	<u>1,582,525</u>
Gross valuation	\$879,617,791	\$484,220,910
Less military exemption	<u>(579,676)</u>	<u>(579,676)</u>
Net valuation	\$879,038,115	\$483,641,234
TIF increment (used to compute debt service levies and constitutional debt limit)	\$111,125,998	\$111,125,998
Taxed separately		
Ag. Land & Building	\$2,404,030 ^{1) 2)}	\$1,615,864 ²⁾
Gas & Electric Utilities	\$5,764,529	\$2,142,668

¹⁾ Excludes \$136,021 of TIF Ag. Land.

²⁾ Reduced by \$3,704 of military exemption.

2010 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY ¹⁾

	<u>Taxable Valuation</u>	<u>Percent Total</u>
Residential	\$331,301,696	68.12%
Railroads	1,140,861	0.23%
Gas & Electric Utilities	2,142,668	0.44%
Commercial, Industrial and Utility	<u>151,778,353</u>	<u>31.21%</u>
Total Gross Taxable Valuation	\$486,363,578	100.00%

¹⁾ Excludes Taxable TIF Increment and Ag. Land & Buildings.

TREND OF VALUATIONS

<u>Assessment Year</u>	<u>Payable Fiscal Year</u>	<u>100% Actual Valuation</u>	<u>Net Taxable Valuation (With Rollback)</u>	<u>Taxable TIF Increment</u>
2007	2008-09	\$760,382,268	\$335,149,577	\$91,443,163
2008	2009-10	858,224,233	451,758,007	43,652,899
2009	2010-11	941,686,008	464,462,044	90,996,225
2010	2011-12	998,468,693	485,783,902	111,125,998
2011	2012-13	1,067,351,692	539,951,812	111,974,749

¹⁾ The City's 1/1/2011 valuations are now available from the State of Iowa and become effective July 1, 2012.

The 100% Actual Valuations, before rollback and after the reduction of military exemption, include Ag. Land & Buildings, TIF Increment and Gas & Electric Utilities. The Taxable Valuations, with the rollback and after the reduction of military exemption include Gas & Electric Utilities and exclude Ag. Land & Buildings and Taxable TIF Increments. Iowa cities certify operating levies against Taxable Valuation excluding Taxable TIF Increment and debt service levies are certified against Taxable Valuation including the Taxable TIF Increment.

LARGER TAXPAYERS

<u>Taxpayer</u>	<u>Type of Property</u>	<u>1/1/2010 Taxable Valuation</u>
Arc Wpiacia001 LLC ¹⁾	Commercial	\$20,991,133
Heartland Equipment Inc	Commercial	12,306,900
Centro Inc	Industrial	6,642,351
Golfview Investors LC	Commercial	4,893,519
Conagra Foods Inc	Commercial	4,802,730
Nlcd LC	Commercial	4,758,520
Frontier Distribution LLC ²⁾	Commercial	4,734,180
Holiday Mobile Lodge Inc	Commercial	4,468,520
Libertys Gate LLC	Commercial	4,349,200
Core Group Ic LLC	Commercial	4,242,940

¹⁾ Formerly Inland Western Iowa City Alexander LLC.

²⁾ Formerly SA Group Properties.

CITY INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2010 actual valuation currently applicable to the fiscal year 2011-12, is as follows:

2010 Gross Actual Valuation of Property	\$999,052,073
Less Military Exemption	<u>(583,380)</u>
Subtotal	\$998,468,693
Legal Debt Limit of 5%	<u>0.05</u>
Legal Debt Limit	\$49,923,435
Less: G.O. Debt Subject to Debt Limit	<u>(28,314,000)</u>
Net Debt Limit	\$21,609,435

DIRECT DEBT

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/14/12</u>
9/03	\$4,200,000	Corporate Purpose	6/23	\$2,945,000
7/07A	817,216	Corporate Purpose Bonds	6/17	530,086
6/08B	295,000	Various Projects	6/18	255,000
5/09A	824,500	Corporate Projects	6/24	775,200
10/10A	1,176,400	Corporate Projects	6/20	1,176,400
9/11A	790,000	Various Projects / Refunding Bonds	6/22	<u>790,000</u>
Subtotal				\$6,471,686

