MUSCATINE

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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: April 14, 2012

Re: Resolution taking additional action on General Obligation Refunding Loan Agreement, Combining Loan Agreements, setting date for the sale of General Obligation Corporate Purpose and Refunding Bonds, Series 2012, authorizing the use of a preliminary official statement in connection therewith, and authorizing call of outstanding Bonds

Introduction and Background:

The City Council has previously taken action to approve the $4.5 million bond issue to be dated June 1, 2012 to finance various City capital projects which have been completed since the last bond issue as well as projects currently underway. As part of the preparation for the bond sale, PFM, the City's financial consultant, completed an analysis of the City's outstanding bond issues to determine if there would be financial benefits for refunding any of the current debt. Only the 2003 bond issue is currently callable with one payment remaining after the current year's payment. The final payment on the 2003 bonds is due June 1, 2013 with a principal payment of $215,000 and interest due during the 2012/2013 fiscal year of $6,450 (at 3%).

It is proposed that the City take action to call the final year of the 2003 issue and incorporate this action with the upcoming $4.5 million issue. This would result in increasing the June 1, 2012 issue by $215,000 to $4,715,000. The $215,000 increase in the issue would be added to the bond principal scheduled to be paid on June 1, 2013. Since the estimated interest rate for the first year of the new issue is .78% (compared to 3% for the original 2003 issue), this results in a savings of approximately $4,800 in interest costs to the City. At the April 5, 2012 meeting City Council approved the resolution setting a public hearing on increasing the June 1, 2012 bond issue for the amount of the refunding. That hearing will be held at the April 19 meeting.

Recommendation:

After the public hearing on the refunding of the remaining year of the 2003A issue is held, City Council will consider the attached resolution which takes the additional actions needed prior to the sale of the $4,715,000 in general obligation bonds on May 3, 2012. These actions include (1) Authorizing the call of the $215,000 in general obligation bonds from the 2003A bond issue; (2) Approving the Refunding Loan agreement in the principal amount not to exceed $230,000; (3) Combining the Refunding Loan agreement with the previously approved $4,050,000 Essential Corporate Purpose Loan agreement and the $450,000 General Corporate Purpose Loan agreement; (4) Setting the date for the sale of $4,715,000 in General

Obligation Corporate Purpose and Refunding Bonds Series 2012 for May 3, 2012; (5) Approving the Preliminary Offering Statement for this issue; and (6) various other provisions related to the bond sale. The Preliminary Offering Statement will be forwarded to City Council as soon as it is available from PFM, the City's Financial Advisor.

Please include this resolution on the agenda for the April 19, 2012 meeting. If you have any questions or need additional information, please contact me.

RESOLUTION NO. _____

Resolution taking additional action on General Obligation Refunding Loan Agreement, Combining Loan Agreements, setting date for the sale of General Obligation Corporate Purpose and Refunding Bonds, Series 2012, authorizing the use of a preliminary official statement in connection therewith, and authorizing call of outstanding Bonds

WHEREAS, the City of Muscatine (the "City"), in the County of Muscatine, State of Iowa, previously issued its $1,780,000 General Obligation Corporate Purpose Bonds, Series 2003A, dated June 1, 2003 (the "2003A Bonds"), a portion of which currently remain outstanding maturing on such dates and in such amounts and bearing interest at such rates as follows:

Maturity Date (June 1)	Principal	Rate	Maturity Date (June 1)	Principal	Rate
2012	$210,000	3.00%	2013	$215,000	3.00%

; and

WHEREAS, pursuant to the resolution (the "2003A Issuance Resolution") authorizing the issuance of the 2003A Bonds, the City reserved the right to call the 2003A Bonds maturing in the years 2011 through 2013 (the "Callable 2003A Bonds") for early redemption on any date on or after June 1, 2010 subject to the provisions of the 2003A Issuance Resolution; and

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City has proposed to enter into a loan agreement (the "General Obligation Refunding Loan Agreement") in a principal amount not to exceed $230,000 for the purpose of paying the cost, to that extent, of current refunding the Callable 2003A Bonds, and has published notice of the proposed action and has held a hearing thereon on April 19, 2012; and.

