INDIANOLA MUNICIPAL UTILITIES
IMU
Electric • Communications • Water

IMU Board of Trustees
February 23, 2015
City Hall Council Chambers
5:30 p.m.

Agenda

1. Roll Call

2. FY 2016 Budget

   A. Public Hearing

   B. Consider Adoption

3. Not to Exceed $8,050,000 Electric Revenue Refunding Capital Loan Notes, Series 2015

   A. Public Hearing on the Authorization of a Loan Agreement and the issuance of Notes to evidence the obligation of the City thereunder

   B. Resolution instituting proceedings to take additional action

   C. Bond Counsel Engagement Agreement with Ahlers & Cooney, P.C.

   D. Placement Agent Engagement Letter

4. Consent

   A. Claims

   B. Minutes

   C. Salaries

   D. Re-Adoption of Investment Policy

   E. Resolution Naming Depositories

   F. Quarterly Write-offs to State Offset Program

   G. Resolution Approving Continuing Disclosure Policy

5. Reports

   A. General Manager

B. Director of Finance

C. Chairperson

D. Monthly Financials

6. Other Business

7. Adjourn

IMU Regular Downstairs **2. A.**
Meeting Date: 02/23/2015

Information

Subject

Public Hearing

Information

The first order of business on this agenda item is to conduct the required public hearing. The notice (see attached) was published. Staff has not received additional questions from Trustees or comments from the public to-date.

No action is required, as the Chairperson opens the public hearing, Trustees receive comments, and the Chair closes the hearing.

Financial Impact

N/A

Staff Recommendation

Attachments

PH notice

NOTICE OF PUBLIC HEARING
Budget Estimate

Indianola Municipal Utilities
(Name of Enterprise)

The IMU Board of Trustees (Governing Board) will conduct a public hearing on

the proposed Fiscal 2016 (specify fiscal or calendar) year 2016 (xxxx/xxxx) budget at Indianola City Hall, Council Chambers

on 2/23/15 (xx/xx/xx), beginning at 5:30 (x:xx) o'clock. PM (AM/PM) The Budget Estimate Summary of proposed revenues and expenditures is shown below. Copies of the ***detailed*** proposed budget may be obtained or viewed at the office of the City Clerk or Utility Finance Officer and at the city library. At the public hearing, any resident or taxpayer may present objections to, or arguments in favor of, any part of the proposed budget.

______ (date) ______ (signature) Secretary

		Budget	Re-estimated	Actual
	(specify budget years)	2016 (xxxx)	2015 (xxxx)	2014 (xxxx)
Revenues & Other Financing Sources				
Use of money and property		566,700	505,000	449,318
Charges for services		14,829,100	13,888,100	14,094,252
Miscellaneous		2,165,100	4,615,000	2,387,761
Other Financing Sources		1,137,800	1,437,900	2,211,816
Total Revenues & Financing Sources		18,698,700	20,446,000	19,143,147
Expenditures & Transfers Out				
Expenditures		18,256,900	21,430,600	18,146,729
Transfers Out		1,137,800	1,437,900	2,211,816
Total Expenditures & Transfers Out		19,394,700	22,868,500	20,358,545
Excess of Revenues & Other Sources (+) (-) Expenditures & Transfers Out		-696,000	-2,422,500	-1,215,398
Beginning Fund Balance	July 1 (month)	6,263,334	8,685,834	9,901,232
Ending Fund Balance	June 30 (month)	5,567,334	6,263,334	8,685,834

IMU Board of Trustees
Fund Summary

	July 1, 2014 Beginning Balance	FY '15 Re-Estimated Revenue	FY '15 Re-Estimated Expenditures	June 30, 2015 Ending Balance	FY '16 Budgeted Revenue	FY '16 Budgeted Expenditures	June 30, 2016 Ending Balance
Total Electric Utility	$ 6,636,100	$ 16,920,500	$ 18,759,300	$ 4,797,300	$ 15,165,700	$ 15,607,000	$ 4,356,000
Total Water Utility	$ 1,695,600	$ 3,168,900	$ 3,680,100	$ 1,184,400	$ 3,156,900	$ 3,319,500	$ 1,021,800
Communications Utility							
640 Fiber	$ 333,300	$ 295,000	$ 363,100	$ 265,200	$ 357,000	$ 439,700	$ 182,500
IMU Administration							
620 Administration	$ -	$ 1,021,600	$ 1,021,600	$ -	$ 1,060,700	$ 1,060,700	$ -
855 Insurance Reserve	$ 20,800	$ 40,600	$ 45,000	$ 16,400	$ 600	$ 10,000	$ 7,000
Total IMU Board of Trustees	$ 8,685,800	$ 21,446,600	$ 23,869,100	$ 6,263,300	$ 19,740,900	$ 20,436,900	$ 5,567,300

IMU Regular Downstairs **2. B.**

Meeting Date: 02/23/2015

Information

Subject

Consider Adoption

Information

The attached forms, issued by the Iowa Dept. of Management, constitute the formal budget.

The information highly summarizes the detailed line-item budgets for each utility (Electric, Water, and Communications) and administration funds presented at the prior Trustee meeting. That detailed information remains available for review so wasn't included with this packet.

Financial Impact

N/A

Staff Recommendation

Roll call vote adopting the FY 2016 budget is in order.

Attachments

State Budget Docs

ADOPTED BUDGET CERTIFICATE

To: Indianola City Council

At a meeting of the IMU Board of Trustees *(Governing Board)*, held after public hearing as required by law, on 2/23/2015 *(xx/xx/xx)*, the proposed budget for Fiscal Year 2016 *(specify fiscal or calendar and year)* was adopted as summarized and attached hereto.

Telephone
Area Code 515-961-9410

______________________ *(signature)* Board Secretary

Address 110 N. First St.
Indianola, IA 50125

Record of Public Hearing and Adoption of Budget:

On 02/23/15 *(xx/xx/xx)*, the IMU Board of Trustees met for the purpose of conducting a public hearing on the proposed Fiscal Year 2016 *(specify fiscal or calendar and year)* budget as published. Notice of time and place of hearing had been published on 2/11/2015 *(xx/xx/xx)* in the Indianola Record-Herald *(newspaper)* and the affidavit of publication was available to file with the City Council.

The budget estimate was considered and taxpayers and residents heard for and against said estimate were as follows**:**

____

After giving opportunity for all desiring to be heard, the Board adopted the following budget resolution**:**

A RESOLUTION ADOPTING THE BUDGET FOR Fiscal 2016 *(specify fiscal or calendar)* YEAR ENDING 6/30/2016 *(xx/xx/xx)*

BE IT RESOLVED by the IMU Board of Trustees **:** The budget for Fiscal 2016 *(specify fiscal or calendar)* ending 6/30/2016 *(xx/xx/xx)* as set forth in the Adopted Budget Summary and in the detailed budget in support thereof showing the estimated revenues and expenditures for said budget year in accordance with the summary and detail as adopted.

Passed and approved on, ________ *(xx/xx/xx)* by the following vote: *(list names)*

Ayes: ______________________

Nays: ______________________

Absent: ______________________

______________________ *(signature)* Chairperson

______________________ *(signature)* Secretary

ADOPTED BUDGET SUMMARY

Fiscal 2016
(specify fiscal or calendar year budget)

YEAR 2016

Indianola Municipal Utilities
NAME OF ENTERPRISE

(specify budget years)			Budget 2016		Re-Estimated 2015		Actual 2014
REVENUES & OTHER FINANCING SOURCES							
Use of Money and Property	(line 398)	241	566,700	271	505,000	301	449,318
Charges for Services	(line 414)	243	14,829,100	273	13,888,100	303	14,094,252
Miscellaneous	(line 416)	245	2,165,100	275	4,615,000	305	2,387,761
Operating Transfers In	(line 417)	247	1,137,800	277	1,437,900	307	2,211,816
Proceeds of Long Term Debt	(line 418)	248	0	278	0	308	0
Proceeds of Fixed Asset Sales	(line 419)	249	0	279	0	309	0
Total Revenues & Other Financing Sources		250	18,698,700	280	20,446,000	310	19,143,147
EXPENDITURES & TRANSFERS OUT							
Expenditures	(line 386)	255	18,256,900	285	21,430,600	315	18,146,729
Transfers Out	(line 387)	259	1,137,800	289	1,437,900	319	2,211,816
Total Expenditures & Transfers Out		260	19,394,700	290	22,868,500	320	20,358,545
Excess of Revenues & Other Sources Over (Under) Expenditures & Transfers Out		261	-696,000	291	-2,422,500	321	-1,215,398
BEGINNING Fund Balance	(line 390)	262	6,263,334	292	8,685,834	322	9,901,232
ENDING Fund Balance	(line 388)	263	5,567,334	293	6,263,334	323	8,685,834

Aug-14

Department of Management

Indianola Municipal Utilities

NAME OF ENTERPRISE

REVENUES DETAIL

Fiscal Year 2016

(specify if budget is fiscal or calendar year)

(specify budget years)			Budget 2016	Re-Estimated 2015	Actual 2014
Beginning Fund Balance		390	6,263,334	8,685,834	9,901,232
Use of Money & Property		398	566,700	505,000	449,318
Charges for Services:	Hospital	411			
	Water	404	2,154,100	2,154,100	2,265,561
	Sewer	405			
	Electric	406	12,675,000	11,734,000	11,828,691
	Gas	407			
	Telecommunications	408			
Total Charges for Services		414	14,829,100	13,888,100	14,094,252
Miscellaneous		416	2,165,100	4,615,000	2,387,761
Other Financing Sources:					
Operating Transfers In		417	1,137,800	1437900	2,211,816
Proceeds of Long Term Debt		418			
Proceeds of Fixed Asset Sales		419			
Total Revenues - All Sources		421	24,962,034	29,131,834	29,044,379

EXPENDITURES DETAIL

(specify budget years)			Budget 2016	Re-Estimated 2015	Actual 2014
Expenditures:					
	Hospital	338			
	Water	360	2,355,950	2,410,500	2,214,906
	Sewer	357			
	Electric	361	15,461,250	18,657,000	15,591,105
	Gas	362			
	Telecommunications	363	439,700	363,100	340,718
Total Expenditures:		386	18,256,900	21,430,600	18,146,729
Transfers Out		387	1,137,800	1,437,900	2211816
Ending Fund Balance		388	5,567,334	6,263,334	8,685,834
Total Expenditures & Transfers Out		389	24,962,034	29,131,834	29,044,379

IMU Regular Downstairs **3. A.**
Meeting Date: 02/23/2015

Information

Subject

Public Hearing on the Authorization of a Loan Agreement and the issuance of Notes to evidence the obligation of the City thereunder

Information

The first action item to proceed with the refunding of outstanding Electric Utility debt is to conduct a public hearing.

The Board Chair opens the hearing, requests and receives comments, and then closes the hearing.

Financial Impact

N/A

Staff Recommendation

IMU Regular Downstairs **3. B.**

Meeting Date: 02/23/2015

Information

Subject

Resolution instituting proceedings to take additional action

Information

The next step is to adopt the attached resolution, which initiates the actions necessary to complete the refinancing. Once adopted, Bond Counsel, Financial Advisers, and staff will proceed with the refinancing process.

The timetable includes negotiating terms the week of February 23rd and finalizing proposed terms on March 2nd.

Trustees will authorize the issuance of the notes, and terms and covenants, at the next meeting (March 9).

Closing and delivery of funds would take place on Thursday, March 26, 2015 and does not require Trustee action.

Financial Impact

N/A

Staff Recommendation

Attachments

Resolution

(This Notice to be posted)

NOTICE AND CALL OF PUBLIC MEETING

Governmental Body:	The Board of Trustees of the Indianola Municipal Utilities, Indianola, Iowa.
Date of Meeting:	February 23, 2015.
Time of Meeting:	__________ o'clock _____.M.
Place of Meeting:	Council Chambers, City Hall, Indianola, 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 the meeting is as follows:

Not to Exceed $8,050,000 Electric Revenue Refunding Capital Loan Notes, Series 2015.

- Public hearing on the authorization of a Loan Agreement and the issuance of Notes to evidence the obligation of the City thereunder.
- Resolution instituting proceedings to take additional action.

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

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

____
Secretary of the Board of Trustees of the
Indianola Municipal Utilities, Indianola, Iowa

February 23, 2015

The Board of Trustees of the Indianola Municipal Utilities, Indianola, Iowa, met in ________________ session, in the Council Chambers, City Hall, Indianola, Iowa, at __________ o'clock _____.M., on the above date. There were present Chairperson ________________, in the chair, and the following named Board Members:

____

____

Absent: ____

* * * * * * *

The Chairperson announced that this was the time and place for the public hearing and meeting on the matter of the authorization of a Loan Agreement and the issuance of not to exceed $8,050,000 Electric Revenue Refunding Capital Loan Notes, Series 2015, in order to provide funds to pay costs of refunding outstanding electric revenue indebtedness, including the Electric Revenue Capital Loan Notes, Series 2010, dated June 15, 2010, and the Electric Revenue Bonds, Series 2011, dated December 29, 2011, and that notice of the proposed action by the Board to institute proceedings for the authorization of the Loan Agreement and the issuance of the Notes, had been published pursuant to the provisions of Sections 384.24A and 384.83 of the City Code of Iowa, as amended.

The Chairperson then asked the Secretary whether any written objections had been filed by any city resident or property owner to the proposal. The Secretary advised the Chairperson and the Board that __________ written objections had been filed. The Chairperson then called for oral objections to the proposal and __________ were made. Whereupon, the Chairperson declared the time for receiving oral and written objections to be closed.

(Attach here a summary of objections received or made, if any)

The Board then considered the proposed action and the extent of objections thereto.