General Obligation Debt Paid by Tax Increment

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/14/12</u>
8/02	\$2,700,000	Urban Renewal Corporate Purpose	6/12	\$400,000
8/04	1,560,000	Urban Renewal Corporate Purpose	6/14	520,000
11/05	3,500,000	Urban Renewal Corporate Purpose	6/15	1,745,000
11/06C	570,000	Corporate Purpose Bonds	6/17	370,000
7/07A	2,462,785	Corporate Purpose Bonds	6/17	1,597,482
6/08B	1,520,000	Various Projects	6/18	1,225,000
5/09A	1,600,500	Corporate Projects	6/24	1,504,800
10/10B	6,765,000	Various Projects	6/21	6,765,000
9/11B	5,810,000	Various Projects	6/26	<u>5,810,000</u>
Subtotal				\$19,937,282

General Obligation Debt Paid by Sewer Enterprise Transfers

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/14/12</u>
1/98	\$1,000,000	Sewer Improvements	12/17	\$384,000

General Obligation Debt Paid by Water Enterprise Transfers

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/14/12</u>
12/07B	\$855,000	Water Improvements	6/22	\$710,000
10/10A	553,600	Corporate Projects	6/20	<u>553,600</u>
Subtotal				\$1,263,600

General Obligation Debt Paid by Road Use Fund Tax

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/14/12</u>
7/07A	\$235,000	Street Improvements	6/17	\$152,432
6/08B	125,000	Various Projects	6/18	<u>105,000</u>
Subtotal				\$257,432

Total General Obligation Debt Subject to Debt Limit: \$28,314,000

OTHER DEBT

The City has revenue debt payable solely from the net revenues of the Municipal Sewer System as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/14/12</u>
3/98A	\$323,957	Sewer Revenue (SRF)	12/18	\$147,000
3/98B	3,769,043	Sewer Revenue (SRF)	12/18	1,641,000
4/06A	1,860,000	Sewer Revenue and Refunding	6/25	1,520,000
8/07	5,271,000	Sewer Revenue (SRF)	6/27	4,914,000
8/08A	3,250,000	Sewer Revenue (SRF)	6/28	2,682,000
9/08C	1,550,000	Sewer Revenue	6/23	<u>1,350,000</u>
Total				\$12,254,000

The City has revenue debt payable solely from the net revenues of the Municipal Waterworks System as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/14/12</u>
9/01	\$2,000,000	Water Improvements	6/21	\$1,685,000
11/06B	1,670,000	Water Storage	6/26	1,420,000
9/08D	2,350,000	Water Improvements	6/23	<u>2,085,000</u>
Total				\$5,190,000

OVERLAPPING DEBT

<u>Taxing District</u>	<u>1/1/2010 Taxable Valuation¹⁾</u>	<u>Portion of Taxable Valuation Within City</u>	<u>Percent Applicable</u>	<u>G.O. Debt</u>	<u>City's Proportionate Share</u>
Johnson County	\$6,388,607,678	\$598,522,060	9.37%	\$16,090,000	\$1,507,633
Iowa City CSD	4,806,027,801	430,022,398	8.95%	21,505,000	1,924,698
Clear Creek – Amana CSD	874,673,380	168,499,662	19.26%	24,591,861	4,736,392
Kirkwood Comm. College	20,142,837,458	598,522,060	2.97%	100,160,000	<u>2,974,752</u>

City's share of total overlapping debt

\$11,143,475

¹⁾ Includes Ag. Land & Buildings, all Utilities and Taxable TIF Increment.

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value (\$998,468,693)¹⁾</u>	<u>Debt/13,374²⁾ Population</u>
Total General Obligation Debt	\$28,314,000	2.84%	\$2,117.09
City's share of overlapping debt	\$11,143,475	1.12%	\$833.22

¹⁾ Based on the City's 1/1/2010 Actual 100% Valuation. Includes TIF Increment, Ag. Land & Buildings and all Utilities.

²⁾ Population based on 2010 Census.

LEVIES AND TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Levy</u>	<u>Collected During Collection Year</u>	<u>Percent Collected</u>
2007/08	\$5,896,039	\$5,913,330	100.29%
2008/09	6,665,497	6,688,668	100.35%
2009/10	6,284,466	6,257,040	99.56%
2010/11	7,999,619	8,017,662	100.23%
2011/12	8,835,277	-----In Process of Collection-----	

Collections include delinquent taxes from all prior years. Taxes in Iowa are delinquent each October 1 and April 1 and a late payment penalty of 1% per month of delinquency is enforced as of those dates. If delinquent taxes are not paid, the property may be offered at the regular tax sale on the third Monday of June following the delinquency date. Purchaser at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property and funds so received are applied to taxes. A property owner may redeem from the regular tax sale but, failing redemption within three years, the tax sale purchaser is entitled to a deed, which in general conveys the title free and clear of all liens except future tax installments.

