

Regular Meeting
March 13, 1989

The regular meeting of the Conrad City Council was called to order by Mayor Bill Gearhart at 7:00 P.M. in the Council Chambers.

Council members present: Sanderson, King, Lutes
" " absent: Schiebel, Reece

Others present: Chuck Friend, Dave Fox, Gary Moler, Dave Colin, Bob Kruse, Mary Danielson, Glenda Swegle, Burl & Maysel Bone and Don Kliebenstein.

The minutes of the February 13, 1989 were approved.

The treasurer's report was approved in a motion by Sanderson, second by Lutes. Carried.

The finance committee presented the following bills:

Cheryl Meester	Clerk's hours	23.12
Gary Moler	Reimbursement	19.45
Reva Ladehoff	Cleaning	12.00
Iowa Electric Light and Power	Bills	2,583.87
Time Insurance Co.	Premium 3/89	878.00
First State Bank	Box rent	7.50
First State Bank	Fed WH & SS 2/89	1,420.46
Treasurer, State of Iowa	IA WH 2/89	200.98
IPERS	IPERS 2/89	597.57
Bill Hartwig Excavating	Snow removal&truck rock	571.21
Wayne Kopsa	Snow removal	75.00
Ed M. Feld Equipment	Strainer & fitting	133.00
Iowa Electric Light & Power	Service/cover lines	32.00
Schiebel Electric	Case of bulbs	90.45
City of Marshalltown	W/W lab tests	154.00
Water Products Co.	Meter gaskets	6.77
Michael Todd & Co.	Snow plow blades	682.60
NAPA Auto Parts	Supplies	112.36
Home Care of Iowa	UPS charges	5.42
Conrad Sales Co., Inc.	Street sweeper parts	1,278.27
Bob's Farm Center	Hauling snow & water repairs	173.15
Friday's	Oil & filter	21.10
Carl's Electric	Wire pump/sewer plant	119.86
Radio Communications	Pager repair	36.40
Conrad Tire & Auto	Mount & balance tire	8.00
Surplus Property Division	Tools	8.00
RGC Printing	W/S billing cards	93.25
General Telephone	Bills 2/89	227.97
Conrad Record	Publications 2/89	49.83
Pronto	Gas 2/89	15.62
Casey's	Gas & misc 2/89	225.65
Conrad Pharmacy	Supplies 2/89	10.26
Charlie's Market	Distilled water	5/02
Clapsaddle-Garber Associates	Eng. services 2/89	1,921.40
Matt Parrott & Son's Co.	Treas. register	51.01
Grundy County Auditor	Landfill 3/89	838.34
Pitt-Des Moines, Inc.	Pay request #2	143,286.13

Motion by King, second by Lutes that the above bills be accepted and warrants drawn on the same. Carried.

Total revenue for February 1989: \$40,495.96	
General - 7,258.19	Road Use Tax - 3,901.15
Sewer - 1,065.79	Debt Service - 611.40
Water - 26,687.79	'87 St. Assmt. - 971.64

No building permits were issued during February.

Gary Moler reported the following:

- Seals, clutch & water pump had been replaced in the street sweeper and that it is working fine.
- Frost causing problems with the streets now.
- Sander has been taken off the truck and cleaned up.
- In the process of drawing up contract with Ritchie's for their discharge.

Minutes
March 13

CITY'S COPY

(This Notice to be posted)

NOTICE AND CALL OF PUBLIC MEETING

Governmental Body: The City Council of Conrad, Iowa.
Date of Meeting: March 13, 1989.
Time of Meeting: 7:30 o'clock P.M.
Place of Meeting: Council Chambers, City Hall, Conrad, Iowa.

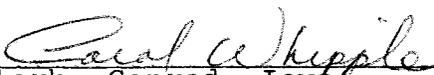
PUBLIC NOTICE IS HEREBY GIVEN that the above mentioned governmental body will meet at the date, time and place above set out. The tentative agenda for said meeting is as follows:

\$150,000 General Obligation Bonds.

- Resolution authorizing the issuance.

Such additional matters as are set forth on the additional pages(s) attached hereto.
(number)

This notice is given at the direction of the Mayor pursuant to Chapter 21, Code of Iowa, and the local rules of said governmental body.


Clerk, Conrad, Iowa

March 13
_____, 1989

The City Council of Conrad, Iowa, met in regular session, in the Council Chambers, City Hall, Conrad, Iowa, at 7:30 o'clock ____ .M., on the above date. There were present Mayor Gearhart _____, in the chair, and the following named Council Members:

Sanderson, King, Lutes

Absent: Reece, Schiebel

* * * * *

Lutes moved that the form of Tax Exemption Certificate be placed on file and approved. Sanderson seconded the motion. The roll was called and the vote was,

AYES: Sanderson, King, Lutes

NAYS: None

Council Member Lutes introduced the following Resolution entitled "RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF \$150,000 GENERAL OBLIGATION BONDS AND LEVYING A TAX TO PAY SAID BONDS" and moved that it be adopted. Council Member Sanderson seconded the motion to adopt, and the roll being called thereon, the vote was as follows:

AYES: Sanderson, King, Lutes

NAYS: None

Whereupon, the Mayor declared said Resolution duly adopted as follows:

RESOLUTION AUTHORIZING AND PROVIDING OF \$150,000 GENERAL OBLIGATION BONDS AND LEVYING A TAX TO PAY SAID BONDS

WHEREAS, the Issuer is duly incorporated, organized and exists under and by virtue of the laws and Constitution of the State of Iowa; and

WHEREAS, the Issuer is in need of funds to pay costs of constructing improvements and extensions to the Municipal Water Utility of said City, an essential corporate purpose, and it is deemed necessary and advisable that General Obligation Bonds in the amount of \$150,000, be issued for said purpose; and

WHEREAS, pursuant to notice published as required by Section 384.25 of said Code, this Council has held a public meeting and hearing upon the proposal to institute proceedings

(h) "Tax Exemption Certificate" shall mean the Tax Exemption Certificate executed by the Treasurer and delivered at the time of issuance and delivery of the Bonds.

Section 2. Levy and Certification of Annual Tax; Other Funds to be Used.

(a) Levy of Annual Tax. That for the purpose of providing funds to pay the principal and interest of the Bonds hereinafter authorized to be issued, there is hereby levied for each future year the following direct annual tax on all of the taxable property in Conrad, Iowa, to-wit:

<u>AMOUNT</u>	<u>FISCAL YEAR (JULY 1 TO JUNE 30)</u> <u>YEAR OF COLLECTION:</u>
\$18,937	1989/1990
\$19,533	1990/1991
\$18,913	1991/1992
\$23,283	1992/1993
\$22,323	1993/1994
\$21,355	1994/1995
\$20,380	1995/1996
\$24,390	1996/1997
\$23,050	1997/1998
\$26,700	1998/1999

(NOTE: For example the levy to be made and certified against the taxable valuations of January 1, 1988, will be collected during the fiscal year commencing July 1, 1989).