Whereupon, Board Member ____________________ introduced and delivered to the Secretary the Resolution hereinafter set out entitled "RESOLUTION INSTITUTING PROCEEDINGS TO TAKE ADDITIONAL ACTION FOR THE AUTHORIZATION OF A LOAN AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED $8,050,000 ELECTRIC REVENUE REFUNDING CAPITAL LOAN NOTES, SERIES 2015", and moved:

☐ that the Resolution be adopted.

☐ to ADJOURN and defer action on the Resolution and the proposal to institute proceedings for the issuance of bonds to the meeting to be held at __________ o'clock _____.M. on the __________ day of _______________, 2015, at this place.

Board Member ____________________ seconded the motion. The roll was called and the vote was,

AYES: ____

____

NAYS: ____

Whereupon, the Chairperson declared the measure duly adopted.

RESOLUTION INSTITUTING PROCEEDINGS TO TAKE ADDITIONAL ACTION FOR THE AUTHORIZATION OF A LOAN AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED $8,050,000 ELECTRIC REVENUE REFUNDING CAPITAL LOAN NOTES, SERIES 2015

WHEREAS, pursuant to notice published as required by law, this Board has held a public meeting and hearing upon the proposal to institute proceedings for the authorization of a Loan Agreement and the issuance of not to exceed $8,050,000 Electric Revenue Refunding Capital Loan Notes, Series 2015, for the purpose of paying costs of refunding outstanding electric revenue indebtedness, including the Electric Revenue Capital Loan Notes, Series 2010, dated June 15, 2010, and the Electric Revenue Bonds, Series 2011, dated December 29, 2011, and has considered the extent of objections received from residents or property owners as to the proposal and, accordingly the following action is now considered to be in the best interests of the City and residents thereof:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE INDIANOLA MUNICIPAL UTILITIES OF THE CITY OF INDIANOLA, STATE OF IOWA:

Section 1. That this Board does hereby institute proceedings and take additional action for the authorization of a Loan Agreement and issuance in the manner required by law of not to exceed $8,050,000 Electric Revenue Refunding Capital Loan Notes, Series 2015, for the foregoing purpose.

PASSED AND APPROVED this __________ day of _______________, 2015.

____
Chairperson of the Board of Trustees

ATTEST:

____
Secretary of the Board of Trustees

CERTIFICATE

STATE OF IOWA)
) SS
COUNTY OF WARREN)

I, the undersigned Secretary of the Board of Trustees of the Indianola Municipal Utilities, Indianola, State of Iowa, do hereby certify that attached is a true and complete copy of the portion of the corporate records of the Board of Trustees showing proceedings of the Board, and the same is a true and complete copy of the action taken by the Board with respect to the 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 Board 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 Board (a copy of the face sheet of such agenda being attached hereto) pursuant to the local rules 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 such 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 offices as indicated therein, that no Board vacancy existed except as may be stated in the 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 the Board hereto affixed this __________ day of _______________, 2015.

____
Secretary of the Board of Trustees of the
Indianola Municipal Utilities

(SEAL)

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IMU Regular Downstairs **3. C.**
Meeting Date: 02/23/2015

Information

Subject

Bond Counsel Engagement Agreement with Ahlers & Cooney, P.C.

Information

Financial Impact

N/A

Staff Recommendation

Attachments

Ahlers Agreement

AHLERS & COONEY, P.C. COMPLETE AND RETURN TO MR. NADEL

100 COURT AVENUE, SUITE 600
DES MOINES, IOWA 50309-2231
PHONE: 515-243-7611
FAX: 515-243-2149
WWW.AHLERSLAW.COM

Steven M. Nadel
snadel@ahlerslaw.com

Direct Dial:
(515)246-0306

February 6, 2015

Mr. Todd Kielkopf
Indianola Municipal Utilities
111 South Buxton
P.O. Box 356
Indianola, Iowa 50125

Re: Indianola Municipal Utilities, State of Iowa - Not To Exceed $8,050,000 Electric Revenue Refunding Capital Loan Notes, Series 2015

Dear Mr. Kielkopf:

The purpose of this Engagement Agreement (the "Agreement") is to disclose and memorialize the terms and conditions under which services will be rendered by Ahlers & Cooney, P.C. as bond counsel to the Indianola Municipal Utilities, (the "Issuer") in connection with the issuance of the above-referenced issue (the "Bonds"). We understand the Bonds are being issued for the purpose of refunding outstanding electric revenue indebtedness, including the Electric Revenue Capital Loan Notes, Series 2010, dated June 15, 2010, and the Electric Revenue Bonds, Series 2011, dated December 29, 2011, and will be secured by net revenues of the Municipal Electric Utility. We further understand that it has not yet been determined whether the Bonds will be sold at competitive sale or in negotiated sale. In addition, we understand the Issuer does not expect to obtain advice from a Municipal Advisor registered with the Municipal Securities Rulemaking Board in connection with the structure, marketing, sale and issuance of the Bonds. While additional members of our firm may be involved in representing the Issuer on other matters unrelated to the Bonds, this Agreement relates to the agreed-upon scope of bond counsel services described herein.

SCOPE OF ENGAGEMENT

In the role of Bond Counsel, we will provide the following services:

(1) Subject to the completion of proceedings and execution of documents to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and enforceability of the Bonds, the source of payment and security for the Bonds, and the tax status of the Bonds for federal income tax purposes.

(2) Prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Bonds, and coordinate the authorization and execution of such documents.

(3) Review legal issues relating to the structure of the Bond issue.

(4) Review or prepare those sections of the official statement, private placement memorandum or other form of offering or disclosure document (the "Offering Documents") to be disseminated in connection with the sale of the Bonds that describe the terms of the Bonds, Iowa and federal law pertinent to the validity of the Bonds, the tax status of interest on the Bonds, the Bond Opinion and the Issuer's Continuing Disclosure Certificate, if applicable.

(5) Upon request, assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to the issuance of Bonds.

(6) Prepare the notice of sale relating to the competitive sale of Bonds.

(7) Draft the Continuing Disclosure Certificate of the Issuer, if applicable.

(8) File an appropriate Form 8038 with the IRS after Closing.

(9) Review output agreements (wholesale and retail) provided by the Issuer, with respect to private use issues.

As bond counsel, our examination will extend to the actions and approvals necessary to authorize the issuance and initial delivery of the Bonds to the original purchaser thereof. Our Bond Opinion does not extend to any re-offering of the Bonds by the original purchaser or other persons. The Bond Opinion will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing") and will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on the Issuer, and authorized officials, to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security.

The duties covered by a fee for Bonds issued under this engagement are limited to those expressly set forth above. Our fee for a Bond issue does not include the following services, or any other matter not required to render our Bond Opinion:

(a) Except as described in paragraph (4) above, assisting in the preparation or review of the Offering Documents with respect to the Bonds, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the Offering Documents do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(b) Preparing requests for tax rulings from the Internal Revenue Service, or "no action" letters from the Securities and Exchange Commission.

(c) Drafting state constitutional or legislative amendments.

(d) Pursuing test cases or other litigation, such as contested validation proceedings.

(e) Except as described in paragraph (7) above, assisting in the preparation of, or opinion on, a continuing disclosure undertaking pertaining to the Bonds, or after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking, including monitoring Issuer's continued compliance with the undertaking.

(f) Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.

(g) After Closing, providing continuing advice to the Issuer or any other party concerning actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g. this Bond Counsel engagement for the Bonds does not include rebate calculations, nor continuing post-issuance compliance activities).

We will provide one or more of the services listed in (a)–(g) upon your request, however, a separate, written engagement will be required before we assume one or more of these duties. The remaining services in this list, specifically those listed in subparts (h)–(k) below, are not included in this Agreement, nor will they be provided by us at any time.

(h) Acting as an underwriter, or otherwise marketing the Bonds.

(i) Acting in a financial advisory role.

(j) Preparing blue sky or investment surveys with respect to the Bonds.

(k) Making an investigation or expressing any view as to the creditworthiness of the Issuer or of the Bonds.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this Agreement, the Issuer will be our client and an attorney-client relationship will exist between us with respect to the issuance of the Bonds. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this Agreement; the Issuer's execution of this Agreement will constitute an acknowledgement of those limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the Issuer and the attorney-client relationship created by this Agreement will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate completed Internal Revenue Service Form 8038 and, if requested by the Issuer, prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

OTHER REPRESENTATIONS

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this Agreement, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. We will decline to participate in any matter where the interests of our clients, including the Issuer, may differ to the point where separate representation is advisable. The firm historically has arranged its practice to hold such occasions to a minimum, and intends to continue doing so. Execution of this Agreement will signify the Issuer's consent to our representation of others consistent with the circumstances described in this paragraph.

FEES

Bond Fees:

The fee we charge for services rendered under this Agreement for each series of Bonds for which we give a Bond Opinion is based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this Agreement; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee for the Bonds will not exceed $22,000. If, at any time, we believe that circumstances require an adjustment of our original fee estimate, we will advise you. Such adjustment might be necessary in the event: (a) the principal amount of Bonds actually issued differs significantly from the amount stated above; (b) material changes in the structure or schedule of the financing occur; (c) if the number or complexity of output agreements is unexpected; or (d) unusual or unforeseen circumstances arise which require a significant increase or decrease in our time or responsibility. It is not anticipated that it will be necessary for us to personally attend meetings in order to provide the Bond Counsel services outlined above but we will do so in the event that circumstances require.

In addition to our Bond fee, we will bill for all customary client charges made or incurred on your behalf, such as travel costs reimbursement, photocopying, deliveries, computer-assisted research, bond printing, and other related expenses. We estimate that such charges will not exceed $750. We will contact you prior to incurring expenses that exceed this amount.

Billing Matters:

We will submit a summary invoice for the professional services described herein after Closing. In the event of a substantial delay in completing the financing, we reserve the right to present an interim statement for payment. Unless other arrangements have been agreed upon in advance, we anticipate our statements to be paid in full within thirty (30) days of receipt.

If, for any reason, the financing represented by an issue of Bonds is not consummated or is completed without the delivery of our Bond Opinion, or our services are otherwise terminated, we will expect to be compensated at our normal hourly rates, plus client charges, as described above (not to exceed the fee we would have received if we had rendered our Bond Opinion). My current hourly rate is $305. Work performed by other attorneys will be billed at their current hourly rate. Associate attorneys begin at $200, and work by legal assistants will be billed at $100. The hourly rates reflected herein are subject to our periodic review and adjustment – typically annually.

Other Advice:

If requested, we will maintain one or more separate accounts for periodic services rendered to the Municipal Electric Utility in connection with other matters unrelated to any particular Bond financing. Such services may involve the rendering of advice, opinions or other assistance in connection with such issues including, but not limited to (i) financing alternatives in connection with a particular project, (ii) compliance with lending programs, e.g. SRF compliance or procedures; (iii) compliance with continuing disclosure undertaking(s), (iv) the impact of specified actions on tax-exempt status of outstanding Bonds, (v) legislative initiatives and proposals, or (vi) other matters the Municipal Electric Utility may seek advice or guidance upon. Billings for such separate services will be based on our standard hourly rate of the individual attorney performing the services. Statements for any such additional services shall be submitted periodically, but no less frequently than semi-annually.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other material retained by us after the termination of this Agreement. It is our practice to retain transcripts for each financing for at least the life of the Bonds. You will be notified prior to destruction of our file, and will have the option to request them, should you desire.

******

Please carefully review the terms and conditions of this Agreement. If the above correctly reflects our mutual understanding please obtain necessary approvals, execute, date and return to me an executed copy of this letter. Please retain also an original for the Issuer's file.

If you have questions regarding any aspect of the above or our representation as Bond Counsel, please do not hesitate to write or call.

It has been a pleasure to serve you in the past, and we look forward to our continued relationship.

Very truly yours,

Steven M. Nadel
FOR THE FIRM

SMN:ae
Encl.

Accepted:

Indianola Municipal Utilities, Iowa*

By ______________________________ Date: ______________________________

*Approved by action of the governing body on _______________, 2015.

IMU Regular Downstairs **3. D.**

Meeting Date: 02/23/2015

Information

Subject

Placement Agent Engagement Letter

Information

The attached agreement allows D.A. Davidson to proceed with developing proposed terms for the offering. Their placement fee of .9% of the notes issued for the private bank placement was contained in the closing cost estimated at the prior Trustee meeting and is similar in nature to a bond placement fee in a competitively bid transaction.

Financial Impact

N/A

Staff Recommendation

Simple motion approving the engagement letter as presented is in order.

Attachments

DA Davidson Engagement

February 18, 2015

Mr. Todd Kielkopf, General Manager
Indianola Municipal Utilities
111 South Buxton Street
Indianola, Iowa 50125

Re: Placement Agent Engagement Letter

Dear Mr. Kieldopf:

On behalf of D.A. Davidson & Co. ("we" or "Davidson"), we wish to thank you for the opportunity to serve as placement agent for Indianola Municipal Utilities, City of Indianola, Iowa ("you" or the "Issuer") on its proposed offering and issuance of approximately $7,250,000 Electric Revenue Refunding Capital Loan Notes, Series 2015 (the "Securities" or "Loan(s)" or "Notes"). In compliance with Municipal Securities Rulemaking Board ("MSRB") Rule G-23, this letter will confirm the terms of our engagement.

1. Services to be Provided by Davidson. The Issuer hereby engages Davidson to serve as placement agent of the proposed offering and issuance of the Loan(s), and in such capacity Davidson agrees to provide the following services:

- Review and evaluate the proposed terms of the offering and the Loan(s)
- Develop a marketing plan for the offering, including identification of potential investors
- Assist in the preparation of the offering documents
- Contact potential investors, provide them with offering-related information, respond to their inquiries and, if requested, coordinate their due diligence sessions
- Consult with counsel and other service providers about the offering and the terms of the Securities
- Inform the Issuer of the marketing and offering process
- Negotiate the pricing, including the interest rate, and other terms of the Securities
- Plan and arrange for the closing and settlement of the issuance and the delivery of the Securities
- Such other usual and customary placement services as may be requested by the Issuer

In addition, at the Issuer's request, Davidson may provide incidental advisory services, including advice as to the structure, timing, terms and other matters concerning the issuance of the Loan(s).