TAX RATES

	<u>FY 2007/08</u> <u>\$/1,000</u>	<u>FY 2008/09</u> <u>\$/1,000</u>	<u>FY 2009/10</u> <u>\$/1,000</u>	<u>FY 2010/11</u> <u>\$/1,000</u>	<u>FY 2011/12</u> <u>\$/1,000</u>
Johnson County	6.49453	7.48663	7.38568	7.22207	6.98984
City of North Liberty	10.96599	11.33731	10.90993	11.20264	11.03264
Iowa City CSD	13.85189	14.19219	14.19136	14.68972	14.59055
Clear Creek - Amana CSD	17.18860	15.99090	15.87097	15.91002	15.54876
County Assessor	0.35333	0.47873	0.37928	0.43792	0.37289
Ag. Extension	0.06787	0.06700	0.08413	0.08307	0.08358
Kirkwood Community College	0.85526	0.85161	0.84042	0.92566	0.99870
State of Iowa	<u>0.00350</u>	<u>0.00350</u>	<u>0.00300</u>	<u>0.00340</u>	<u>0.00320</u>
Total Tax Rate – Iowa City CSD	32.59237	34.41697	33.79380	34.56448	34.07140
Total Tax Rate – Clear Creek–Amana CSD	35.92908	36.21568	35.47341	35.78478	35.02961

LEVY LIMITS

A city's general fund tax levy is limited to \$8.10 per \$1,000 of taxable value, with provision for an additional \$0.27 per \$1,000 levy for an emergency fund which can be used for general fund purposes (Code of Iowa, Chapter 384, Division I). Cities may exceed the \$8.10 limitation upon authorization by a special levy election. Further, there are limited special purpose levies, which may be certified outside of the above-described levy limits (Code of Iowa, Section 384.12). The amount of the City's general fund levy subject to the \$8.10 limitation is \$8.10 for FY 2011-12, and the City is not using the emergency levy. The City also levies for employee benefits. Debt service levies are not limited.

FUNDS ON HAND (Cash and Investments as of December 31, 2011)

General	\$1,915,314
Fire Equipment Capital Fund	326,481
Library Capital Fund	2,292
Recreation Capital Fund	74,116
Police Capital Fund	11,439
Transportation Impact Fees	1,621,071
Stormwater Impact Fees	42,399
Tree Program	10,550
Park Capital Fund	(427,129) ²⁾
Youth Sports Scholarship	46,250
Equipment Revolving Fund	(317,361) ²⁾
Telecommunications Equipment	43,286
Drug Task Force	37,785
Seized Funds	324
Road Use Tax Fund	667,068
Street Capital Project	(3,117,656) ¹⁾²⁾
IJOBS Street Projects	5,688
TIF Fund	1,818,300
Debt Service Fund	6,439,817
Trust & Agency	393,941
Customer Deposits	423,694
TIF Projects	416,252
Entryway Development	10,993
Highway 965 Improvements	224,452
Community Center Phase II	(67,903) ²⁾
Trail Projects	(674,021) ²⁾³⁾
Economic Development Projects	78,659
Penn Street Improvements	(1,891,052) ²⁾
Land/Facilities	(743,214) ²⁾
Library Building Fund	338,123
Liberty Centre Blues/BBQ	(2,834) ²⁾
Ranshaw House Project	17,675
Water Fund	68,335
Water Capital Reserve	264,169
Water Sinking Fund	289,360
Water Bond Reserve	577,856
Water Capital Projects	(346,575) ²⁾
Sewer Fund	854,402
Sewer Capital Reserve	545,423
Sewer Sinking Fund	342,814
Wastewater Treatment Plant Project	(302,677) ²⁾
Sewer Trunk I & I	(272,508) ²⁾
Sewer Bond Reserve	307,105
Stormwater Management	295,688
Total Funds on Hand	<u>\$10,347,710</u>

¹⁾ Deficit to be eliminated with Bonds proceeds.

²⁾ Deficit to be eliminated by fund transfers.

³⁾ Deficit to be eliminated by revenues received in Fiscal Year 2011-12.

THE CITY

CITY GOVERNMENT

The City of North Liberty, Iowa (the “City”) was incorporated in 1913. The City is governed by a Mayor and a Council of five members elected on a non partisan basis. Council members serve four-year terms and the Mayor serves a four-year term. The Council meets on the second and fourth Tuesday of each month. The City maintains police and fire departments and its own water and sanitary sewer systems.

EMPLOYEES AND PENSIONS

The City has 70 full-time and 127 part-time employees (including seasonal employees), of which 70 full-time employees are enrolled in the Iowa Public Employees Retirement System (the “IPERS”) pension plan administered by the State of Iowa. The City is current in its obligation to IPERS, which has been as follows: \$210,407 in Fiscal Year 2008-09, \$238,282 in Fiscal Year 2009-10 and \$269,136 in Fiscal Year 2010-11. In addition to the 197 employees of the City, there are 36 volunteer fire fighters.