(b) Resolution to be Filed With County Auditor. A certified copy of this Resolution should be filed with the County Auditor of Grundy County, Iowa, and said Auditor is hereby instructed in and for each of the years as provided, to levy and assess the tax hereby authorized in Section 2 of this Resolution, in like manner as other taxes are levied and assessed, and such taxes so levied in and for each of the years aforesaid be collected in like manner as other taxes of the City are collected, and when collected be used for the purpose of paying principal and interest on said Bonds issued in anticipation of said tax, and for no other purpose whatsoever.

(c) Additional City Funds Available. Principal and interest coming due at anytime when the proceeds of said tax on hand shall be insufficient to pay the same shall be promptly paid when due from current funds of the City available for that purpose and reimbursement shall be made from such special fund in the amounts thus advanced.

Section 3. Bond Fund. Said tax shall be collected each year at the same time and in the same manner as, and in addition to, all other taxes in and for the City, and when collected they shall be converted into a special fund within the Debt Service Fund to be known as the "GENERAL OBLIGATION BOND FUND 1989 NO. 1" (the "Bond Fund"), which is hereby pledged for and shall be used only for the payment of the principal of and interest on the Bonds hereinafter authorized to be issued; and also there shall be apportioned to said fund its proportion of taxes received by the City from railway, express, telephone and telegraph companies and other taxes assessed by the Iowa State Department of Revenue.

Section 4. Application of Bond Proceeds. Proceeds of the Bonds other than accrued interest except as may be provided below shall be credited to the Project Fund and expended therefrom for the purposes of issuance. Any amounts on hand in the Project Fund shall be available for the payment of the principal of or interest on the Bonds at any time that other funds shall be insufficient to the purpose, in which event such funds shall be repaid to the Project Fund at the earliest opportunity. Any balance on hand in the Project Fund and not immediately required for its purposes may be invested not inconsistent with limitations provided by law or this Resolution. Accrued interest, if any, shall be deposited in the Bond Fund.

Section 5. Investments of Bond Fund Proceeds. All moneys held in the Bond Fund, provided for by Section 3 of this Resolution shall be invested in direct obligations of the United States Government or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or FSLIC or its equivalent successor in any one financial institution shall be continuously secured by a valid pledge of direct obligations of the United States Government having an equivalent market value. All such interim investments shall mature before the date on which the moneys are required for payment of principal of or interest on the Bonds as herein provided.

Section 6. Bond Details, Execution and Redemption.

(a) Bond Details. General Obligation Bonds of the City in the amount of \$150,000, shall be issued pursuant to the provisions of Section 384.25 of the City Code of Iowa for the aforesaid purpose. The bonds shall be designated

"GENERAL OBLIGATION BOND", be dated January 1, 1989, and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable on December 1, 1989, and semiannually thereafter on the 1st day of June and December in each year until maturity at the rates hereinafter provided.

The Bonds shall be executed by the facsimile signature of the Mayor and attested by the facsimile signature of the Clerk, and printed or impressed with the seal of the City and shall be fully registered as to both principal and interest as provided in this resolution; principal, interest and premium, if any, shall be payable at the office of the Paying Agent by mailing of a check to the registered owner of the Bond. The Bonds shall be in the denomination of \$5,000 each or multiples thereof. Said Bonds shall mature and bear interest as follows:

<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity June 1st</u>
6.10%	\$ 5,000	1990
6.20%	\$10,000	1991
6.30%	\$10,000	1992
6.40%	\$15,000	1993
6.45%	\$15,000	1994
6.50%	\$15,000	1995
6.60%	\$15,000	1996
6.70%	\$20,000	1997
6.75%	\$20,000	1998
6.80%	\$25,000	1999

(b). Redemption. Bonds maturing after June 1, 1997, may be called for redemption by the Issuer and paid before maturity on said date or any interest payment date thereafter, from any funds regardless of source, in whole or from time to time in part, in inverse order of maturity and within an annual maturity by lot by giving thirty days' notice of redemption by registered mail, to the registered owner of the bond. The terms of redemption shall be par, plus accrued interest to date of call.

If selection by lot within a maturity is required, the Registrar shall by random selection of the names of the registered owners of the entire annual maturity select the bonds to be redeemed until the total amount of bonds to be called has been reached.

Section 7. Registration of Bonds; Appointment of Registrar; Transfer; Ownership; Delivery; and Cancellation.

(a) Registration. The ownership of Bonds may be transferred only by the making of an entry upon the books kept for the registration and transfer of ownership of the Bonds, and in no other way. The City Clerk is hereby appointed as Bond Registrar under the terms of this Resolution. Registrar shall maintain the books of the Issuer for the registration of ownership of the Bonds for the payment of principal of and interest on the Bonds as provided in this Resolution. All Bonds shall be negotiable as provided in Article 8 of the Uniform Commercial Code and Section 384.31 of the Code of Iowa, subject to the provisions for registration and transfer contained in the Bonds and in this resolution.

(b) Transfer. The ownership of any Bond may be transferred only upon the Registration Books kept for the registration and transfer of Bonds and only upon surrender thereof at the office of the Registrar together with an assignment duly executed by the holder or his duly authorized attorney in fact in such form as shall be satisfactory to the Registrar, along with the address and social security number or federal employer identification number of such transferee (or, if registration is to be made in the name of multiple individuals, of all such transferees). In the event that the address of the registered owner of a Bond (other than a registered owner which is the nominee of the broker or dealer in question) is that of a broker or dealer, there must be disclosed on the Registration Books the information pertaining to the registered owner required above. Upon the transfer of any such Bond, a new fully registered Bond, of any denomination or denominations permitted by this Resolution in aggregate principal amount equal to the unmatured and unredeemed principal amount of such transferred fully registered Bond, and bearing interest at the same rate and maturing on the same date or dates shall be delivered by the Registrar.

(c) Registration of Transferred Bonds. In all cases of the transfer of the Bonds, the Registrar shall register, at the earliest practicable time, on the Registration Books, the Bonds, in accordance with the provisions of this Resolution.

(d) Ownership. As to any Bond, the person in whose name the ownership of the same shall be registered on the Registration Books of the Registrar shall be deemed and

regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bonds and the premium, if any, and interest thereon shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

(e) Cancellation. All Bonds which have been redeemed shall not be reissued but shall be cancelled by the Registrar. All Bonds which are cancelled by the Registrar shall be destroyed and a certificate of the destruction thereof shall be furnished promptly to the Issuer; provided that if the Issuer shall so direct, the Registrar shall forward the cancelled Bonds to the Issuer.