Davidson is required to make the following disclosure pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-23: Davidson will be providing such advisory services in its capacity as underwriter and not as a municipal advisor to the Issuer. As placement agent, Davidson's primary role is to arrange for the placement of the Securities in an arm's length commercial transaction between the Issuer and Davidson. Davidson has financial and other interests that differ from those of the Issuer.

As placement agent, Davidson will not be required to purchase the Loan(s) or to find one or more buyers of the Loan(s), but rather to use its reasonable best efforts to sell the Loan(s) to one or more buyers.

In addition, the Issuer acknowledges receipt of certain regulatory disclosures as required by the MSRB that are attached to this agreement as Exhibit A. Issuer further acknowledges that Davidson may be required to supplement or make additional disclosures as may be necessary as the specific terms of the transaction progress.

2. Fees and Expenses. Davidson's proposed placement agent fee/spread is not to exceed 0.900% of the principal amount of the Securities issued. The Issuer shall be responsible for paying or reimbursing Davidson for all other costs of issuance, including without limitation, bond counsel and all other expenses incident to the performance of the Issuer's obligations under the proposed offering.

3. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering of the Securities. Notwithstanding the forgoing, either party may terminate Davidson's engagement at any time without liability of penalty upon at least 10 days' prior written notice to the other party. If Davidson's engagement is terminated by the Issuer, the Issuer agrees to compensate Davidson for the services provided and to reimburse Davidson for its out-of-pocket expenses incurred until the date of termination not to exceed $0.

4. Miscellaneous. This letter shall be governed and construed in accordance with the laws of the State of Iowa. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party.

If there is any aspect of this Agreement that you believe requires further clarification, please do not hesitate to contact us. If the foregoing is consistent with your understanding of our engagement, please sign and return the enclosed copy of this letter.

Again, we thank you for the opportunity to assist you with your proposed financing and the confidence you have placed in us.

Very truly yours,

D.A. Davidson & Co.

By:

Title: Managing Director – Public Finance

Accepted this _______ day of ___________________________, 2015

INDIANOLA MUNICIPAL UTILITIES, CITY OF INDIANOLA, IOWA

By:__________________________________

Title:_________________________________

EXHIBIT A

D.A. Davidson & Co. (hereinafter referred to as “Davidson” or “placement agent”) intends/proposes to serve as a placement agent, and not as a financial advisor or municipal advisor, in connection with the issuance of the Loan(s).

As part of our services as placement agent, Davidson may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Loan(s).

<u>Disclosures Concerning the Placement Agent’s Role</u>:

(i) MSRB Rule G-17 requires a placement agent to deal fairly at all times with both municipal issuers and investors.
(ii) The placement agent has a duty to place the Loan(s) from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Loan(s) to investors at prices that are fair and reasonable.

<u>Disclosures Concerning the Placement Agent’s Compensation</u>:

As placement agent, Davidson will be compensated by a fee that has been set forth in the engagement letter. Payment or receipt of the placement fee will be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal amount of the Loan(s). While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the placement agent may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

<u>Additional Conflicts Disclosure</u>:

Davidson has not identified any additional potential or actual material conflicts that require disclosure.

<u>Disclosures Concerning Complex Municipal Securities Financing:</u>

Since Davidson has recommended to the Issuer a financing structure that may be a “complex municipal securities financing” for purposes of MSRB G-17, the following is a description of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at this time.

Risk Disclosures Pursuant to MSRB Rule G-17 - Fixed Rate Bonds

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds (“Fixed Rate Bonds”), as well as a general description of certain financial risks that you should consider before deciding whether to issue Fixed Rate Bonds.

<u>Financial Characteristics</u>

<u>Maturity and Interest</u>. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities. Maturity dates for Fixed Rate Bonds

are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all of the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates.

Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period of time, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.

Revenue Bonds. **"**Revenue bonds" are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit and you are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

The description above regarding "Security" is only a brief summary of certain possible security provisions for the bonds and is not intended as legal advice. You should consult with your bond counsel and Financial Advisor for further information regarding the security for the bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all of the following:

Issuer Default Risk. You may be in default if the funds pledged to secure your bonds are not sufficient to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk. Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk. If your financing plan contemplates refinancing some or all of the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the bonds to take advantage of lower interest rates.

Reinvestment Risk. You may have proceeds of the bonds to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as "negative arbitrage".

Tax Compliance Risk. The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the bonds.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

IMU Regular Downstairs **4. A.**

Meeting Date: 02/23/2015

Information

Subject

Claims

Information

The February 16, 2015 Claims List was previously distributed.

Financial Impact

N/A

Staff Recommendation

IMU Regular Downstairs **4. B.**

Meeting Date: 02/23/2015

Information

Subject

Minutes

Information

Minutes of the February 9, 2015 meeting are attached.

Financial Impact

N/A

Staff Recommendation

Attachments

Minutes

BOARD OF TRUSTEE MINUTES
REGULAR SESSION – FEBRUARY 9, 2015

The Board of Trustees met in regular session at 5:30 p.m. on February 9, 2015 in the City Hall Council Chambers. Vice Chairperson Grant Johnson called the meeting to order and on roll call the following members were present: Heather Hulen, Grant Johnson, Jim McClymond (via phone), and Deb White. Absent: Pat Reding.

The consent agenda consisting of the following was approved on a motion by White and seconded by Hulen. Question was called for and on voice vote the Vice Chairperson declared the motion carried unanimously.

February 2, 2015 claims

January 26, 2015 minutes

Salaries: Eric Lane, Network Services Associate, from Range 19-3 $42,156/year to Range 19-4 $43,842/year effective February 8, 2015

Mike Metcalf presented the quarterly safety report.

It was moved by White and seconded by Hulen to approve the contract with P&P Contractors for the demolition of the filter building (old water plant) in an amount of $45,950.00. Question was called for and on voice vote the Vice Chairperson declared the motion carried unanimously.

Board Member Hulen introduced the following Resolution entitled "RESOLUTION ORDERING CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS (2015 Vehicle Storage Building Construction Project) AND FIXING A DATE FOR HEARING (March 9, 2015) AND TAKING OF BIDS (March 4, 2015)", and moved that it be adopted. Board Member White seconded the motion to adopt. The roll was called and the vote was, AYES: McClymond, Johnson, White and Hulen. NAYS: None. ABSENT: Reding. Whereupon the Vice Chair declared the following resolution duly adopted.

RESOLUTION ORDERING CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS (2015 Vehicle Storage Building Construction Project) AND FIXING A DATE FOR HEARING (March 9, 2015) AND TAKING OF BIDS (March 4, 2015)

(The complete resolution may be viewed at the City Clerk's Office)

Board member McClymond introduced the following resolution entitled, "RESOLUTION APPROVING CONSTRUCTION CONTRACTS AND BONDS" for the 2015 West Hwy 92 and "Y" Street Intersection Relocation Project to Dig America in an amount of $159,894.00. Board member White seconded the motion to adopt. On roll call the vote was, AYES: Johnson, White, Hulen and McClymond. NAYS: None. ABSENT: Reding. Whereupon the Vice Chair declared the motion carried unanimously and the following resolution duly adopted:

RESOLUTION APPROVING CONSTRUCTION CONTRACTS AND BONDS
2015 West Hwy 92 and "Y" Street Intersection Relocation Project

(The complete resolution may be viewed at the City Clerk's Office)

General Manager Todd Kielkopf presented the highlights of the FY 2016 budget for the electric utility budget.

Chip Schultz and Michael Maloney, D.A. Davidson, presented the proposed electric revenue debt refinancing. Their recommendation to achieve the financial goals of the utility was to proceed with a refinancing method of a direct bank placement of capital loan notes, with banks competing on loan terms including the most favorable interest rate.

Board member White introduced the following Resolution entitled "RESOLUTION FIXING DATE FOR A MEETING, February 23, 2015, ON THE AUTHORIZATION OF A LOAN AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED $8,050,000 ELECTRIC REVENUE REFUNDING CAPITAL LOAN NOTES, SERIES 2015, OF THE CITY OF INDIANOLA, STATE OF IOWA, AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF", and moved that the same be adopted. Board member McClymond seconded the motion to adopt. The roll was called and the vote was, AYES: Hulen, McClymond, Johnson and White. NAYS: None. ABSENT: Reding. Whereupon the Vice Chairperson declared the Resolution duly adopted as follows:

RESOLUTION FIXING DATE FOR A MEETING, February 23, 2015, ON THE AUTHORIZATION OF A LOAN AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED $8,050,000 ELECTRIC REVENUE REFUNDING CAPITAL LOAN NOTES, SERIES 2015, OF THE CITY OF INDIANOLA, STATE OF IOWA, AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

(The complete resolution may be viewed at the City Clerk's Office)

General Manager Todd Kielkopf presented highlights of the FY 2016 budget for the water, telecommunications and administrative budgets.

Meeting adjourned on a motion by White and seconded by McClymond.

Grant Johnson, Vice Chairperson	Diana Bowlin, City Clerk

Information

Subject

Salaries

Information

Jason Henle, Line Mechanic, from R 26-6 at $27.636/hr ($57,483/yr) to R 27-6+ at $30.555/hr ($63,034/yr) plus longevity effective February 22, 2015 through September 5, 2015, unless otherwise promoted, for assigned Crew Chief duties.

Current Crew Chief Greg Brangers will assume resident review and owner's inspection duties on the Y St. and W. Hwy 92 projects at his current wage. This is in lieu of contracting, at additional out-of-pocket cost, these duties to P&E Engineering. Jason will also be assuming apprentice training responsibilities as Crew Chief. Greg remains available to help crews during the workweek as needs arise.

In essence, the Electric Dept. crews will operate one person short, for accomplishing regular duties, during this period. This is possible due to expected workload and apprentices' progress.

A similar reassignment of duties, with related compensation as per union contract, was successfully accomplished during construction of the East Side Conversion project and the Hwy 65/69 project. Greg was able to solve numerous problems in the field and provided excellent customer service by being on-site much more than what would be feasible under a contracted service.

Justin Brand, Water Operator, from R 21-2.5 at $21.892/hr ($45,537/yr) to R 21-3 at $22.322/hr ($46,430/yr) effective March 8, 2015 for completing the appropriate waiting period for creditable service at a satisfactory or higher level, as per union contract.

Financial Impact

N/A

Staff Recommendation

IMU Regular Downstairs **4. D.**

Meeting Date: 02/23/2015

Information

Subject

Re-Adoption of Investment Policy

Information

Trustees pool financial accounts with City of Indianola funds. An Investment Committee (City Treasurer, Auditor, City Manager, General Manager, Finance Director, 1 Council member, 1 Trustee) advises both Council and Trustees on policy issues and staff and investment portfolio advisers on investment strategies.

Both Council and Trustees annually adopt an investment policy that work in parallel. The policy also implements requirements set forth in state code. The Committee did not recommend any changes this year and the policy is attached. The City Council has already adopted a parallel policy for 2015.

Financial Impact

N/A

Staff Recommendation

Attachments

Investment Policy

INDIANOLA MUNICIPAL UTILITIES
INVESTMENT POLICY

SECTION 1 -- SCOPE OF INVESTMENT POLICY

The Investment Policy of the Indianola Municipal Utilities shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the Indianola Municipal Utilities. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy.

The investment of bond funds or sinking funds shall comply not only with this investment policy, but also be consistent with any applicable bond resolution.

This Investment Policy is intended to comply with Iowa Code Chapter 12B and 12C.

Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to all of the following:

1. The governing body or officer of the Indianola Municipal Utilities to which the Investment Policy applies.

2. All depository institutions or fiduciaries for public funds of the Indianola Municipal Utilities.

3. The auditor engaged to audit any fund of the Indianola Municipal Utilities.

In addition, a copy of this Investment Policy shall be delivered to every fiduciary or third party assisting with or facilitating investment of the funds of the Indianola Municipal Utilities.

SECTION 2 -- DELEGATION OF AUTHORITY

In accordance with Section 12B.10(1), the responsibility for conducting investment transactions resides with the Treasurer and Finance Director of Indianola. Only the Treasurer and Finance Director and those authorized by ordinance or resolution may invest public funds and a copy of any empowering ordinance or resolution shall be attached to this Investment Policy.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit or investment of public funds or acting in a fiduciary capacity for the Indianola Municipal Utilities shall require the outside person to notify in writing the Finance Director Clerk within thirty days of receipt of all communication from the Auditor of the outside person or any regulatory authority of the existence of a material weakness in internal control structure of the outside person or regulatory orders or sanctions regarding the type of services being provided to the Indianola Municipal Utilities by the outside person.

The records of investment transactions made by or on behalf of the Indianola Municipal Utilities are public records and are the property of the Indianola Municipal Utilities whether in the custody of the Finance Director Clerk or in the custody of a fiduciary or other third party.

The Treasurer and Finance Director shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of public funds, to document those officers and employees of the Indianola Municipal Utilities responsible for elements of the investment process and to address the capability of investment management. The controls shall provide for receipt and review of the audited financial statement and related report on internal control structure of all outside persons performing any of the following for this public body.

1. Investing public funds.
2. Advising on the investment of public funds.
3. Directing the deposit or investment of public funds.
4. Acting in a fiduciary capacity for this public body.

A Bank, Savings and Loan Association or Credit Union providing only depository services shall not be required to provide an audited financial statement and related report on internal control structure.

The Treasurer of Indianola and all employees authorized to place investments shall be bonded in the amount of $25,000.

SECTION 3 -- OBJECTIVE OF INVESTMENT POLICY

The primary objectives, in order of priority, of all investment activities involving the financial assets of the Indianola Municipal Utilities shall be the following:

1. Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective.