UNION CONTRACTS

The City has a contract with the Public Professional & Maintenance Employees Local 2003 union, expiring June 30, 2012. The City is currently negotiating a contract for Fiscal Year 2013.

INSURANCE

The City's insurance coverage is as follows:

<u>Type of Insurance</u>	<u>Occurrence/Aggregate Limit</u>
Property	
Buildings & Personal Property	\$33,362,419
Liability	
Legal Liability Limit	\$1,000,000
Crime & Fidelity	
Employee Theft	\$200,000
Forgery or Alterations	\$25,000
Theft of Money and Securities	\$20,000
Computer Fraud	\$200,000
Funds Transfer Fraud	\$200,000
Inland Marine	
Contractors Equipment	\$1,086,178
Accounts Receivable	\$100,000
Property Floater	\$819,348
Watercraft	\$7,100
Automobile	
Liability	\$1,000,000
Auto Medical payments	\$1,000
Uninsured Motorists	\$1,000,000
Underinsured Motorists	\$1,000,000
Worker's Compensation	Statutory coverage
Umbrella	
Commercial General Liability Occurrence Basis	
General Aggregate Limit	\$2,000,000
Prod/Comp Ops Aggregate Limit	\$2,000,000
Personal and Advertising Injury Limit	\$1,000,000
Each Occurrence Limit	\$1,000,000
Employee Benefit Liability	\$1,000,000
Bodily Injury by Accident	\$500,000
Bodily Injury by Disease	\$500,000
Public Officials Liability	\$1,000,000
Law Enforcement Liability	\$1,000,000
Linebacker	\$1,000,000
Employee Health Insurance	\$1,000,000 Excess Aggregate

GENERAL INFORMATION

LOCATION AND TRANSPORTATION

The City is located in east central Iowa in Johnson County. The City is located off Interstate 380 between the cities of Cedar Rapids and Iowa City encompassing an area of 5 square miles. The City is a rapidly growing community with a population of 13,374 according to the U.S. 2010 census. The City has seen an increase in population of 85% from the 2004 special census to the 2010 census.

LARGER EMPLOYERS

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

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees¹⁾</u>
Centro, Inc.	Plastics Producer	366
Heartland Express	Transportation	225
City of North Liberty	Municipal Government	212
L.L. Pelling Company	Asphalt Manufacturer	183
J.M. Swank Company	Food Distributor	135
Fareway	Grocery – Retail	102
South Slope Cooperative Communications Co.	Telephone Service	99
Transport America	Transportation	86
River Bend Industries ²⁾	Plastics Producer	85
Iowa City Community School District ³⁾	Education	58
Revenue Cycle Partners	Hospital Management Programs	54
University of Iowa Community Credit Union	Banking	47
Dan's Overhead Doors & More	Garage Doors	37
Coles	Frozen Bread Products	35
CompleWare Corporation	Clinical Research Software	30
Advanced Milwork Inc.	Millwork Distributor	24

1) Includes full-time, part-time and seasonal employees.

2) Formerly Victor Plastics, North Liberty Division.

3) Includes employees located within the City at Penn Elementary School. The entire school district employs approximately 1,676 people.

Source: LocationOne Information System website and phone survey completed July 2011.

BUILDING PERMITS

City officials reported the following construction activity as of December 31, 2011. Permits for the City are reported on a calendar year basis. The figures below include both new construction and remodeling.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Single Family Homes:</u>					
No. of permits issued:	190	278	257	146	170
Valuation:	\$42,942,099	\$40,514,626	\$40,381,172	\$23,219,745	\$23,980,743
<u>Multiple Family Dwellings:</u>					
No. of permits issued:	4	4	1	1	1
Valuation:	\$3,462,880	\$4,426,560	\$1,090,080	\$9,000,000	\$1,908,998
<u>Residential Homes - Additions & Alterations:</u>					
No. of permits issued:	102	83	102	99	127
Valuation:	\$958,179	\$769,592	\$893,826	\$604,820	\$1,238,511
<u>Commercial/Industrial/Other:</u>					
No. of permits issued:	8	9	12	3	3
Valuation:	\$18,673,530	\$7,082,809	\$14,684,789	\$729,349	\$1,847,500
<u>Commercial/Industrial/Other Remodels & Alterations:</u>					
No. of permits issued:	46	39	33	27	35
Valuation:	<u>\$7,257,823</u>	<u>\$1,959,848</u>	<u>\$1,603,075</u>	<u>\$400,638</u>	<u>\$961,663</u>
Total Permits:	350	413	405	276	336
Total Valuations:	\$73,294,511	\$54,753,435	\$58,364,962	\$33,594,552	\$29,937,415

U.S. CENSUS DATA

1980 U.S. Census	2,046
1990 U.S. Census	2,926
2000 U.S. Census	5,367
2004 Special City Census	7,224
2010 U.S. Census	13,374

Source: U.S. Census Bureau website.