(f) Non-Presentation of Bonds. In the event any payment check representing payment of interest on the Bonds is returned to the Paying Agent or is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such interest on Bonds shall have been made available to the Paying Agent for the benefit of the owner thereof, all liability of the Issuer to the owner thereof for such interest or payment of such Bonds shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the owner of such Bonds who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or on, or with respect to, such interest or Bonds. The Paying Agent's obligation to hold such funds shall continue for a period equal to two years and six months following the date on which such interest or principal became due, whether at maturity, or at the date fixed for redemption thereof, or otherwise, at which time the Paying Agent, shall surrender any remaining funds so held to the Issuer, whereupon any claim under this Resolution by the Owners of such interest or Bonds of whatever nature shall be made upon the Issuer.

(g) Registration and Transfer Fees. The Registrar may furnish to each owner, at the Issuer's expense, one bond for each annual maturity. The Registrar shall furnish additional bonds in lesser denominations (but not less than the minimum denomination) to an owner who so requests.

Section 8. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds. In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall at the request of Registrar authenticate and deliver a new Bond of like tenor and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond to Registrar, upon surrender of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Registrar evidence satisfactory to the Registrar and Issuer that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Registrar and Issuer with satisfactory indemnity and complying with such other reasonable regulations as the Issuer or its agent may prescribe and paying such expenses as the Issuer may incur in connection therewith.

Section 9. Record Date. Payments of principal and interest, otherwise than upon full redemption, made in respect of any Bond, shall be made to the registered holder thereof or to their designated agent as the same appear on the books of the Registrar on the 15th day of the month preceding the payment date. All such payments shall fully discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made. Payment of principal shall only be made upon surrender of the Bond to the Paying Agent.

Section 10. Execution, Authentication and Delivery of the Bonds. Upon the adoption of this Resolution, the Mayor and Clerk shall execute and deliver the Bonds to the Registrar, who shall authenticate the Bonds and deliver the same to or upon order of the Purchaser. No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless the Registrar shall duly endorse and execute on such Bond a Certificate of Authentication substantially in the form of the Certificate herein set forth. Such Certificate upon any Bond executed on behalf of the Issuer shall be conclusive evidence that the Bond so authenticated has been duly issued under this Resolution and that the holder thereof is entitled to the benefits of this Resolution.

Section 11. Right to Name Substitute Paying Agent or Registrar. Issuer reserves the right to name a substitute, successor Registrar or Paying Agent upon giving prompt written notice to each registered bondholder.

Section 12. Form of Bond. Bonds shall be printed in substantial compliance with standards proposed by the American Standards Institute substantially in the form as follows:

The diagram shows the front of a bond form with various fields labeled (1) through (15). The fields are arranged as follows:

- (6) and (7) are small rectangular boxes in the top left.
- (6) and (8) are small rectangular boxes in the top right.
- (1) is a large rectangular box in the center.
- (2), (3), (4), and (5) are small rectangular boxes in a row below (1).
- (9) is a large rectangular box in the center below (1).
- (9A) is a small rectangular box below (9).
- (10) is a large rectangular box below (9) containing the text "(continued on the back of this Bond)".
- (11), (12), and (13) are small rectangular boxes in a row at the bottom left.
- (14) is a small rectangular box in the bottom center.
- (15) is a small rectangular box in the bottom right.

FIGURE 1

(Front)

(10) (Continued)	(16)	(17)
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FIGURE 2

(Back)

The text of the Bonds to be located thereon at the item numbers shown shall be as follows:

Item 1, figure 1 = "STATE OF IOWA"
"COUNTY OF GRUNDY"
"CITY OF CONRAD"
"GENERAL OBLIGATION BOND,"
"ESSENTIAL CORPORATE PURPOSE."

Item 2, figure 1 = Rate: _____
Item 3, figure 1 = Maturity: _____
Item 4, figure 1 = Bond Date: January 1, 1989
Item 5, figure 1 = Cusip # N/A
Item 6, figure 1 = "Registered"
Item 7, figure 1 = Certificate No. _____
Item 8, figure 1 = Principal Amount: \$ _____

Item 9, figure 1 = The City of Conrad, Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, on the maturity date indicated above, to

Item 9A, figure 1 = (Registration panel to be completed by Registrar or Printer with name of Registered Owner).

Item 10, figure 1 = or registered assigns, the principal sum of (principal amount written out) Thousand Dollars in lawful money of the United States of America, on the maturity date shown above, only upon presentation and surrender hereof at the office of the City Clerk, Paying Agent of this issue, or its successor, with interest on said sum from the date hereof until paid at the rate per annum specified above, payable on December 1, 1989, and semiannually thereafter on the 1st day of June and December in each year.

Interest and principal shall be paid to the registered holder of the Bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month next preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Bond is issued pursuant to the provisions of Section 384.25 of the City Code of Iowa, for the purpose of paying costs of constructing improvements and extensions to the Municipal Water Utility of said City, in conformity to a Resolution of the Council of said City duly passed and approved.

Bonds maturing after June 1, 1997, may be called for redemption by the Issuer and paid before maturity on said date or any interest payment date thereafter, from any funds regardless of source, in whole or from time to time in part, in inverse order of maturity and within an annual maturity by lot by giving thirty days' notice of redemption to the registered owner of the Bond. The terms of redemption shall be par, plus accrued interest to date of call.

Notice hereunder may be given by registered mail to the owner of record of the Bond at the address shown on the books of the Registrar and shall be deemed complete upon mailing.

Ownership of this Bond may be transferred only by transfer upon the books kept for such purpose by the City Clerk, the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Bond at the office of the Registrar, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered bondholders of such change. All bonds shall be negotiable as provided in Article 8 of the Uniform Commercial Code and Section 384.31 of the Code of Iowa, subject to the provisions for registration and transfer contained in the Bond Resolution.

This Bond is a "qualified tax-exempt obligation" designated by the City for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Bond, have been existent, had, done and performed as required by law; that provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the territory of the Issuer for the payment of the principal and interest of this Bond as the same will respectively become due; that the faith, credit, revenues and resources and all the real and personal property of the Issuer are irrevocably pledged for the prompt payment hereof, both principal and interest; and the total indebtedness of the Issuer including this Bond, does not exceed the constitutional or statutory limitations.

IN TESTIMONY WHEREOF, the Issuer by its Council, has caused this Bond to be signed by the facsimile signature of its Mayor and attested by the facsimile signature of its City Clerk, with the seal of said City printed hereon, and to be authenticated by the manual signature of an authorized representative of the Registrar, the City Clerk, Conrad, Iowa.

Item 11, figure 1 = Date of authentication:
Item 12, figure 1 = This is one of the bonds described in the within mentioned resolution, as registered by the City Clerk.