2. Liquidity: Maintaining the necessary liquidity to match expected liabilities is the second investment objective.

3. Return: Obtaining a reasonable return is the third investment objective.

SECTION 4 -- PRUDENCE

The Treasurer of Indianola, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the Section 3 investment objectives. This standard requires that when making investment decisions, the Treasurer shall consider the role that the investment or deposit plays within the portfolio of assets of the Indianola Municipal Utilities and the investment objectives stated in Section 3.

SECTION 5 -- INSTRUMENTS ELIGIBLE FOR INVESTMENT

Assets of the Indianola Municipal Utilities may be invested in the following:

- Interest bearing savings accounts, interest bearing money market accounts, and interest bearing checking accounts at any bank, savings and loan association or credit union in the State of Iowa. Each bank must be on the most recent Approved Bank List as distributed by the Treasurer of the State of Iowa or as amended as necessary by notice inserted in the monthly mailing by the Rate Setting Committee. Each financial institution shall be properly declared as a depository by the governing body of the Indianola Municipal Utilities. Deposits in any financial institution shall not exceed the maximum approved by the governing body of the Indianola Municipal Utilities.

- Obligations of the United States government, its agencies and instrumentality's.

- Certificates of deposit and other evidences of deposit at federally insured depository institutions approved and secured pursuant to Chapter 12C.

- Iowa Public Agency Investment Trust (IPAIT).

- Prime bankers' acceptance that mature within 180 days of purchase and that are eligible for purchase by a federal reserve bank.

- Commercial paper or other short-term corporate debt that matures within 270 days of purchase and is rated within the highest classification, as established by at least one of the standard ratings services approved by the superintendent of banking. If rated by two services, the highest classification in both.

- Repurchase agreements collateralized at no less than 102% and provided that the underlying collateral consists of obligations of the United States government, its agencies and instrumentality's and the Trustee Clerk takes delivery of the collateral either directly or through an authorized custodian. Broker/dealer must be of highest rating or bank must be on Approved Bank List discussed earlier in this Policy Section.

- An open-end management investment company registered with the Securities & Exchange Commission under the federal Investment Company Act of 1940, 15 U.S.C. Section 80(a) and operated in accordance with 17 C.F.R. Section 270.2a-7, whose portfolio investments are limited to those instruments individually authorized in Section 5 of this Investment Policy.

- Mortgage Backed Securities that are unleveraged, straight fixed or floating rate and are issued directly by a U.S. Government Agency or securitized by Government Agency sponsored mortgages.

- All instruments eligible for investment are further qualified by all other provisions of this Investment Policy, including Section 7 investment maturity limitations and Section 8 diversification requirements.

SECTION 6 -- PROHIBITED INVESTMENTS AND INVESTMENT PRACTICES

DERIVATIVES AND STRUCTURED SECURITIES DEFINED

Financial derivatives are broadly defined as financial instruments which derive their value from the performance of a wide assortment of financial contracts, including structured debt obligations and deposits, swaps, exchange traded futures, exchange traded over the counter options, caps, floors, collars, mortgage backed securities, foreign exchange forwards, tender option bonds, and various combinations thereof.

Assets of the Indianola Municipal Utilities shall not be invested in the following:

1. Any derivative or structured security which does not have a readily available pricing service or broker/dealer quote source.

2. Any derivative or structured security whose duration cannot be modeled effectively.

3. Any derivative or structured security with exposure to the following: borrowing/external leverage, foreign currency, equity, commodity licenses or other non-fixed income instruments.

4. Any other derivative or structured security not specifically named as eligible in Section 5.

5. Reverse repurchase agreements.

6. Futures and options contracts.

Assets of the Indianola Municipal Utilities shall not be invested pursuant to the following investment practices:

1. Trading of securities for speculation or the realization of short-term trading gains.

2. Pursuant to a contract providing for the compensation of an agent of fiduciary based upon the performance of the investment assets.

3. If a fiduciary or other third party with custody of public investment transaction records of the Indianola Municipal Utilities fails to produce requested records when requested by this public body within a reasonable time, the City Treasurer shall make no new investment with or through the fiduciary or third party and shall not renew maturing investments with or through the fiduciary or third party.

SECTION 7 -- INVESTMENT MATURITY LIMITATIONS

- Operating Funds must be identified and distinguished from all other funds available for investment. Operating Funds are defined as those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt.

- All investments authorized in Section 5 are further subject to the following investment maturity limitations:

  1. Operating Funds may only be invested in instruments authorized in Section 5 of this Investment Policy that mature within three hundred ninety-seven (397) days.

  2. The Treasurer may invest funds of the Indianola Municipal Utilities that are not identified as Operating funds in investments with maturities longer than three hundred ninety-seven (397) days. However, all investments of the Indianola Municipal Utilities shall have maturities that are consistent , with the needs and uses of the Indianola Municipal Utilities.

  3. The diversity of fixed income securities shall match cash flow needs with an absolute effective duration range of 2-5 years.

SECTION 8 -- DIVERSIFICATION

Investments of the Indianola Municipal Utilities are subject to the following diversification requirements:

Prime bankers' acceptances:

1. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the Indianola Municipal Utilities shall be invested in prime bankers' acceptances, and

2. At the time of purchase, no more than five percent (5%) of the investment portfolio of the Indianola Municipal Utilities shall be invested in the securities of a single issuer.

Commercial paper or short-term corporate debt:

1. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the Indianola Municipal Utilities shall be in commercial paper or other short-term corporate debt, and

2. At the time of purchase, no more than five percent (5%) of the investment portfolio of the Indianola Municipal Utilities shall be invested in the securities of a single issuer.

Where possible, it is the policy of the Indianola Municipal Utilities to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

1. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.

2. Liquidity practices shall ensure that the next scheduled disbursement is covered through maturing investments, marketable U.S. Treasury bills or cash on hand.

3. Risks of market price volatility shall be controlled through maturity diversification so that aggregate price losses on instruments with maturities approaching one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

SECTION 9 -- SAFEKEEPING AND CUSTODY

All invested assets of the Indianola Municipal Utilities involving the use of a public funds custodial agreement, as defined in Section 12B.10, shall comply with all rules adopted pursuant to Section 12B.10. All custodial agreements shall be in writing and shall contain a provision that all custodial services be provided in accordance with the laws of the state of Iowa.

SECTION 10 -- ETHICS AND CONFLICT OF INTEREST

The Treasurer and all officers and employees of the Indianola Municipal Utilities involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

SECTION 11 -- REPORTING

The Treasurer shall submit annually an investment report that summarizes recent market conditions and investment strategies employed since the last investment report. The investment report shall set out the current portfolio in terms of maturity, rates of return and other features and summarize all investment transactions that have occurred during the reporting period and compare the investment results with the budgetary expectations. A quarterly review of the portfolio shall be received with the emphasis on performance, stress test, etc. The Board of Trustees may approve exceptions to this policy on a short term basis so long as complete compliance remains the ultimate goal.

SECTION 12 -- INVESTMENT POLICY REVIEW AND AMENDMENT

This Investment Policy shall be reviewed annually or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.

APPROVED THIS 9th day of February, 2015.

____
Pat Reding, Chairperson

Attest:

____
Diana Bowlin, Clerk

IMU Regular Downstairs **4. E.**

Meeting Date: 02/23/2015

Information

Subject

Resolution Naming Depositories

Information

Both the City Council and Trustees annually provide staff direction as to the maximum amounts to be held on deposit at any given bank (see attached). No changes are being recommended by the Investment Committee and the City Council has already adopted a parallel resolution for 2015. As background, primary banking relationships and fees are competitively sought through a periodic Request for Proposal (RFP) process every 3-5 years. Maximum amounts at Bankers Trust and City State Bank are intentionally set to allow the liquidation and transfer of the entire investment portfolio in the event it is warranted.

Financial Impact

N/A

Staff Recommendation

Attachments

Depository Resolution

Trustee member ___ introduced the following Resolution Naming Depositories and moved its approval. _____ seconded the motion. Question was called for and on roll call the Chairperson declared the motion carried.

RESOLUTION NAMING DEPOSITORIES

BE IT RESOLVED by the Board of Trustees of Indianola Municipal Utilities of Indianola in Warren County, Iowa; That we do hereby designate the following named banks and savings and loans to be depositories of the Indianola Municipal Utilities funds in amounts not to exceed the amount named opposite each of said designated depositories and the City Clerk is hereby authorized to deposit the Indianola Municipal Utilities funds in amounts not to exceed in the aggregate the amounts named for said banks and savings and loans as follows, to wit:

Depository	Location	Maximum Deposit In Effect Under Prior Resolution	Maximum Deposit In Effect Under This Resolution
Bankers Trust	665 Locust St. Des Moines, Ia	$24,000,000	$24,000,000
City State Bank	1510 N. 1st Indianola, Ia	$20,000,000	$20,000,000
Community Bank	1401 N. Jefferson Indianola, Ia	$ 1,000,000	$ 1,000,000
Wells Fargo Bank	509 N. Jefferson Indianola, Ia	$ 1,000,000	$ 1,000,000
Peoples Bank	400 E. Iowa Indianola, Ia	$ 1,000,000	$ 1,000,000
Regions Bank	114 N. Howard Indianola, Ia	$ 1,000,000	$ 1,000,000
Bank of The West	211 E. Boston Indianola, Ia	$ 1,000,000	$ 1,000,000

The vote on the Resolution is as follows: AYES: NAYS: ABSENT:

Dated at Indianola, Iowa this 23rd day of February, 2015.

____
Pat Reding, Chairperson

ATTEST:

____
Diana Bowlin, Clerk

IMU Regular Downstairs **4. F.**

Meeting Date: 02/23/2015

Information

Subject

Quarterly Write-offs to State Offset Program

Information

The quarterly amounts being written off and sent to the Iowa state offset program are attached.

The Electric Utility amount is $29,854.24 (1.06% of quarterly billings) and the Water Utility amount is $4,875.11 (.86% of quarterly billings). Both are within the norms as a percentage of billings for the 4th quarter of the calendar year and for the preceding year.

As background, the utility does not charge deposits to establish accounts. Instead, account connection, delinquent notices, and disconnection fees are assessed that offset amounts written off. Account balances placed into this status are submitted to the Offset Program, where the state collects amounts due to account holders from any other source of funds (primarily tax returns and gambling winnings) processed by the state over the following 10 years.

Financial Impact

N/A

Staff Recommendation

Attachments

Report

Historical Write-offs

Dec-14

		Electric	%	Water	%
December	2012	$ 26,976.89	0.97%	$ 3,778.37	0.84%
March	2013	$ 35,766.64	1.40%	$ 5,173.54	1.02%
June	2013	$ 23,778.95	1.02%	$ 5,616.54	1.17%
September	2013	$ 22,223.60	0.68%	$ 4,456.19	0.71%
December	2013	$ 23,783.45	0.78%	$ 2,920.64	0.45%
March	2014	$ 20,913.08	0.77%	$ 5,165.68	1.00%
June	2014	$ 33,050.77	1.39%	$ 7,955.09	1.63%
September	2014	$ 16,911.80	0.51%	$ 3,830.77	0.64%
December	2014	$ 29,854.24	1.06%	$ 4,875.11	0.86%
Average for Qtr			0.72%		0.73%
Average for Report			0.94%		0.93%

IMU Regular Downstairs **4. G.**
Meeting Date: 02/23/2015

Information

Subject

Resolution Approving Continuing Disclosure Policy

Information

Ahlers & Cooney attorney Steve Nadel recommends that Trustees adopt a revised continuing disclosure policy, preferably prior to issuing additional debt.

Although the Electric Utility's private placement debt will be exempt, Water Revenue Bonds outstanding until December, 2016 remain subject to disclosure rules & regulations.

This is Ahlers' standard recommended policy. Disclosure duties in general are delegated to the City of Indianola's Chief Accounting Officer under the board's delegated duties resolution. Therefore, the attached policy communicates expectations to the city, who also uses Ahlers and will be considering adopting a parallel policy.

Financial Impact

N/A

Staff Recommendation

Attachments

Disclosure Policy

(This Notice to be posted)

NOTICE AND CALL OF PUBLIC MEETING

Governmental Body: The Board of Trustees of the Indianola Municipal Utilities, Indianola, Iowa.

Date of Meeting: February 9, 2015.

Time of Meeting: __________ o'clock _____.M.

Place of Meeting: Council Chambers, City Hall, Indianola, 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 the meeting is as follows:

- Resolution Approving Continuing Disclosure Policy

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

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

____

Secretary of the Board of Trustees of the
Indianola Municipal Utilities, Indianola, Iowa

February 9, 2015

The Board of Trustees of the Indianola Municipal Utilities, Indianola, Iowa, met in ________________ session, in the Council Chambers, City Hall, Indianola, Iowa, at __________ o'clock _____.M., on the above date. There were present Chairperson ________________, in the chair, and the following named Board Members:

____

____

Absent: ____

* * * * * * *

Board Member ____________________ introduced the following Resolution entitled "RESOLUTION APPROVING CONTINUING DISCLOSURE POLICY" and moved that it be adopted. Board Member ____________________ seconded the motion to adopt, and the roll being called thereon, the vote was as follows:

AYES: ____

____

NAYS: ____

Whereupon, the Chairperson declared the Resolution duly adopted as follows:

RESOLUTION APPROVING CONTINUING DISCLOSURE POLICY

WHEREAS, Indianola Municipal Utilities, Indianola, Iowa, is a political subdivision, organized and existing under and by virtue of the constitution and laws of the State of Iowa; and

WHEREAS, various requirements apply under Rule 15c2-12, as amended (the “Rule”), promulgated under the Securities Exchange Act of 1934, as amended (hereinafter "SEC Requirements") including providing an official statement and a continuing disclosure agreement with the purchaser or underwriter in connection with each new issuance of obligations which fall within the Rule; and

WHEREAS, to comply with the SEC Requirements, governmental bond issuers must ensure that the rules are met at the time the bonds, capital loan notes or lease-purchase obligations (hereinafter "bonds") are issued and throughout the term of the bonds; and

WHEREAS, this includes the continued review of disclosure obligations and maintenance of records:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE INDIANOLA MUNICIPAL UTILITIES OF THE CITY OF INDIANOLA, STATE OF IOWA:

Section 1. The "Continuing Disclosure Policy" (hereinafter "Policy") attached hereto as Exhibit A is hereby adopted and approved. Said policy shall apply with respect to all utilities of the City of Indianola governed by the Board of Trustees of the Indianola Municipal Utilities.