UNEMPLOYMENT RATES

Annual Averages:		<u>Johnson County</u>	<u>State of Iowa</u>
2007		2.7%	3.7%
2008		3.1%	4.4%
2009		3.9%	5.6%
2010		4.4%	6.1%
2011 (Jan-Nov)		4.4%	6.0%

Source: Iowa Workforce Development Center website.

EDUCATION

Public education is provided by the Iowa City Community School District, with certified enrollment for the 2011-12 school year of 12,453 students. The Iowa City Community School District, with approximately 1,676 employees, owns and operates several pre-school sites, eighteen elementary schools, three junior high schools, two senior high schools, and one alternative school for ninth through twelfth graders. Public education is also provided by the Clear Creek – Amana Community School District, with a certified enrollment for the 2011-12 school year of 1,577. The Clear Creek-Amana Community School District, with 288 employees, operates three elementary schools, one middle school and one high school. Private education in North Liberty is provided by Heritage Christian School (non-denominational) for grades Kindergarten through seventh grade.

Colleges and universities within thirty miles of the City are: University of Iowa, Kirkwood Community College, Hamilton College, Cornell College, Capri College, University of America, Coe College and Mount Mercy College.

FINANCIAL SERVICES

Residents of the City are served by two credit unions, Collins Community Credit Union and University of Iowa Community Credit Union. Banking services include branch offices of the following financial institutions: Hills Bank and Trust Company, Liberty Bank, FSB, MidWestOne Bank and US Bank N.A. The branch offices located within the City report the following total deposits as of June 30th for each year:

<u>Year</u>	<u>Hills Bank and Trust Company</u>	<u>MidWestOne Bank ¹⁾</u>	<u>US Bank N.A.</u>
2007	\$53,300,000	\$22,279,000	\$19,038,000
2008	59,482,000	24,939,000	21,148,000
2009	64,638,000	25,011,000	26,508,000
2010	62,474,000	25,115,000	27,607,000
2011	66,722,000	23,949,000	31,427,000

¹⁾ Formerly Iowa State Bank & Trust Company.

Source: Federal Deposit Insurance Corporation website.

FINANCIAL STATEMENTS

The City's INDEPENDENT AUDITOR'S REPORTS for the fiscal year ended June 30, [2011] is reproduced in APPENDIX B. The City's certified public accountant has not consented to distribution of the audited financial statements and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the City's prior Independent Auditor's Reports may be obtained from the City's Financial Advisor, Public Financial Management, Inc.

APPENDIX A

FORM OF LEGAL OPINION

APPENDIX B

JUNE 30, 2011 INDEPENDENT AUDITOR'S REPORT

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

OFFICIAL BID FORM

To: City Council of
City of North Liberty, Iowa

Sale Date: February 14, 2012
11:00 AM, CT

RE: \$1,815,000* Road Use Tax Revenue Bonds, Series 2012A (the "Bonds")

For all or none of the above Bonds, in accordance with the TERMS OF OFFERING, we will pay you \$_____ (not less than \$1,798,665) plus accrued interest to date of delivery for fully registered bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2013	_____ % due 2021
_____ % due 2014	_____ % due 2022
_____ % due 2015	_____ % due 2023
_____ % due 2016	_____ % due 2024
_____ % due 2017	_____ % due 2025
_____ % due 2018	_____ % due 2026
_____ % due 2019	_____ % due 2027
_____ % due 2020	

* Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds. However, the maximum par amount will not exceed \$2,200,000. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

In making this offer we accept all of the terms and conditions of the TERMS OF OFFERING published in the Preliminary Official Statement dated February__, 2012. In the event of failure to deliver these Bonds in accordance with the TERMS OF OFFERING as printed in the Preliminary Official Statement and made a part hereof, we reserve the right to withdraw our offer. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$_____

TRUE INTEREST COST: _____% (Based on dated date of March 15, 2012)

Account Manager: _____ By: _____

Account Members:

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of North Liberty, Iowa this 14th day of February, 2012.

Attest: _____

By: _____

Title: _____

Title: _____