CITY CLERK

By _____
Registrar

Item 13, figure 1 = Registrar and Transfer Agent:
City Clerk

Paying Agent:
City Clerk

Item 14, figure 1 = (Seal)
Item 15, figure 1 = [Signature Block]
City of Conrad, Iowa
By: (facsimile signature)
Mayor

Attest: (facsimile signature)
City Clerk

Item 16, figure 2 = It is certified that the following is a correct and complete copy of the opinion of bond counsel issued as of the date of delivery of the issue of which this Bond is a part.

(facsimile signature)
City Clerk

[Opinion of Bond Counsel]

Item 17, figure 2 = [Assignment Block]
[Information Required for
Registration]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ (Social Security or Tax Identification No. _____) the within Bond and does hereby irrevocably constitute and appoint _____ attorney in fact to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated _____.

(Person(s) executing this Assignment sign(s) here)

SIGNATURE)
GUARANTEED)

IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or bond(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee should be made by a member or member organization of the New York Stock Exchange, members of other Exchanges having signatures on file with transfer agents or by a commercial bank or trust company.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) _____
Address of Transferee(s) _____
Social Security or Tax _____
Identification Number of _____
Transferee(s) _____
Transferee is a(n): _____
Individual* _____ Corporation _____
Partnership _____ Trust _____

*If the Bond is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

IA UNIF TRANS MIN ACT -Custodian.....
(Cust) (Minor)
under Iowa Uniform Transfers to
Minors Act.....
(State)

Section 13. Contract Between Issuer and Purchaser. This Resolution constitutes a contract between said City and the purchaser of the Bonds.

Section 14. Non-Arbitrage Covenants. The Issuer reasonably expects and covenants that no use will be made of the proceeds from the issuance and sale of the Bonds issued hereunder which will cause any of the Bonds to be classified as arbitrage bonds within the meaning of Section 148(a) and (b) of the Internal Revenue Code of the United States, and that throughout the term of said Bonds it will comply with the requirements of said statute and regulations issued thereunder.

To the best knowledge and belief of the Issuer, there are no facts or circumstances that would materially change the foregoing statements or the conclusion that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds. Without limiting the generality of the foregoing, the Issuer hereby agrees to comply with the provisions of the Tax Exemption Certificate and the provisions of the Tax Exemption Certificate are hereby incorporated by reference as part of this Resolution. The Treasurer is hereby directed to make and insert all calculations and determinations necessary to complete the Tax Exemption Certificate in all respects and to execute and deliver the Tax Exemption Certificate at issuance of the Bonds to certify as to the reasonable expectations and covenants of the Issuer at that date.

Section 15. Severability Clause. If any section, paragraph, clause or provision of this Resolution be held invalid, such invalidity shall not affect any of the remaining provisions hereof, and this Resolution shall become effective immediately upon its passage and approval.

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AHLERS, COONEY, DORWEILER, HAYNIE, SMITH & ALBEE
ATTORNEYS AT LAW DES MOINES, IOWA

Section 16. Additional Covenants, Representations and Warranties of the Issuer. The Issuer certifies and covenants with the purchasers and holders of the Bonds from time to time outstanding that the Issuer through its officers, (a) will make such further specific covenants, representations and assurances as may be necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Exemption Certificate, which Tax Exemption Certificate shall constitute a part of the contract between the Issuer and the owners of the Bonds; (c) consult with bond counsel (as defined in the Tax Exemption Certificate); (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (e) file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Issuer in such compliance.

Section 17. Amendment of Resolution to Maintain Tax Exemption. This Resolution may be amended without the consent of any owner of the Bonds if, in the opinion of bond counsel, such amendment is necessary to maintain tax exemption with respect to the Bonds under applicable Federal law or regulations.

Section 18. Qualified Tax-Exempt Obligations. For the sole purpose of qualifying the Bonds as "Qualified Tax Exempt Obligations" pursuant to the Internal Revenue Code of the United States, the Issuer designates the Bonds as qualified tax-exempt obligations and represents that the reasonably anticipated amount of tax exempt government and Code Section 501(c)3 obligations which will be issued during the current calendar year will not exceed Ten (10) Million Dollars.

Section 19. Repeal of Conflicting Resolutions or Ordinances. That all ordinances and resolutions and parts of ordinances and resolutions in conflict herewith are hereby repealed.

PASSED AND APPROVED this 13th day of March, 1989.



Mayor

ATTEST:



Clerk

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AHLERS, GOONEY, DORWEILER, HAYNIE, SMITH & ALLBEE
ATTORNEYS AT LAW DES MOINES, IOWA

CERTIFICATE

STATE OF IOWA

)

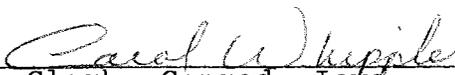
) SS

COUNTY OF GRUNDY

)

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

WITNESS my hand and the seal of said Municipality hereto affixed this 13th day of March, 1989.



City Clerk, Conrad, Iowa

SEAL

TAX EXEMPTION CERTIFICATE

CITY OF CONRAD, IOWA

THIS CERTIFICATE made and entered into on _____,
1989, by the City of Conrad, State of Iowa (the "Issuer").

INTRODUCTION

This Tax Exemption Certificate is executed and delivered in connection with the issuance by the Issuer of its \$150,000 General Obligation Bonds, (the "Bonds"). The Bonds are issued pursuant to the provisions of the Resolution of the Issuer authorizing the issuance of the Bonds. Such resolution provides that the covenants contained in this Tax Exemption Certificate constitute a part of the Issuer's contract with the owners of the Bonds.

The Issuer recognizes that under the Code (as defined below) the tax-exempt status of the interest received by the owners of the Bonds is dependent on, among other things, the facts, circumstances, and reasonable expectations of the Issuer as to future facts not in existence at this time, as well as the observance of certain covenants in the future. The Issuer covenants that it will take such action with respect to the Bonds as may be required by the Code, and pertinent legal regulations issued thereunder in order to establish and maintain the tax-exempt status of the Bonds, including the observance of all specific covenants contained in the Resolution and this Tax Exemption Certificate.

ARTICLE I

DEFINITIONS

The terms defined in the Resolution shall retain the meanings set forth therein when used in this Certificate unless the context clearly indicates another meaning is intended. The following terms as used in this Tax Exemption Certificate shall have the meanings set forth unless the context clearly indicates another meaning is intended. Other terms used in this Tax Exemption Certificate shall have the meanings set forth in the Code or in the Regulations unless the context clearly indicates another meaning is intended.