Section 2. The official designated in said policy shall take any and all action necessary to properly implement the policy.

PASSED AND APPROVED this _________ day of ___________, 2015.

Chairperson of the Board of Trustees

ATTEST:

Secretary of the Board of Trustees

CERTIFICATE

STATE OF IOWA)
) SS
COUNTY OF WARREN)

I, the undersigned Secretary of the Board of Trustees of the Indianola Municipal Utilities, Indianola, State of Iowa, do hereby certify that attached is a true and complete copy of the portion of the corporate records of the Board of Trustees showing proceedings of the Board, and the same is a true and complete copy of the action taken by the Board with respect to the 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 Board 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 Board (a copy of the face sheet of such agenda being attached hereto) pursuant to the local rules 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 such 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 offices as indicated therein, that no Board vacancy existed except as may be stated in the 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 the Board hereto affixed this ___________ day of ________________, 2015.

____
Secretary of the Board of Trustees of the
Indianola Municipal Utilities

(SEAL)

EXHIBIT "A"

INDIANOLA MUNICIPAL UTILITIES, INDIANOLA, IOWA

CONTINUING DISCLOSURE POLICY AND GUIDELINES FOR OPERATING UNDER SECTION 17 OF POST-ISSUANCE COMPLIANCE POLICY FOR TAX-EXEMPT OBLIGATIONS

Article I
General Overview

Section 1.01 Purpose. This Continuing Disclosure Policy ("**Policy**") of Indianola Municipal Utilities, Indianola, Iowa ("Issuer") is intended to ensure that the Issuer efficiently carries out its continuing disclosure obligations with respect to securities it issues or guarantees pursuant to Rule 15c2-12, as amended (the "**Rule**"), promulgated under the Securities Exchange Act of 1934, as amended.

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

Section 1.03. Obligations Subject to the Rule. Various offerings are fully or partially exempt from the continuing disclosure provisions under the Rule. Offerings with an aggregate original principal amount of less than $1 million ("Small Offerings"), offerings sold prior to July 3, 1995 ("Old Offerings") and offerings sold by an issuer directly to investors without using a broker, dealer, or municipal securities dealer as an underwriter or placement agent ("Direct Offerings") are fully exempt from all continuing disclosure provisions under the Rule, unless the Issuer voluntarily agrees to provide continuing disclosures for an otherwise exempt Obligation.

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

(A) "CAFR" means the Comprehensive Annual Financial Report of the Municipal Water Utility.

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

(C) “EMMA” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org/.

(D) "Employee" means any person who, as part of his or her employment with the Issuer, has regular responsibility for the administration of matters related to Obligations.

(E) "Financial Advisor" means a municipal advisor engaged for the purpose of assisting with the Issuer's structuring and sale of Obligations.

(F) "Fiscal Year" means the fiscal year of the Issuer, beginning on July 1 and ending on the following June 30.

(G) “Governing Body” means the Board of Trustees (the “Board”) of the Issuer.

(H) “Issuer” means the City of Indianola, Iowa, by and through the Board of Trustees of the Indianola Municipal Utilities.

(I) “Listed Event” means any of the events listed in Exhibit A of this Policy.

(J) "MSRB" means the Municipal Securities Rulemaking Board or any other board or entity which succeeds to the functions currently delegated to the Municipal Securities Rulemaking Board by the Rule.

(K) "Obligations" means any securities issued by, or whose payment is guaranteed by the Issuer.

(L) "SEC" means the United States Securities and Exchange Commission.

Article II
Key Participants and Responsibilities

Section 2.01. Disclosure Coordinator. By adoption of this Policy, the Chief Accounting Officer is hereby appointed to act as the disclosure coordinator (“**Disclosure Coordinator**”) of the Issuer.

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

(A) reviewing and approving all preliminary and final official statements relating to the Issuer’s securities, together with any supplements, for which a continuing disclosure undertaking is required (each, an “**Official Statement**”), before such documents are released, in accordance with Article III below;

(B) reviewing annually the Issuer’s status and compliance with its continuing disclosure undertakings, including filings of disclosure documents and compliance with this Policy, in accordance with Articles IV and V below;

(C) serving as a "point person" for personnel to communicate issues or information that should be or may need to be included in any disclosure document;

(D) recommending changes to this Policy to the Governing Body as necessary or appropriate;

(E) communicating with third parties, including coordination with outside consultants assisting the Issuer, in the preparation and dissemination of disclosure documents to make sure that assigned tasks have been completed on a timely basis and making sure that the filings are made on a timely basis and are accurate;

(F) in anticipation of preparing disclosure documents, soliciting "material" information (as defined for purposes of federal securities law) from identified Employees;

(G) maintaining records documenting the Issuer's compliance with this Policy; and

(H) ensuring compliance with training procedures as described below.

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

Article III
Official Statements

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

(A) review the Official Statement and confirm that there are no misstatements or omissions of material information in any sections and that the Official Statement accurately states all material information relating to the Issuer and that all information relating to the Issuer has been critically reviewed by the appropriate person(s) for a given department responsible for the information referenced therein;

(B) draft, or cause to be drafted, for the Official Statement descriptions of (i) any material current, pending or threatened litigation, (ii) any material settlements or court orders and (iii) any other legal issues that are material information for purposes of the Official Statement; and

(C) report any significant disclosure issues and concerns to Disclosure Counsel and/or Financial Advisor.

Section 3.02. Submission of Official Statements to the Governing Body for Approval. The Disclosure Coordinator shall submit all Official Statements to the Governing Body for review and approval. The approval of an Official Statement by the Governing Body shall be docketed as a new business matter and shall not be approved as a consent item. The Governing Body shall undertake such review as deemed necessary by the Governing Body, following consultation with the Disclosure Coordinator, to fulfill the Issuer's responsibilities under applicable federal and state securities laws.

Article IV
Annual Report Filings

Section 4.01. Overview. Under the continuing disclosure undertakings the Issuer has entered into in connection with its debt offerings, the Issuer is required each year to file annual reports with the MSRB's EMMA system in accordance with such undertakings. Such annual reports are generally required to include: (1) certain updated financial and operating information, and (2) the Issuer's audited financial statements. The documents, reports and notices required to be submitted to the MSRB pursuant to this Policy shall be submitted through EMMA in an electronic format, and shall be accompanied by identifying information, in the manner prescribed by the MSRB, or in such other manner as is consistent with the Rule. A description of the format and information presently prescribed to be filed with EMMA is included in Exhibits A - C. To facilitate the Issuer's continuing disclosure undertakings the Disclosure Coordinator shall:

(A) maintain a record of all continuing disclosure obligations of the Issuer using a chart substantially in the form attached as Exhibit C, which shall identify and docket all continuing disclosure deadlines;

(B) schedule email reminders on the EMMA website for each Obligation to help ensure timely filing of financial disclosures;

(C) ensure that preparation of the Issuer's annual reports commence as required under each specific continuing disclosure undertaking;

(D) comply with the Issuer's obligation to file annual reports by submitting or causing the required (i) annual financial information and operating data and (ii) audited financial statements (all of which may be included in the Issuer's CAFR) to be submitted to the MSRB through EMMA. If within a Continuing Disclosure Agreement the Issuer has agreed to furnish information that is outside the scope of the CAFR, the Issuer shall file a supplement to the CAFR when filing with the MSRB through EMMA;

a. If the event the Issuer does not have audited financial statements available by the filing deadline imposed by the continuing disclosure agreement, the Disclosure Coordinator shall instead submit the Issuer's unaudited financial statements and follow the requirements of the continuing disclosure agreement with respect thereto. Audited financial statements shall be filed as soon as available.

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

c. Not more than five (5) days after the submission deadline, the Disclosure Coordinator shall confirm and document in accordance with Section 6.01 hereof that Annual Reports have been submitted and filed properly with the MSRB through EMMA; and

(E) File a "failure to file notice" as needed in accordance with the Rule. The failure to file notice shall include information describing the nature and/or cause of the failure to meet the contractual deadline and, if available, an approximate timeframe for when the complete information is expected to be submitted.

Article V
Listed Event Filings

Section 5.01. Disclosure of Listed Events. Pursuant to Rule 15c2-12(b)(5)(i)(C), the Issuer is obligated to disclose to the MSRB notice of certain specified events with respect to the Issuer's Obligations (a "**Listed Event"**). All Employees shall be instructed to notify the Disclosure Coordinator if he or she becomes aware of any of the Listed Events listed in the Issuer's continuing disclosure undertakings. The Disclosure Coordinator may consult with Disclosure Counsel, or the Financial Advisor, to discuss the event and to determine whether a filing is required or is otherwise desirable. If such a filing is deemed necessary, the Disclosure Coordinator shall cause a notice of the Listed Event (a "**Listed Event Notice**") that complies with Rule 15c2-12 to be prepared, and the Disclosure Coordinator shall file, or cause to be filed, the Listed Event Notice as required by Rule 15c2-12 as follows:

(A) The Disclosure Coordinator shall monitor and periodically review the Listed Events identified on Exhibit A, in connection with the Obligations identified on the Chart in Exhibit C to determine whether any event has occurred that may require a filing with EMMA.

(B) The Disclosure Coordinator shall file, in a timely manner, a notice of the occurrence of any Listed Event or Events with the MSRB via EMMA with respect to any Obligations to which the Listed Event or Events are applicable, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event.

(C) The Disclosure Coordinator shall subscribe to any available ratings agency alert service regarding the ratings of any Obligations.

Article VI
Miscellaneous

Section 6.01. Documents to be Retained. The Disclosure Coordinator shall be responsible for retaining records demonstrating compliance with this Policy. The Disclosure Coordinator shall retain an electronic or paper file ("**Transcript**") for each continuing disclosure Annual Report that the Issuer completes. Each Transcript shall include final versions of documents submitted to the MSRB through EMMA. The Transcript shall be maintained for a period of eleven (11) years from the final retirement of the Obligations.

Section 6.02. Education and Training. The Issuer shall conduct periodic training to assist the Disclosure Coordinator, all Employees and the Governing Body in understanding and performing their responsibilities under this Policy. Such training sessions shall include a review of this Policy, the Issuer's disclosure obligations under applicable federal and state securities laws, including the Listed Events in Exhibit A, and the disclosure responsibilities and potential liabilities of members of Issuer staff and members of the Governing Body. Such training sessions may include meetings with Disclosure Counsel, teleconferences, attendance at seminars or conferences where disclosure responsibilities are discussed, and/or recorded presentations.

Section 6.03. Public Statements Regarding Financial Information. Whenever the Issuer makes statements or releases information relating to its finances to the public that is reasonably expected to reach investors and the trading markets (including, without limitation, all Listed Event notices, statements in the CAFR, and other financial reports and statements of the Issuer), the Issuer is obligated to ensure that such statements and information are complete, true, and accurate in all material aspects. The Disclosure Coordinator shall assist the Board of Supervisors in ensuring that such statements and information are accurate and not misleading in any material aspect. Investment information published on the Issuer's website may include a cautionary statement at the request of the Disclosure Coordinator, substantially as follows:

> "The only information on this website that is posted with the intention of reaching the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community, is located on the "investor information" web pages. Other than the specific information presented in the investor information web pages, no other information on the Issuer's website is intended to be the basis of or should be relied upon in making an investment decision. Because each security issued by the Issuer or its related entities may involve different sources of payment and security, you should refer for additional information to the official statement and continuing disclosure filings for the particular security. The information posted in the investor information web pages speaks only as of its date."

EXHIBIT A

LISTED EVENTS

The Disclosure Coordinator should periodically review this list to determine whether any event has occurred that may require a filing with EMMA.

For securities (subject to Rule 15c2-12) issued on or after December 1, 2010, or for variable rate demand bonds that are converted from a mode currently exempted from rule 15c2-12 to a mode not so exempted on or after December 1, 2010, the following events automatically trigger a requirement to file on EMMA within ten (10) business days of their occurrence, without regards to the materiality of the event:

1. principal and interest payment delinquencies

2. unscheduled draws on debt service reserves reflecting financial difficulty

3. unscheduled draws on credit enhancements reflecting financial difficulty

4. substitution of credit or liquidity providers, or their failure to perform

5. adverse tax opinions or events affecting the tax-exempt status of the security

6. tender offers

7. defeasances

8. rating changes

9. bankruptcy, insolvency, receivership or similar event of the obligated person

10. failure to provide in a timely manner notice to provide required annual financial information by the date specified in any continuing disclosure undertaking

The following events trigger a requirement to file notice of their occurrence on EMMA within a reasonable period of time after their occurrence, once they are determined to be material by the Disclosure Coordinator:

1. non-payment related defaults

2. modifications to the rights of security holders

3. bond calls

4. release, substitution or sale of property securing repayments of the securities

5. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms

6. appointment of a successor or additional trustee or the change of name of a trustee

EXHIBIT B

Suggested Practices in Submitting Annual Financial Information to EMMA*

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

- through the EMMA Dataport;

- in one or more electronic word-searchable portable document format files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means ("properly formatted pdf file"); and

- indexed by the submitter as "Annual Financial Information and Operating Data" – this EMMA indexing category should be used for all submissions consisting of one or both parts of an annual financial information submission. A submission should be indexed in EMMA by the submitter as "Annual Financial Information and Operating Data" if it consists of complete annual financial information (including audited financial statements and/or the CAFR).

