

August 11, 2022

To: Waterloo Mayor & Council
From: Maggie Burger, Sr. Vice President, Speer Financial, Inc.
Re: Waterloo \$20 million General Obligation Capital Loan Notes Referendum

Below are some talking points and areas of clarification for the upcoming special election:

- Special election is scheduled for Tuesday, September 13, 2022. Only residents of Waterloo will be voting. Voting locations will be provided by County Auditor if there are limited voting sites.
- Cities can only hold special elections on the first Tuesday in March or second Tuesday of September annually. On odd number years they can use the regular November date, but we are not in an odd year. (this is set by State Legislature)
- General Obligation (“GO”) Bond referendums do require 60% approval for passage, super majority.
- GO Bonds do count against the City’s debt capacity.
- A GO bond cannot have a maturity longer than 20 years in Iowa.
- The City has previously held a communications utility election and that measure passed.
- This current election is only for potential use of GO bonds as part of fiber backbone and fiber to premise projects that may lower the overall capital cost.
- The purpose of bond dollars is to fund a portion of the construction of City owned assets (backbone) for the city Purposes, which includes but is not limited to: sewer, stormwater, city, traffic and water (possible Water Works participation); and/or a portion of the Municipal Communication Utility (“MCU”) fiber to premise system.
- The GO bond is one Tool in the total package of funding of this project.
- The MCU board will issue revenue securities for a substantial portion of the MCU project which will be required by law to be paid with revenues of the MCU system.
- The GO Bonds, if approved by voters, can be paid for with multiple streams of revenue that include but are not limited to: utility revenues, potentially TIF revenues and debt service levy.
- The use of GO debt, may help lower the amount of MCU revenue debt that needs to be issued, which would lower the cost of overall capital (user rates support the revenues of the utility system).