"Actual Earnings" on any obligations means all income realized under Federal income tax accounting principles (whether or not the person earning such income is subject to Federal income tax) or such other accounting principles as may be authorized by the Regulations with respect to such obliga-

tions and with respect to the reinvestment of investment receipts from such obligations (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such obligations), including gain or loss realized on the disposition of such obligations (without regard to when such gains are taken into account under Section 453 of the Code) and including income under Section 1272 of the Code. In addition, if any obligation is retained after the Final Bond Retirement Date, any unrealized gain or loss as of the Final Bond Retirement Date must be taken into account in calculating the aggregate amount earned on such obligations. Any obligation which is owned by the Issuer prior to the issuance of the Bonds, shall be treated as acquired for its then fair market value on the date on which such Obligation is pledged to the payment of the Bonds.

"Allowable Earnings" means all earnings on Tax Exempt Obligations and the amounts which would have been earned on Taxable Obligations had such been invested at a Yield equal to the Bond Yield.

"Allowable Reserve Fund Amount" means ten (10) percent of the Proceeds. The Allowable Reserve Fund Amount is computed to be \$ - 0 - .

"Annual Debt Service" means the principal of and interest on the Bonds scheduled to be paid during a given Bond Year.

"Available Earnings" means those amounts of Actual Earnings on all funds discussed herein either not deposited into the Rebate Fund or deposited into and then withdrawn from the Rebate Fund for any purpose other than payment to the United State of America.

"Bonds" means the \$150,000 aggregate principal amount of General Obligation Bonds of the Issuer issued pursuant to the Resolution.

"Bond Counsel" means Ahlers, Cooney, Dorweiler, Haynie, Smith & Allbee, Des Moines, Iowa, or an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax exempt status of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Bond Fund" means the Sinking Fund described in the Resolution.

"Bond Reserve Fund" means any Bond Reserve Fund described in the Resolution.

"Bond Year" means a one-year period beginning from the day and month of the Closing Date in any calendar year to that day and month in the next calendar year.

"Bond Yield" means that discount rate which produces an amount equal to the Issue Price when used in computing the present worth of all payments of principal and interest to be paid on the Bonds, using semiannual compounding on a 360-day year.

"Closing" means the delivery of the Bonds in exchange for the agreed upon purchase price.

"Closing Date" means the date of Closing.

"Code" means the Internal Revenue Code of 1986, as amended, and any statutes which replace or supplement the Internal Revenue Code of 1986.

"Excess Earnings" means Actual Earnings minus Allowable Earnings.

"Final Bond Retirement Date" means the date on which the Bonds are actually paid in full.

"Governmental Obligations" means direct general obligations of, or obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

"Gross Proceeds" means (i) amounts received (including repayments of principal) as a result of investing original proceeds of the Bonds, (ii) amounts used to pay debt service on the Bonds (iii) Original Proceeds, investment proceeds and transferred proceeds (if any) of the Bonds and (iv) amounts pledged to the payment of debt service on the Bonds.

"Gross Proceeds Funds" means the Bond Reserve Fund, the Project Fund and any other fund or account held for the benefit of the Bondholders or containing Gross Proceeds of the Bonds except the Bond Fund and the Rebate Fund.

"Issue Price" means the initial offering price of the Bonds to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters

or wholesalers) at which price a substantial amount of the Bonds were sold. The Purchasers have certified the Issue Price to be not more than \$ _____.

"Issuer" means City of Conrad, State of Iowa.

"Minor Portion of the Bonds" means the lesser of five (5) percent of Proceeds or \$100,000. The Minor Portion of the Bonds is computed to be \$ _____.

"Net Proceeds" means the Proceeds of the Bonds minus the amount of proceeds of the Bonds deposited into any reasonably required reserve or replacement fund.

"Nonpurpose Obligations" means any security or obligation not described in Section 148(a) of the Code which is acquired with the Gross Proceeds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Original Proceeds" means the Proceeds of the Bonds minus the amount of proceeds of the Bonds expended on reasonable costs of issuance of the Bonds as calculated in Section 2.2 of this Tax Exemption Certificate.

"Parity Bonds" means the Bonds, and all other outstanding bonds of the Issuer ranking on a parity with the Bonds as set forth in the Resolution.

"Proceeds" means the amount of proceeds of the Bonds calculated in Section 2.2 of this Tax Exemption Certificate.

"Project" means the constructing of improvements and extensions to the Municipal Water Utility of said City, as more fully described in the Resolution.

"Project Fund" means the fund established in the Resolution for the deposit of the Spendable Proceeds.

"Purchasers" means Shearson Lehman Hutton, Inc. of Omaha, Nebraska, as manager of the underwriting syndicate constituting the initial purchasers of the Bonds from the Issuer.

"Rebate Fund" means the fund to be created if required pursuant to the Resolution and Article III of this Tax Exemption Certificate.

"Regulations" means the Treasury Regulations validly issued or proposed under Section 103, Section 148 or Section 149 of the Code, or other Sections of the Code relating to "arbitrage

bonds," including without limitation Sections 1.103-13, 1.103-14 and 1.103-15, and includes amendments thereto or successor provisions.

"Reserve Fund" means that portion of the Reserve Fund as described in the Resolution.

"Resolution" means the resolution of the Issuer adopted on _____, 1989, providing for the issuance of the Bonds.

"Sinking fund" means the Bond Sinking Fund of the Issuer described in the Resolution.

"Spendable Proceeds" means the Original Proceeds minus the sum of (a) the amount of any reasonably required reserve or replacement fund for the issue, (b) the excess of the Minor Portion over the amount determined in (a) above, and (c) the amount of any Original Proceeds expended within the temporary period in payment of the debt service on the Bonds.

"Tax Exempt Obligations" means bonds or other obligations the interest on which is excludable from the gross income of the owners thereof under Section 103 of the Code.

"Tax Exemption Certificate" means this Certificate.

"Taxable Obligations" means all investment property, obligations or securities other than Tax Exempt Obligations.

"Verification Certificate" means the computation and schedules attached to this Tax Exemption Certificate as Exhibit A.

"Yield" means that discount rate which produces an amount equal to the Issue Price of the Bonds when used in computing the present worth of all payments of principal and interest to be paid on the Bonds, using semiannual compounding on a 360-day year.

ARTICLE II

SPECIFIC CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

The Issuer hereby certifies, represents and agrees as follows:

Section 2.1 AUTHORITY TO CERTIFY AND EXPECTATIONS

(a) The undersigned representative of the Issuer is charged, along with other officers of the Issuer, with the responsibility of issuing the Bonds.

(b) This Certificate is being executed and delivered in part for the purposes specified in Section 1.103-13(a)(2) of the Regulations and is intended (among other purposes) to establish reasonable expectations of the Issuer at this time.

(c) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Commissioner of the Internal Revenue Service as a bond issuer which may certify bond issues under Section 1.103-13(a)(2)(ii) of the Regulations.