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

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

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

- a notice that includes specific reference to a document available on the EMMA website or the SEC (such as, but not limited to, an official statement), to the extent that such document in fact includes the information required to be include in the annual financial information; and

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

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

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

* *Procedures subject to change.*

EXHIBIT C

DEBT INVENTORY & CONTUINUING DISLOSURE SUMMARY

Update and complete with each new issue of Obligations, and upon any disclosure filing

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

01083875-1\10616-023

IMU Regular Downstairs **5. A.**

Meeting Date: 02/23/2015

Information

Subject

Administrative News Items

Information

News Items are attached.

Financial Impact

N/A

Staff Recommendation

Attachments

News Items

NEWS ITEMS

TO: IMU Trustees
FROM: IMU Administrative Staff
DATE: February 20, 2015

1. **Des Moines Register Article/Jordan Aquifer:** The Register reported on new proposed rules of the Iowa Environmental Protection Commission pertaining to IMU's water source, the Jordan Aquifer. Proposed rules would establish 3 tiers that have increasingly restrictive permissive drawdown levels. Placement in a tier is based on the increase in wells' depths since 1978. IMU would be placed in the least-effective tier with no restrictions because records show Indianola's lowering at 80' to be well within the 300' lowering allowed within the first tier.

2. **NMPP Typical Bill Survey:** The annual electric bill survey of 139 mostly Nebraska and Colorado utilities shows that IMU remains solidly average across residential, commercial and industrial rate classes in terms of average cents/kWh. The report also lists averages for only the 57 communities responding with MEAN wholesale power contracts.

Dec. 2014 NMPP Survey:	**Res**	**Comm**	**Ind**
NMPP Regional report (139)	11.3	10.2	8.1
MEAN communities (57)	11.0	9.8	7.9
IMU	10.6	10.1	7.8

The report is useful in helping determine the overall resources required through rates, including cost of power adjustments, to support the operations of comparable electric utilities. MEAN communities remain regionally competitive and IMU is as efficient with resources as others receiving primarily coal-based power.

An important note is that most other communities in this survey are allowed to purchase low-cost power from federal western hydro resources built many decades ago. So IMU may be operating on much thinner operating margins than most others.

IMU staff typically receives average revenue per kWh sales data for each utility in Iowa from the American Public Power Association or is able to find it on the US Dept. of Energy website. The DOE made changes to its reporting requirements last year and that data does not appear available. Staff will keep searching the Internet.

3. **NMPP Annual Meeting:** The NMPP Energy annual meeting and conference will be held in Gering, Nebraska from March 11-13. This organization-wide meeting is moved annually to encourage regional participation. Gering is in northwestern Nebraska (7 hours from Lincoln) and was selected as a site to help draw attendees from Colorado, Wyoming, and western Nebraska. Attendees in eastern Nebraska and Iowa are able to board a charter bus in Lincoln early in the morning on the 11th and return late on the 13th.

An important event at the annual meeting is the election of NMPP board members. The IMU General Manager currently serves on that board representing communities in the 5,000-20,000 population group. He was subsequently elected last year as the board Vice-Chair, which also serves on the Joint Operating Committee that oversees the Executive Director and other entity-wide issues. The intention is to be re-elected to a NMPP board seat and then re-elected to an officeholder position. A personal appearance during the elections of both board members and officers is typically beneficial.

As a side note, the NMPP Chairperson announced this week that he is not able to attend, so Todd Kielkopf, as Vice-Chair, was asked to emcee the conference and lead meetings.

IMU Regular Downstairs **5. D.**
Meeting Date: 02/23/2015

Information

Subject

Financials

Information

January, 2015 monthly financials are attached.

Financial Impact

N/A

Staff Recommendation

Attachments

Financials

IMU Monthly Financial Reports

Notes & Comments

1. Total Cash Flow from all activities the on Treasurer's Report was -$656,461.26. However, the timing of paying the wholesale energy bill resulted in none paid in December and two invoices paid in January. Adjusting for the December invoice results in a lower negative cash flow of -$48,771.31. This was mainly due to the timing of reimbursements vs. capital project expenses, as retained amounts were paid without offsetting IDOT reimbursement revenue.

2. Electric kWh sales (page 5) graph over the past 12 months shows a return to historical trends, accounting for some growth due to newer buildings constructed the past two years. The period still contains a colder winter (in 2014) than what should be expected for the coming 12 months. Water consumption (page 6) has also returned to historical averages following 2 dry years where watering lawns was more prevalent than average.

3. The Electric Gross Margin (page 7) is higher than the seasonally-adjusted budget, due to slightly lower wholesale power costs per kWh, which will reverse with new winter rates effective November 2014 are paid starting in February. This is in addition to the $265,000 customer charge in both February & March of 2015 being imposed by MEAN to recoup IMU's share of its $6 million of losses during its April 2014 – March 2015 fiscal year. Those surcharges will be paid in April and May.

   From an IMU cash flow perspective, $320,000 is now budgeted for the Water Utility to again pre-pay its note to the Electric Utility. The net difference (customer charge and loan prepayment) is reflected on this report within their respective "Designated for Future Projects" category. Remaining Electric Utility reserves above policy targets are committed to capital projects and operating losses.

4. Using the cash-based + depreciation model, FYTD Electric Utility Net Income (page 8) was a loss of $491,415. Re-estimated FY 2015 amounts will be used for this report starting in February that will be more useful for comparing to revised expectations.

5. The Water Utility (pages 7 & 12) is generally meeting budget expectations in terms of Net Income although Cash Flow is lower due to revised spending on capital projects. Reserves remain above targets. Fund balances available today are scheduled to be expended over the next two years on proactive capital projects, break-even operations, and loan payments.

6. The Communications Utility (page 15) and Admin. Fund (page 16) cash flows are essentially fairly close to the post-budget operating targets. Staff is working with MCG on a commercial customer count issue that arose in January, resulting in a larger variance than in the past. Funds to improve the PoP building and a splicing trailer are in the budget, but won't be expended until plans are better established. Administrative expenses are projected to end the fiscal year near budgeted amounts.

FINANCIAL REPORT

MONTH OF JANUARY, 2015

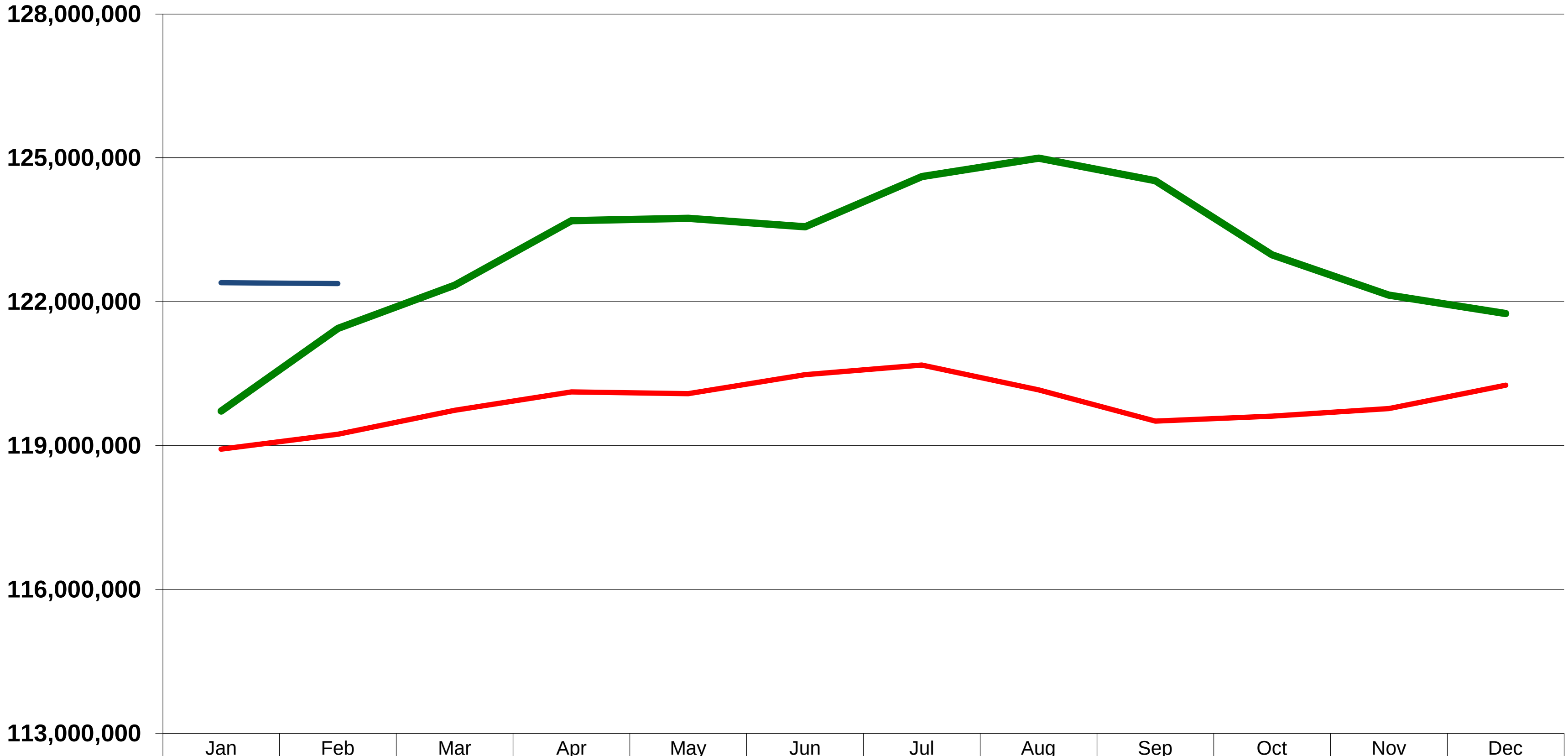
FUND	Beginning Balance	Monies Received	Monies Disbursed	Transfer In	Transfer Out	Clerk's Balance	% of Total
001 General Government	1,234,569.67	65,942.65	191,085.43	112,865.34	45,129.68	1,177,162.55	
011 Police	402,294.10	21,481.29	259,354.69	32,006.79	309.00	196,118.49	
015 Fire	233,719.94	5,940.26	38,830.33	1,918.74	24.72	202,723.89	
016 Ambulance	296,966.82	73,579.69	95,711.26	1,014.67	5,572.66	270,277.26	
041 Library	23,047.91	5,735.07	44,801.93	1,463.50	61.80	-14,617.25	
042 Park & Recreation	507,600.85	18,295.84	97,053.23	3,542.53	123.60	432,262.39	
045 Memorial Pool	-72,743.53	2,002.72	1,280.20	0.00	0.00	-72,021.01	
071 General Fund Deb Service	84,789.11	1,263.24	0.00	0.00	0.00	86,052.35	
099 Franchise Fees-MEC	271,381.53	35,894.01	0.00	0.00	0.00	307,275.54	
GENERAL FUND SUB-TOTAL	**2,981,626.40**	**230,134.77**	**728,117.07**	**152,811.57**	**51,221.46**	**2,585,234.21**	
110 Road Use Tax (Streets)	1,009,970.36	132,793.96	79,396.73	0.00	15,158.15	1,048,209.44	
112 Trust & Agency	0.00	16,029.56	0.00	0.00	16,029.56	0.00	
115 YMCA Maintenance Obligations	26,410.80	0.00	1,415.00	42,777.61	0.00	67,773.41	
125 TIF--Downtown	308,215.15	5,455.89	0.00	0.00	0.00	313,671.04	
126 TIF--East Hwy 92	0.00	0.00	0.00	0.00	0.00	0.00	
127 TIF--Hillcrest/Industrial Park	335,779.16	10,625.20	0.00	0.00	0.00	346,404.36	
141 Library Special Revenue	44,257.28	3,739.36	1,663.59	0.00	0.00	46,333.05	
142 Park & Rec Special Revenue	117,887.32	1,517.77	2,483.16	0.00	0.00	116,921.93	
160 Downtown Revolving Loan	105,556.85	0.00	0.00	0.00	0.00	105,556.85	
161 Downtown Business Inc Program	6,892.03	0.00	2,473.67	0.00	0.00	4,418.36	
177 Police Forfeiture	19,830.07	0.00	0.00	0.00	0.00	19,830.07	
190 Vehicle Reserve	85,779.45	0.00	4,257.14	1,666.67	0.00	83,188.98	
199 Police Retirement	106,235.69	163.86	0.00	0.00	1,041.67	105,357.88	
SPECIAL REVENUES SUB-TOTAL	**2,166,814.16**	**170,325.60**	**91,689.29**	**44,444.28**	**32,229.38**	**2,257,665.37**	
200 **DEBT SERVICE (SUB-TOTAL)**	**2,430,352.87**	**14,792.72**	**0.00**	**60,774.99**	**0.00**	**2,505,920.58**	
301 Capital Projects (General)	680,358.66	6,640.76	0.00	0.00	0.00	686,999.42	
321 Capital Projects (Streets)	-1,383,754.31	0.00	920,878.82	0.00	0.00	-2,304,633.13	
344 Community Athletic Facility	6,786.25	11.79	89.56	0.00	0.00	6,708.48	
353 Community ReDevelopment (D&D)	379.93	0.00	28.44	0.00	0.00	351.49	
CAPITAL PROJECTS SUB-TOTAL	**-696,229.47**	**6,652.55**	**920,996.82**	**0.00**	**0.00**	**-1,610,573.74**	
610 Sewer	200,107.16	0.00	132,894.99	140,600.00	34,901.03	172,911.14	
650 Stormwater Utility	355,720.32	17,024.64	0.00	0.00	5,158.33	367,586.63	
670 Recycling	69,352.10	17,886.37	15,452.20	0.00	1,441.67	70,344.60	
710 Sewer Capital Projects	911,903.22	231,402.40	18,879.31	0.00	239,483.33	884,942.98	
771 Sewer Reserve	114,238.70	0.00	0.00	0.00	0.00	114,238.70	
781 Sewer Plant Improvement	330,072.53	0.00	0.00	2,083.33	0.00	332,155.86	
791 Sewer Revenue Bonds	419,736.53	0.00	0.00	61,016.67	0.00	480,753.20	
820 Health Insurance	1,020,718.82	105,261.09	108,229.25	0.00	0.00	1,017,750.66	
830 Health Reimbursement Account	262,422.83	0.00	0.00	0.00	0.00	262,422.83	
840 Flex/STD	224,100.61	3,038.10	1,093.28	1,390.50	0.00	227,435.93	
850 Liability Insurance Reserve--City	36,704.85	57.49	258.21	0.00	0.00	36,504.13	
CITY UTILITY & IS SUB-TOTAL	**3,945,077.67**	**374,670.09**	**276,807.24**	**205,090.50**	**280,984.36**	**3,967,046.66**	
TOTAL CITY FUNDS	**10,827,641.63**	796,575.73	2,017,610.42	463,121.34	364,435.20	**9,705,293.08**	**53%**
TOTAL IMU FUNDS	**9,211,546.27**	1,364,381.42	1,922,156.54	175,941.68	274,627.82	**8,555,085.01**	**47%**
GRAND TOTAL CITY & IMU	**20,039,187.90**	2,160,957.15	3,939,766.96	639,063.02	639,063.02	**18,260,378.09**	
Cross Check Total						18,260,378.09	

