



CITY OF WATERLOO, IOWA

CITY CLERK AND FINANCE DEPARTMENT

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SUZY SCHARES • City Clerk MICHELLE WEIDNER, CPA • Chief Financial Officer

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Council Communication

City Council Meeting: September 21, 2020

Prepared: September 16, 2020

Dept. Head Signature: Michelle Weidner

Number of Attachments: 1

SUBJECT: General Obligation Bonds Arbitrage Testing Results

Submitted by: Michelle Weidner, Chief Financial Officer

Recommended City Council Action: I recommend that the City Council accept and place on file the arbitrage test results reflecting that no payment is due to the Internal Revenue Service for the general obligation bonds Series 2015A.

Summary Statement: The report indicates that no arbitrage rebate or penalty is due to the Internal Revenue Service at this time.

Expenditure Required: None

Source of Funds: N/A

Policy Issue: Arbitrage testing is required in order to maintain the tax-exempt status of the City's bond issues.

Alternative: None

Background Information: We received positive information in that the City does not owe any arbitrage rebate or penalty to the Internal Revenue Service for these issues. The tax-exempt status of the issues is maintained, therefore protecting the City from potential liability from any bondholders. Internal Revenue Service regulations require that the City make periodic determinations that no arbitrage rebate or penalty is owed to the Internal Revenue Service when tax-exempt bonds are issued. This testing is required at each 5-year interval that bond proceeds are unspent and also once the proceeds are completely spent.