(d) The certifications, representations and agreements set forth in Article II of this Tax Exemption Certificate are made on the basis of the facts, estimates and circumstances in existence on the date hereof, including the following: (1) with respect to amounts expected to be received from delivery of the Bonds, amounts actually received, (2) with respect to payment of amounts into various funds or accounts, review of the authorizations or directions for such payments made by the Issuer pursuant to the Resolution, and this Tax Exemption Certificate, (3) with respect to the Issue Price, the certifications of the Purchasers as set forth in Exhibit A hereto, (4) with respect to expenditure of the proceeds of the Bonds, actual expenditures and reasonable expectations of the Issuer as to when the proceeds will be spent for purposes of the Project, (5) with respect to Bond Yield, review of the Verification Certificate, and (6) with respect to the amount of governmental and Code section 501(c)(3) bonds to be issued during the calendar year, the budgeting and present planning of city officials. The Issuer has no reason to believe such facts, estimates or circumstances are untrue or incomplete in any material way.

(e) To the best of the knowledge and belief of the undersigned officer of the Issuer, there are no facts, estimates or circumstances that would materially change the representations, certifications and agreements set forth in this Agreement, and the expectations herein set out are reasonable.

Section 2.2 PROCEEDS

The Issuer will receive the following amount from the sale of the Bonds:

(a) amount received for principal (minus discount plus premium)	\$147,918.00
(b) plus accrued interest	\$ _____
(c) equals Proceeds received on Closing Date	\$ _____
(d) minus reasonable costs of issuing the Bonds	\$ _____
(e) equal Original Proceeds received on Closing Date	\$ _____

Section 2.3 RECEIPTS AND EXPENDITURES

Receipts from the issuance of the Bonds as identified in the preceding Section are expected to be deposited and expended as follows:

(1) Accrued interest will be deposited into the Bond Fund and will be used to pay a portion of the interest accruing on the Bonds on the first interest payment date, and

(2) Proceeds will be used within six months of the Closing Date to pay the costs of issuance of the Bonds, (with any excess remaining on deposit in the Project Fund),

(3) Proceeds (less the amount received for accrued interest and deposited in the Bond Fund) will be deposited into the Project Fund and will be used together with Available Earnings thereon to pay the costs of the Project.

Proceeds and estimated Available Earnings on amounts which will be on deposit in the Project Fund do not exceed the amount necessary to accomplish the governmental purposes of the Bonds.

The Purchaser will reoffer and sell the Bonds to the public for offering prices as described in Exhibit A.

Section 2.4 PURPOSE OF BONDS

The Issuer is issuing the Bonds to pay costs of constructing improvements and extensions to the Municipal Water Utility of said City.

Section 2.5 FACTS SUPPORTING TEMPORARY PERIODS FOR PROCEEDS

(a) The Issuer will within six months of the date of the Closing incur a substantial binding obligation to acquire the Project and exceeding two and one-half percent of the cost of acquiring the Project. Contracts have been awarded. Work on the Project will proceed thereafter with due diligence to completion and is expected to be completed by _____, 19____.

(b) Not less than eighty-five percent of the Spendable Proceeds is expected to be expended for Project costs, including the reimbursement of other funds expended to date within a temporary period ending thirty-six months from the earlier of the closing or the first interim temporary obligations issued to fund the Project and replaced by the Bonds; and all of such Spendable Proceeds are expected to be expended for the purpose of the Project by _____, 19____.

(c) Proceeds of the Bonds representing less than six months accrued interest on the Bonds will be spent within six months of this date to pay interest on the Bonds, and will be invested without restriction as to yield for a temporary period not in excess of six months.

(d) Proceeds of the Bonds to be used to pay costs of issuance of the Bonds will be expended within six months and will be invested without restriction as to yield for a temporary period.

Section 2.6 RESOLUTION FUNDS AT RESTRICTED OR UNRESTRICTED YIELD

(a) Proceeds of the Bonds will be held and accounted for in the manner provided in the Resolution.

(b) The Issuer has established and will use the Bond Fund primarily to achieve a proper matching of revenues and debt service within each Bond Year and the Issuer will apply moneys deposited into the Bond Fund to pay the principal of and interest on the Bonds. Such Fund will be depleted at least

once each Bond Year except for a reasonable carryover amount. The carryover amount will not exceed the greater of (1) one year's earnings on the Bond Fund or (2) one-twelfth of annual debt service. The Issuer will spend moneys deposited from time to time into such fund within thirteen months after the date of deposit. Revenues, intended to be used to pay debt service on the Bonds, will be deposited into the Bond Fund as set forth in the Resolution. The Issuer will spend interest earned on moneys in such fund not more than 12 months after receipt. Accordingly, the Issuer will treat the Bond Fund as a bona fide debt service fund. Investment of amounts on deposit in such fund will not be subject to yield restrictions.

(c) The Issuer has not created or established and does not expect to create or establish any other sinking fund, bond fund, reserve fund, or other similar fund or account for the Bonds. The Issuer has not and will not pledge any moneys, or Taxable Obligations, in such fashion so as to make such available to pay debt service on the Bonds or restricted so as to give reasonable assurances of their availability for such purposes.

(d) Any monies which are invested beyond a temporary period are expected to constitute less than a major portion of the Bonds or to be restricted for investment at a Yield not greater than the Yield on the Bonds by more than one-eighth of one percent.

Section 2.7 PERTAINING TO YIELDS

(a) The purchase price of all Taxable Obligations to which restrictions as to investment Yield or rebate of Excess Earnings, if any, under this Tax Exemption Certificate applies has been and shall be calculated using (i) the price taking into account discount, premium and accrued interest, as applicable, actually paid or (ii) the fair market value if less than the price actually paid and if such Taxable Obligations were not purchased directly from the United States Treasury. The Issuer will acquire all such Taxable Obligations directly from the United States Treasury or in arms length transactions without regard to any amounts paid to reduce the Yield on such Taxable Obligations. The Issuer will not pay or permit the payment of any amounts (other than to the United States of America) to reduce the Yield on any Taxable Obligations. Obligations pledged to the payment of debt service on the Bonds, or deposited into any bond reserve fund after they have been acquired by the Issuer will be treated as though they were acquired for their fair market value on the date of such pledge or deposit.

(b) The Bond Yield has been computed as not less than percent. This Yield has been computed on the basis of a purchase price for the Bonds equal to the Issue Price.

Section 2.8 MINOR PORTION

The Minor Portion of the Bonds will be invested without regard to Yield as part of a Minor Portion of the Bonds.

Section 2.9 NO OTHER FUNDS

Except for the funds hereinabove described, the Issuer has no other bond fund, sinking fund, reserve fund or similar fund dedicated to or reasonably expected to be used or available to pay the Bonds.

Section 2.10 FURTHER CERTIFICATIONS

(a) The Issuer will file with the Internal Revenue Service in a timely fashion an Information Return for Tax-Exempt Governmental Bond Issues with respect to the Bonds.