Investments					
Bankers Trust	$	14,295,273.04	2.11%	Clerk's Balance	18,260,378.09
Iowa Public Agency Inv. Trust	$	111,112.18	0.010%		
Payroll Account, City State Bank	$	-	Earnings Credit	Plus Outstanding Checks	249,952.81
Checking Account, City State Bank	$	242,688.67	Earnings Credit	Unreconcilable Item	
Checking & Payroll Account, Community Bank	$	-		Less Outstanding Deposits	-20,936.25
Sweep Account, City State Bank	$	3,840,320.76	0.35%		
BANK BALANCE		**18,489,394.65**			**18,489,394.65**

600 Water	442,471.35	180,696.45	83,242.21	0.00	115,959.38	423,966.21
620 IMU Administration	79,393.89	0.00	67,398.54	84,375.00	30,053.47	66,316.88
625 Revolving Economic Development	104,007.45	161.00	0.00	0.00	0.00	104,168.45
626 USDA RLF	225,000.00	0.00	0.00	0.00	0.00	225,000.00
630 Electric	2,553,142.43	876,516.05	1,291,632.33	22,566.67	119,491.31	2,041,101.51
640 Fiber/Communications	299,616.06	24,200.61	22,173.08	0.00	9,123.66	292,519.93
700 Water Capital Projects	882,846.41	0.00	58,927.71	35,991.67	0.00	859,910.37
730 Electric Capital Projects	2,810,417.08	282,807.31	398,782.67	-58,333.33	0.00	2,636,108.39
740 Fiber/Comm Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00
770 Water Reserve	135,000.00	0.00	0.00	0.00	0.00	135,000.00
773 Electric Reserve	979,000.00	0.00	0.00	0.00	0.00	979,000.00
780 Water Capital Improvement	75,000.00	0.00	0.00	0.00	0.00	75,000.00
783 Electric Improvement	207,691.35	0.00	0.00	0.00	0.00	207,691.35
790 Water Revenue Bonds	25,464.68	0.00	0.00	23,150.00	0.00	48,614.68
793 Electric Revenue Bonds	432,750.06	0.00	0.00	68,191.67	0.00	500,941.73
855 Liability Insurance Reserve--IMU	-40,254.49	0.00	0.00	0.00	0.00	-40,254.49
IMU SUB-TOTAL	**9,211,546.27**	**1,364,381.42**	**1,922,156.54**	**175,941.68**	**274,627.82**	**8,555,085.01**

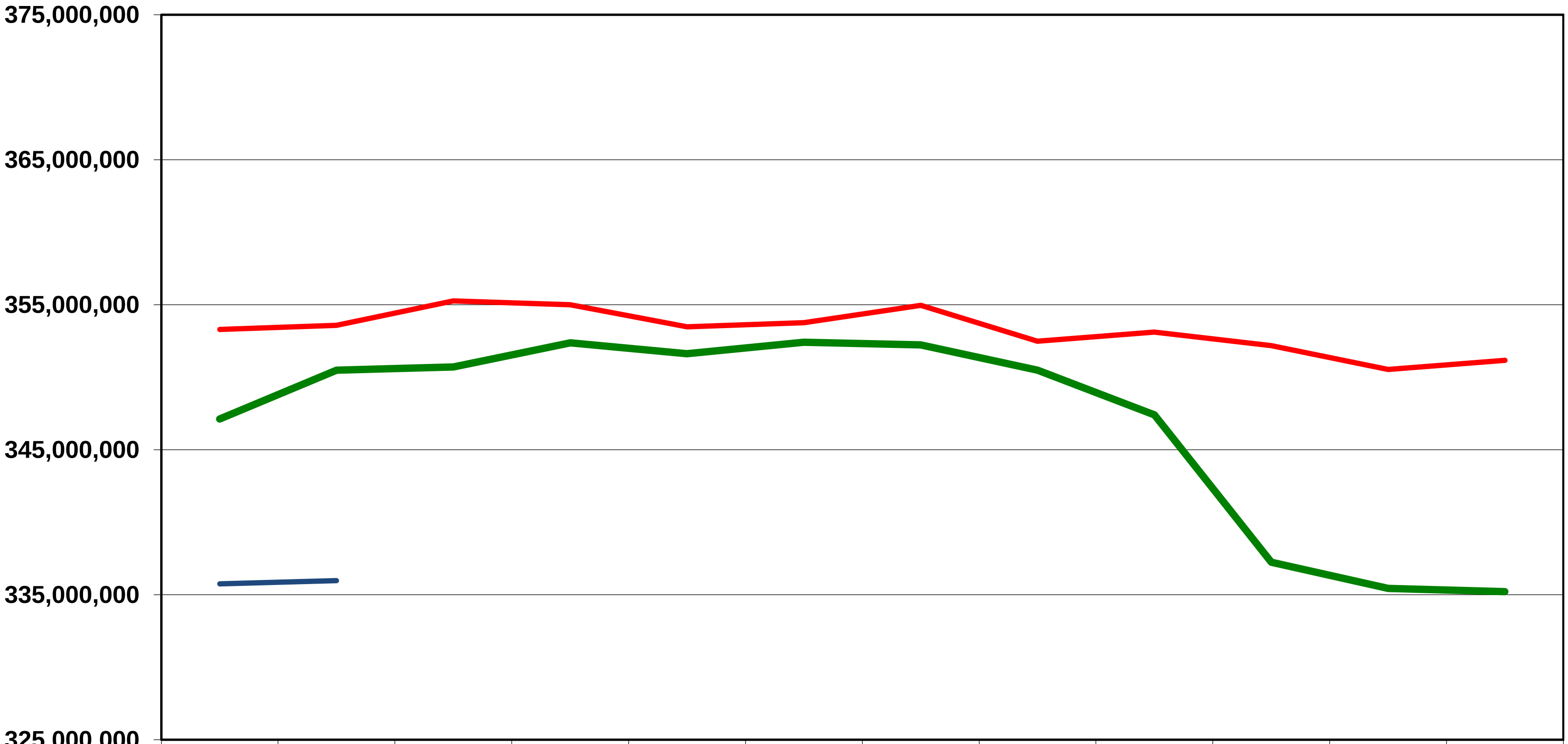
INTEREST DISTRIBUTION	**INTEREST INCOME**	**% OF TOTAL**	**CALYTD**	**FYTD**
Electric Funds	$ 10,768.34	37.46%	$ 10,768.34	$ 73,018.18
Water Funds	$ 2,325.65	8.09%	$ 2,325.65	$ 16,101.28
Sewer Funds	$ 2,561.36	8.91%	$ 2,561.36	$ 13,225.59
Police Retirement	$ 163.86	0.57%	$ 163.86	$ 920.81
Community Redevelopment	$ -	0.00%	$ -	$ 0.14
All other	$ 12,927.83	44.97%	$ 12,927.83	$ 81,717.50
TOTAL	$ 28,747.04	100.00%	$ 28,747.04	$ 184,983.50

KWH's Sold
(kWh's sold based on a rolling 12 month total)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011-13 EL Avg	118,924,568	119,235,471	119,735,749	120,120,599	120,080,918	120,478,361	120,676,474	120,158,492	119,509,568	119,614,448	119,770,576	120,256,408
2014	119,720,292	121,443,815	122,342,355	123,691,451	123,736,172	123,563,289	124,608,723	124,993,820	124,523,643	122,976,192	122,136,978	121,750,716
2015	122,395,950	122,376,363										

Gallons Sold
(Gallons sold based on a rolling 12 month total)



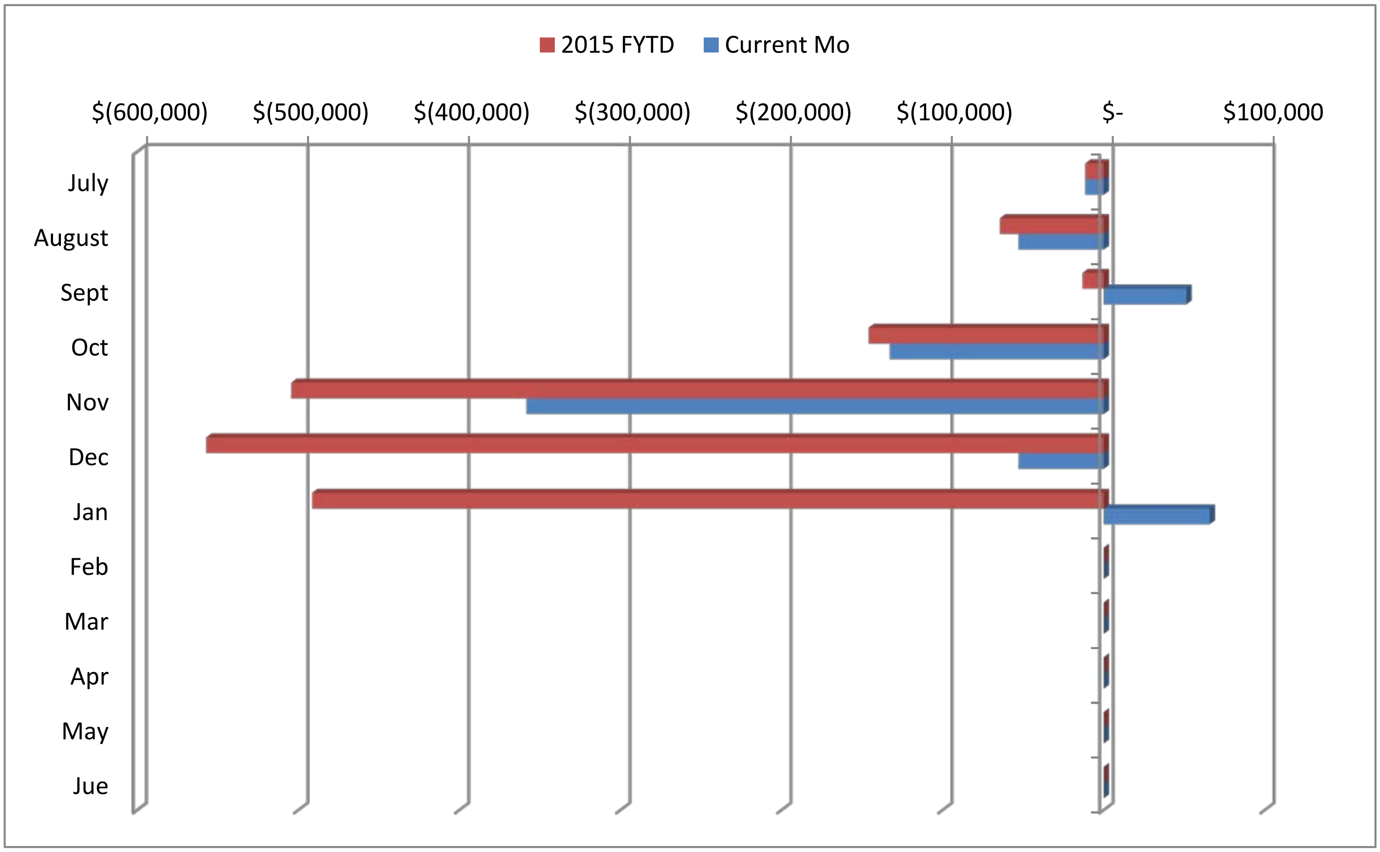
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011-13 WA Avg	353,286,500	353,585,613	355,262,170	354,990,367	353,467,567	353,758,810	354,945,533	352,488,900	353,105,840	352,175,773	350,528,957	351,157,697
2014	347,116,769	350,493,280	350,702,914	352,367,788	351,619,538	352,415,905	352,218,550	350,478,950	347,394,680	337,247,260	335,441,120	335,212,610
2015	335,757,080	335,982,370										

2011-13 WA Avg 2014 2015

2015 January — IMU Financial Report Summary

		FYTD ACTUAL		FYTD BUD/RE-EST		VARIANCE
Electric Utility:						
Gross Margin	$	1,361,019	$	1,208,700	$	152,319
Cash-based Net Income (incl. Depr.)	$	(491,415)	$	(656,000)	$	164,585
Net O&M + Capital Funds Cash Flow	$	(373,854)	$	(566,400)	$	192,546
Ending O&M and Capital Fund Balances	$	4,677,210	$	4,484,600		
Less-						
Designated for Future Projects		210,000		-		
Reserve Targets		3,969,000		3,969,000		
Over/(Under)	$	498,210	$	515,600	$	(17,390)
Debt Service Coverage Ratio w/o PILOT		0.98		0.64		
Water Utility:						
Cash-based Net Income (incl. Depr.)	$	216,201	$	187,600	$	28,601
Net O&M + Capital Funds Cash Flow	$	(22,440)	$	(112,100)	$	89,660
Ending O&M and Capital Fund Balances	$	1,283,877	$	1,194,200		
Less-						
Designated for Future Projects		320,000		-		-
Reserve Targets		686,600		686,600		-
Over/(Under)	$	277,277	$	507,600	$	(230,323)
Debt Service Coverage Ratio w/o PILOT		1.42		1.35		
Communications Utility:						
Net Cash Flow	$	(40,751)	$	(97,200)	$	56,449
Ending Fund Balances	$	292,520	$	236,100	$	-
Less-						
Designated for Future Projects		-		-		-
Reserve Targets		157,200		157,200		-
Over/(Under)	$	135,320	$	78,900	$	56,420
Commercial Customers		97		132		-35
Residential Customers		269		290		-21
Administrative Fund:						
Net Cash Flow	$	66,317	$	44,000	$	19,242

EL - Combined		FYTD ACTUAL		FYTD BUD/RE-EST		VARIANCE
Revenue:						
Sales of Electricity & Peaking	$	7,406,721	$	7,583,300	$	(176,579)
Sales Taxes	$	131,161		165,400		(34,239)
Other	$	784,795		811,600		(26,805)
Total O&M Revenue	**$**	**8,322,677**		**8,560,300**		**(237,623)**
Expenditures:						
Purchased Energy & Fuel	$	5,709,060	$	6,038,000	$	(328,940)
Salaries	$	518,278		507,900		10,378
Benefits	$	246,942		262,700		(15,758)
Materials, Suppl. & Contracts	$	354,387		314,000		40,387
Sales Taxes & Use Taxes	$	135,650		168,500		(32,850)
PILOT	$	336,642		336,600		42
Debt Service - Interest Only	$	162,342		162,300		42
Overhead, Admin & EE	$	644,755		699,700		(54,945)
Depreciation (Est)	$	798,200		798,200		-
Total O&M Expenses	**$**	**8,906,256**		**9,287,900**		**(381,644)**
Net Income (Operating & Other)	**$**	**(583,579)**		**(727,600)**		**144,021**
Capital Activities:						
Major Maintenance via Capital Fund	$	(37,374)	$	(68,800)	$	31,426
Capital Contributions (Fiber)	$	116,870		116,100		770
Capital Contributions (Electric)	$	12,667		24,300		(11,633)
Net Income	**$**	**(491,415)**		**(656,000)**		**164,585**
Cash Flow:						
Net Income + Depreciation	$	306,785	$	142,200	$	164,585
Water Loan Principal	$	133,467		133,500		(33)
Debt Service Principal	$	(315,000)		(315,000)		-
Debt Service Reserve Change	$	-		-		-
Capital Contributions (Developers)	$	1,570,942		72,900		1,498,042
Proceeds from Debt Issues	$	-		-		-
Capital Projects	$	(2,070,048)		(600,000)		(1,470,048)
Designated for Future Projects	$	-		-		-
Net Cash Flow	**$**	**(373,854)**	**$**	**(566,400)**	**$**	**192,546**



	2015 FYTD	Current Mo	2014 FYTD*	Current Mo*
July	$ (11,428)	$ (11,428)	$ (104,177)	$ (104,177)
August	$ (64,417)	$ (52,989)	$ (29,431)	$ 74,745
Sept	$ (13,170)	$ 51,247	$ 126,633	$ 156,064
Oct	$ (146,012)	$ (132,842)	$ 252,324	$ 125,691
Nov	$ (504,384)	$ (358,372)	$ (84,706)	$ (337,030)
Dec	$ (557,190)	$ (52,806)	$ (44,691)	$ 40,015
Jan	$ (491,415)	$ 65,775	$ (124,895)	$ (80,204)
Feb	$ -	$ -	$ (27,272)	$ 97,623
Mar	$ -	$ -	$ (48,555)	$ (21,283)
Apr	$ -	$ -	$ 83,249	$ 131,804
May	$ -	$ -	$ 91,881	$ 8,633
Jue	$ -	$ -	$ 190,770	$ 98,889

*Tracking purposes only

630 - EL O&M Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Sales of Electricity & Peaking	$ 7,406,721	$ 7,583,300	$ (176,579)
Sales Taxes	$ 131,161	165,400	(34,239)
Other	$ 310,956	301,600	9,356
Fund Revenue	**$ 7,848,838**	**$ 8,050,300**	**$ (201,462)**
Expenditures:			
Purchased Energy & Fuel	$ 5,709,060	$ 6,038,000	$ (328,940)
Salaries	$ 518,278	507,900	10,378
Benefits	$ 246,942	262,700	(15,758)
Materials, Suppl. & Contracts	$ 354,387	314,000	40,387
Sales Taxes & Use Taxes	$ 135,650	168,500	(32,850)
PILOT	$ 336,642	336,600	42
Debt Service	$ 477,342	477,300	42
Overhead, Admin & EE	$ 644,755	699,700	(54,945)
Fund Expenditures	**$ 8,423,056**	**$ 8,804,700**	**$ (381,644)**
O&M Activities Cash Flow:	**$ (574,218)**	**$ (754,400)**	**$ 180,182**
Capital Fund Transfer (Out) In	$ 541,800	$ 541,800	$ (0)
O&M Fund Cash Flow:	**$ (32,418)**	**$ (212,600)**	**$ 180,182**
Ending Fund Balances:	**$ 2,041,101**	**$ 1,860,900**	
17% Reserve Target	**$ 2,118,600**	**$ 2,118,600**	
Over/Under Reserve Target	**$ (77,499)**	**$ (257,700)**	**$ 180,201**

730 - EL CAP Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Capital Contributions (Fiber)	$ 116,870	$ 116,100	$ 770
Capital Contributions (Electric)	$ 50,670	97,200	(46,530)
Capital Contributions (Reimb)	$ 1,532,939	-	1,532,939
Water Loan Principal	$ 133,467	133,500	(33)
Proceeds from Debt	$ -	-	-
Other	$ 473,840	510,000	(36,160)
Fund Revenue	**$ 2,307,786**	**$ 856,800**	**$ 1,450,986**
Expenditures:			
Major Maintenance (Est.)	$ 37,374	$ 68,800	$ (31,426)
Vehicles	$ -	200,000	(200,000)
Relocations & Conversions	$ 1,840,859	128,600	1,712,259
New Developments & Line Repl	$ 41,460	80,500	(39,040)
Network Services	$ 151,701	197,100	(45,399)
Other/Stock (Out) In	$ 36,027	(6,200)	42,227
Fund Expenditures	**$ 2,107,422**	**$ 668,800**	**$ 1,438,622**
Capital Activities Cash Flow:			
Capital Fund Transfer (Out) In	$ (541,800)	$ (541,800)	$ 0
Designated for Future Projects	$ -	-	-
Capital Fund Cash Flow:	**$ (341,436)**	**$ (353,800)**	**$ 12,364**
Ending Fund Balances:	**$ 2,636,108**	**$ 2,623,700**	
Reserve Target	**$ 1,850,400**	**$ 1,850,400**	
Designated for Future Projects	**$ 210,000**		
Over/Under Reserve Target	**$ 575,708**	**$ 773,300**	**$ (197,592)**

WA - Combined		FYTD ACTUAL		FYTD BUD/RE-EST		VARIANCE
Revenue:						
Sales of Water	$	1,303,697	$	1,318,900	$	(15,203)
Sales Taxes	$	68,899		79,100		(10,201)
Other	$	98,591		82,300		16,291
Total O&M Revenue	**$**	**1,471,187**	**$**	**1,480,300**	**$**	**(9,113)**
Expenditures:						
Salaries	$	240,978	$	249,600	$	(8,622)
Benefits	$	99,184		117,700		(18,516)
Materials, Suppl. & Contracts	$	210,908		209,100		1,808
Sales Taxes & Use Taxes	$	70,599		82,500		(11,901)
PILOT	$	39,842		39,800		42
Debt Service - Interest Only	$	39,242		39,300		(58)
Overhead, Admin & EE	$	135,141		132,900		2,241
Depreciation (Est)	$	341,300		341,300		-
Total O&M Expenses	**$**	**1,177,193**	**$**	**1,212,200**	**$**	**(35,007)**
Net Income (Operating & Other)	**$**	**293,994**	**$**	**268,100**	**$**	**25,894**
Capital Activities:						
Major Maintenance via Capital Fund	$	(77,793)	$	(80,500)	$	2,707
Net Income	**$**	**216,201**	**$**	**187,600**	**$**	**28,601**
Cash Flow:						
Net Income + Depreciation	$	557,501	$	528,900	$	28,601
Debt Service Principal	$	(381,400)		(381,400)		-
Sale of Land - Payment	$	20,000		20,000		-
Debt Service Reserve Change	$	-		-		-
Capital Projects	$	(218,542)		(279,600)		61,058
Designated for Future Projects	$	-		-		-
Net Cash Flow	**$**	**(22,440)**	**$**	**(112,100)**	**$**	**89,660**

600 - WA O&M Fund		FYTD ACTUAL		FYTD BUD/RE-EST		VARIANCE
Revenue:						
Sales of Water	$	1,303,697	$	1,318,900	$	(15,203)
Sales Taxes	$	68,899		79,100		(10,201)
Other	$	98,591		82,300		16,291
Fund Revenue	**$**	**1,471,187**	**$**	**1,480,300**	**$**	**(9,113)**
Expenditures:						
Salaries	$	240,978	$	249,600	$	(8,622)
Benefits	$	99,184		117,700		(18,516)
Materials, Suppl. & Contracts	$	210,908		209,100		1,808
Sales Taxes & Use Taxes	$	70,599		82,500		(11,901)
PILOT	$	39,842		39,800		42
Debt Service	$	420,642		420,700		(58)
Overhead & Admin	$	135,141		132,900		2,241
Fund Expenditures	**$**	**1,217,293**	**$**	**1,252,300**	**$**	**(35,007)**
O&M Activities Cash Flow:	**$**	**253,894**	**$**	**228,000**	**$**	**25,894**
Capital Fund Transfer (Out) In	$	(251,942)	$	(251,900)	$	(42)
Debt Service Reserve Change	$	-		-		-
O&M Fund Cash Flow:	**$**	**1,952**	**$**	**(23,900)**	**$**	**25,852**
Ending Fund Balances:	**$**	**423,966**	**$**	**398,100**		
17% Reserve Target	**$**	**205,800**	**$**	**205,800**		
Over/Under Reserve Target	**$**	**218,166**	**$**	**192,300**	**$**	**25,866**

700 - WA CAP Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Proceeds from Debt	$ -	$ -	$ -
Other (Sale of Land)	$ 20,000	20,000	-
Fund Revenue	**$ 20,000**	**$ 20,000**	**$ -**
Expenditures:			
Major Maintenance (Est.)	$ 77,793	$ 80,500	$ (2,707)
Vehicles	$ 725	23,300	(22,575)
Water Towers	$ -	-	-
Plant	$ 121,412	200,000	(78,588)
Water Mains	$ 98,905	56,300	42,605
Other	$ (2,500)	-	(2,500)
Fund Expenditures	**$ 296,334**	**$ 360,100**	**$ (63,766)**
Capital Activities Cash Flow:			
Capital Fund Transfer (Out) In	$ 251,942	$ 251,900	$ 42
Designated for Future Projects	$ -	-	-
Capital Fund Cash Flow:	**$ (24,393)**	**$ (88,200)**	**$ 63,807**
Ending Fund Balances:	**$ 859,910**	**$ 796,100**	**$ 63,810**
Reserve Target	**$ 480,800**	**$ 480,800**	**$ -**
Designated for Future Projects	**$ 320,000**	**-**	**320,000**
Over/Under Reserve Target	**$ 59,110**	**$ 315,300**	**$ (256,190)**

640 - NS O&M Fund

	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Fiber License Payments	$ 155,289	$ 178,700	$ (23,411)
Other	$ 11,836	2,900	8,936
Fund Revenue	**$ 167,126**	**$ 181,600**	**$ (14,474)**
Expenditures:			
Salaries	$ 6,727	$ 6,500	$ 227
Benefits	$ 1,099	1,100	(1)
Materials, Suppl. & Contracts	$ 120,844	213,200	(92,356)
Overhead, Admin & EE	$ 79,208	58,000	21,208
Fund Expenditures	**$ 207,877**	**$ 278,800**	**$ (70,923)**
O&M Activities Cash Flow:	**$ (40,751)**	**$ (97,200)**	**$ 56,449**
Electric CIAC (Out) In	$ -	$ -	$ -
O&M Fund Cash Flow:	**$ (40,751)**	**$ (97,200)**	**$ 56,449**
Ending Fund Balances:	**$ 292,520**	**$ 236,100**	
FY Ending Balance Target	**$ 157,200**	**$ 157,200**	
Designated for Future Projects	**$ -**	**-**	
Over/Under Reserve Target	**$ 135,320**	**$ 78,900**	**$ 56,420**

620 - ADM O&M Fund		FYTD ACTUAL		FYTD BUD/RE-EST		VARIANCE
Revenue:						
IMU Transfers In	$	663,000	$	660,300	$	2,700
City Transfers In	$	10,500		10,500		-
Refund/Reimbursement	$	3,074		-		-
Fund Revenue	**$**	**676,574**	**$**	**670,800**	**$**	**2,700**
Expenditures:						
Salaries	$	194,483	$	195,200	$	(717)
Benefits	$	88,359		99,100		(10,741)
Materials, Suppl. & Contracts	$	113,938		119,800		(5,862)
Overhead, Admin, Shared Staff	$	213,477		212,700		777
Fund Expenditures	**$**	**610,258**	**$**	**626,800**	**$**	**(16,542)**
O&M Fund Cash Flow:	**$**	**66,317**	**$**	**44,000**	**$**	**19,242**