The Issuer will file such other reports and provide such information as is required to comply with the Code and applicable regulations.

(b) The Issuer will take no action which would cause the Bonds to become Private Activity Bonds (as defined in the Code), including, without limitation, any sale, lease, management or similar use of the Project to or by any person other than a governmental unit (other than as a member of the general public). None of the Proceeds of the Bonds will be used directly or indirectly to make or finance loans to any person other than governmental units. No more than 5% of the Project will be or has been used directly or indirectly in any trade or business carried on by any person other than a governmental unit.

(c) The Issuer will make no change in the nature or purpose of the Project except as provided in Section 6.1 hereof.

(d) Except as provided in Section 6.1 hereof, the Issuer will not establish any sinking fund, bond fund, reserve fund, debt service fund or other fund reasonably expected to be used to pay debt service on the Bonds (other than the Bond Fund and any Reserve Fund), exercise its option to redeem Bonds prior to maturity or effect a refunding of the Bonds.

(e) No bonds or other obligations of the Issuer (1) were sold in the 31 days preceding the date of sale of the bonds, (2) were sold or will be sold within the 31 days after the date of sale of the Bonds, (3) have been delivered in the past 31 days or (4) will be delivered in the next 31 days pursuant to a common plan of financing with the plan for the issuance of the Bonds and payable out of substantially the same source of revenues.

(f) None of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer used directly or indirectly to acquire obligations having a Yield higher than the Yield on the Bonds or otherwise invested in any manner.

(g) No portion of the Bonds is being issued for the purpose of investing such portion at a higher Yield than the Yield on the Bonds.

(h) The Issuer does not expect that the proceeds of the Bonds will be used in a manner that would cause them to be arbitrage bonds under the Code and the regulations promulgated or proposed thereunder. The Issuer does not expect that the proceeds of the Bonds will be used in a manner that would cause the interest on the Bonds to be includible in the gross income of the owners of the Bonds under the Code.

ARTICLE III

REBATE

(a) Original Proceeds of the Bonds will be held and accounted for in the manner provided in the Resolution. The Issuer will maintain adequate records relating to all deposits, withdrawals, transfers from, transfers to, investments, reinvestments, sales, purchases, redemptions, liquidations or use of money or obligations in such funds.

(b) The reasonably anticipated amount of tax exempt governmental obligations which will be issued during the calendar year will not exceed five (5) million dollars. If, contrary to the reasonable expectations of the Issuer, additional obligations are issued during the calendar year, the Issuer will comply with Section 6.2 of this Tax Exemption Certificate.

(c) In the Resolution, the Issuer has covenanted to pay to the United States, at the times and in the manner required or permitted and subject to stated special rules and allowable exceptions or exemptions, an amount equal to the excess of the amount earned on Nonpurpose Obligations acquired with Gross Proceeds of the Bonds, over the amount which would have been earned on such Gross Proceeds had the same been invested at a Yield not in excess of the Yield of the Bonds, plus the interest earnings on such excess amount (the "Rebate Amount").

(d) The Rebate Amount is expected to be zero. If not, the Issuer will establish pursuant to the Resolution and this Tax Exemption Certificate a fund which is herein referred to as the Rebate Fund.

(e) The Issuer shall keep and maintain adequate records pertaining to all funds established by the Resolution including the Rebate Fund and all transfers thereto, deposits therein, disbursements therefrom, transfers therefrom and earnings thereon.

(f) The Issuer will deposit to the Rebate Fund or pay to the United States of America from legally available money of the Issuer (whether or not such available money is on deposit in any fund or account related to the Bonds) any amount which is required to be deposited in the Rebate Fund or paid to the United States.

ARTICLE IV

INVESTMENT RESTRICTIONS

Section 4.1 AVOIDANCE OF PROHIBITED PAYMENTS

The Issuer will not enter into any transaction that reduces the amount required to be deposited into the Rebate Fund or paid to the United States because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to either party. The Issuer will not invest or direct the investment of any funds in a manner which reduces an amount required to be deposited into the Rebate Fund or paid to the United States because such transaction results in a small profit or larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to the Issuer. In particular, notwithstanding anything to the contrary contained herein or in

the Resolution, the Issuer will not invest or direct the investment of any funds in a manner which would violate any provision of this Article IV.

Section 4.2 MARKET PRICE REQUIREMENT

(a) The Issuer will not purchase or direct the purchase of Taxable Obligations for more than the then available market price for such Taxable Obligations. The Issuer will not sell, liquidate or direct the sale or liquidation of Taxable Obligations for less than the then available market price.

(b) For purposes of this Tax Exemption Certificate, United States Treasury obligations purchased directly from the United States Treasury will be deemed to be purchased at the market price.

Section 4.3 INVESTMENT IN CERTIFICATES OF DEPOSIT

(a) Notwithstanding anything to the contrary contained herein or in the Resolution, the Issuer will invest or direct the investment of funds on deposit in the Reserve Fund, any other Gross Proceeds Fund, the Bond Fund, and the Rebate Fund, in a certificate of deposit of a bank or savings and loan association which is permitted by law and by the Resolution only if (1) the price at which such certificate of deposit is purchased or sold is the bona fide bid price quoted by a dealer who maintains an active secondary market in certificates of deposit of the same type or (2) if there is no active secondary market in such certificates of deposit, the certificate of deposit must have a Yield (A) as high or higher than the Yield on comparable obligations traded on an active secondary market, as certified by a dealer who maintains such a market, and (B) as high or higher than the Yield available on comparable obligations of the United States Treasury.

(b) The Certificate described in part 2(A) of paragraph 4.3(a) above must be executed by a dealer who maintains an active secondary market in comparable certificates of deposit and must be based on actual trades adjusted to reflect the size and term of that certificate of deposit and the stability and reputation of the bank or savings and loan association issuing the certificate of deposit.

Section 4.4 INVESTMENT PURSUANT TO INVESTMENT CONTRACTS AND REPURCHASE AGREEMENTS

The Issuer will invest or direct the investment of funds on deposit in the Reserve Fund, any other Gross Proceeds Fund, the

Bond Fund, and the Rebate Fund pursuant to an investment contract (including a repurchase agreement) only if (A) the Issuer receives at least three bids on the investment contract from persons other than those with an interest in the Bonds (e.g. underwriters, financial advisors), (B) the person whose bid is accepted provides a certification stating that based on that person's reasonable expectations on the date the investment contract is entered into, Taxable Obligations will not be purchased pursuant to the investment contract at a price in excess of their fair market value or sold pursuant to the investment contract at a price less than their fair market value, (C) the Yield on the investment contract is at least equal to the Yield offered on similar obligations under similar investment contracts (e.g., the Yield on investment contracts entered into by issuers of qualified mortgage bonds).

Section 4.5 RECORDS

The Issuer will maintain records of all purchases, sale, liquidations, investments, reinvestments, redemptions, disbursements, deposits, and transfers of amounts on deposit.

Section 4.6 INVESTMENTS TO BE LEGAL

All investments required to be made pursuant to this Certificate shall be made to the extent permitted by law. In the event that any such investment is determined to be ultra vires, such investment shall be liquidated and the proceeds thereof shall be invested in a legal investment, provided that prior to reinvesting such proceeds, the Issuer shall obtain an opinion of Bond Counsel to the effect that such reinvestment will not cause the Bonds to become arbitrage bonds under Section 103, Section 148, Section 149, or any other applicable provision of the Code.

ARTICLE V

GENERAL COVENANTS

The Issuer hereby covenants to perform all acts within its power necessary to ensure that the reasonable expectations set forth in Article II hereof will be realized. The Issuer reasonably expects to comply with all covenants contained in this Certificate.

ARTICLE VI

AMENDMENTS AND ADDITIONAL AGREEMENTS

Section 6.1 OPINION OF BOND COUNSEL; AMENDMENTS

The various provisions of this Certificate need not be observed and this Certificate may be amended or supplemented at any time by the Issuer if the Issuer receives an opinion or opinions of Bond Counsel that the failure to comply with such provisions will not cause and that the terms of such amendment or supplement will not cause any of the Bonds to become arbitrage bonds under the Code, or otherwise cause interest on any of the Bonds to become includible in gross income for federal income tax purposes under the Code.

Section 6.2 ADDITIONAL COVENANTS, AGREEMENTS

The Issuer hereby covenants to make, execute and enter into (and to take such actions, if any, as may be necessary to enable it to do so) such agreements as may be necessary to comply with any changes in law or regulations in order to preserve the exemption from federal income taxation of interest on the Bonds to the extent that it may lawfully do so. The Issuer further covenants to (1) impose such limitations on the investment or use of moneys or investments related to the Bonds, (2) to make such payments to the United States Treasury, (3) to maintain such records, (4) perform such calculations, and (5) perform such other acts as may be necessary to preserve the exemption from federal income taxation of interest on the Bonds and which it may lawfully do.

Section 6.3 AMENDMENTS

Except as otherwise provided in Section 6.1 hereof, all the rights, power, duties and obligations of the Issuer shall be irrevocable and binding upon the Issuer and shall not be subject to amendment or modification by the Issuer.

Section 6.4 AGREEMENT TO PAY REBATE AMOUNT, PENALTY AND INTEREST

Except as provided in Section 6.1 hereof, the Issuer covenants to pay to the United States from legally available funds an amount equal to the payment due (plus a penalty less than or equal to such amount and interest on such amount and such penalty if so requested) within six months of a receipt of a

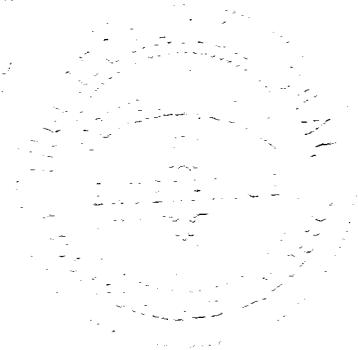
Notice from the Secretary of the Treasury of the United States of America of nonpayment or underpayment of any amount due to the United States pursuant to any provision of the Code requiring that a payment be made to the United States Treasury to preserve the tax-exempt status of the Bonds.

ARTICLE VII

QUALIFIED TAX EXEMPT OBLIGATIONS

For the sole purpose of qualifying the Bonds as "qualified tax exempt obligations" pursuant to the Code, the Issuer designates the Bonds as such and represents that the reasonably anticipated amount of tax-exempt governmental and Code section 501(c)(3) obligations which will be issued during the current calendar year will not exceed Ten (10) Million Dollars.

IN WITNESS WHEREOF, the Issuer has caused this Tax Exemption Certificate to be executed by its duly authorized officer, all as of the day first above written.


Kathy Grant
Treasurer of the City of Conrad,
State of Iowa

(SEAL)

Dave Fox, CGA, discussed the drawings for the sanitary sewer line to be installed on Walnut St. Six services to homes will need to be changed at the city's expense. The contract states that any service pipe found with the flow line lower than flow line of the main sewer plus 2 inches shall be removed and replaced toward the house as far as required to get positive grade to the sewer.

Fox stated that he discovered that \$1,577.83 was never billed to the city back in 1982 for preliminary work done for this project. The council agreed to pay CGA \$1,000 for those services. This was agreeable with Fox and he will bill the city.

In discussion as to the cost of a concrete street, Fox stated that a block would cost approximately \$36,000.

Mayor Gearhart adjourned the meeting and opened the hearing on the budget for FY 89-90. There were no comments from the citizens present.

Resolution

Council member King introduced the resolution to approve the budget for FY '89 - '90 and moved it be adopted. Council member Lutes seconded the motion to adopt. The roll was called and the vote was:

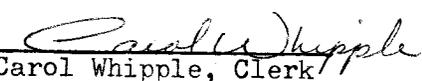
Ayes: Sanderson, King, Lutes

Nays: None

Mayor Gearhart declared this resolution duly passed and adopted this 13th day of March, 1989.


Bill Gearhart, Mayor

Attest:


Carol Whipple, Clerk

Mayor Gearhart again called the meeting to order.

Resolution

Council member Lutes introduced the resolution to authorize the issuance of \$150,000 in General Obligation Bonds and moved it be adopted. Council member Sanderson seconded the motion to adopt. The roll was called and the vote was:

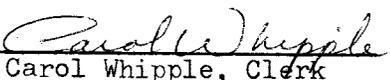
Ayes: Sanderson, King, Lutes

Nays: None

Mayor Gearhart declared this resolution duly passed and adopted this 13th day of March, 1989.


Bill Gearhart, Mayor

Attest:


Carol Whipple, Clerk

There was a motion by Sanderson, second by King to approve the first reading of Ordinance 183 in regard to water rates. Motion carried.

Dave Colin, Fire Chief, announced the officers for the year for the Fire Department.

- Chief - Dave Colin
- Asst. Chief - Denny Hines
- 1st Captain - Ron Ladehoff
- 2nd Captain - Larry Ladehoff
- Sec. & Treas. - Rich Meester

Colin stated that the Fire Department is to have 24 hours hazardous training annually. They have had one 2 hour class from qualified personnel from Fisher Controls.

Colin asked if the council had reviewed the policies manual he gave them at an earlier meeting. Mayor Gearhart stated he was going to meet with the Fire Department and First Responders to review it.

Colin announced that Rich Meester and himself are Fire Department representatives on the county diasters team.

A Public Hearing was set for April 10th at 7:30 P.M. to update the public on the new water tower.