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City has heretofore proposed to enter into a loan agreement (the "Essential Corporate Purpose Loan Agreement") in a principal amount not to exceed $4,050,000 for the essential corporate purposes of paying the costs, to that extent, of (1) constructing bridge, street and flood control improvements; (2) improving the municipal airport and related facilities; and (3) acquiring equipment for the municipal airport, and has published notice of the proposed action and has held a hearing thereon on March 1, 2012; and

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City has also proposed to enter into a loan agreement (the "General Corporate Purpose Loan Agreement") in a principal amount not to exceed $450,000 for the general corporate purpose of paying the cost, to that extent, of constructing, furnishing and equipping the South End Fire Station, and in lieu of calling an election upon such proposal, has published notice of the proposed action including notice of the right to petition for an election pursuant to the provisions of Section 384.26 of the Code of Iowa, and as of March 1, 2012, no petition had been filed with the City asking that the question of entering into the General Corporate Purpose Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, pursuant to Section 384.28 of the Code of Iowa and a resolution adopted by the City Council on March 1, 2012, the City Council has combined the Essential Corporate Purpose Loan Agreement and the General Corporate Purpose Loan Agreement into a single loan agreement (the "Corporate Purpose Loan Agreement") and has determined to enter into such Corporate Purpose Loan Agreement in the future; and

WHEREAS, pursuant to Section 384.28 of the Code of Iowa, the City Council intends to combine the Corporate Purpose Loan Agreement and the General Obligation Refunding Loan Agreement into a single loan agreement (the "Loan Agreement") and to issue General Obligation Corporate Purpose and Refunding Bonds (the "Bonds") in a principal amount not to exceed $4,730,000 in evidence of its obligations thereunder; and

WHEREAS, a Preliminary Official Statement (the "P.O.S.") has been prepared to facilitate the sale of $4,715,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2012 (the "Bonds") in evidence of the obligation of the City under the Loan Agreement, and it is now necessary to make provision for the approval of the P.O.S. and to authorize its use by Public Financial Management (the "Financial Advisor"); and

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

WHEREAS, it is now necessary to authorize the calling of the Callable 2003A Bonds for early redemption; and

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

Section 1. The City Council hereby determines to enter into the General Obligation Refunding Loan Agreement in the future and orders that bonds be issued at such time, in evidence thereof. The City Council further declares that this resolution constitutes the "additional action" required by Section 384.24A of the Code of Iowa.

Section 2. The Corporate Purpose Loan Agreement and the General Obligation Refunding Loan Agreement are hereby combined into the Loan Agreement.

Section 3. The City Finance Director is hereby authorized to take such action as shall be deemed necessary and appropriate with the assistance of the Financial Advisor to prepare the P.O.S. describing the Bonds and providing for the terms and conditions of their sale, and all action heretofore taken in this regard is hereby ratified and approved

Section 4. The use by the Financial Advisor of the P.O.S. relating to the Bonds in substantially the form as has been presented to and considered by the City is hereby approved, and the Financial Advisor is hereby authorized to prepare and use a final Official Statement for the Bonds substantially in the form of the P.O.S. but with such changes therein as are required to conform the same to the terms of the Bonds and the resolution, when adopted, providing for the sale and issuance of the Bonds, and the City Finance Director is hereby authorized and directed to execute a final Official Statement for the Bonds, if requested. The P.O.S. as of its date is deemed final by the City within the meaning of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

Section 5. The City Finance Director is hereby authorized to take such action as shall be deemed necessary and appropriate, with assistance from Dorsey & Whitney, LLP and the Financial Advisor, to set the date of May 3, 2012 as the date for the sale of the Bonds to be issued in evidence of the City's obligation under the Loan Agreement

Section 6. Pursuant to Section 75.14 of the Code of Iowa, the City Council hereby authorizes the Financial Advisor to use electronic bidding procedures for the sale of the Bonds through PARITY®, and hereby finds and determines that the PARITY® competitive bidding system will provide reasonable security and maintain the integrity of the competitive bidding process and will facilitate the delivery of bids by interested parties under the circumstances of this bond sale.

Section 7. Bankers Trust Company, Des Moines, Iowa, as Registrar and Paying Agent for the 2003A Bonds is hereby authorized to take all action necessary to call the Callable 2003A Bonds for early redemption on June 1, 2012 (the "Redemption Date"), and is further authorized and directed to give notice of such redemption by sending notice by electronic means or certified mail to each of the registered owners of the Callable 2003A Bonds to be redeemed at the addresses shown on the Board's registration books, not less than 30 and not more than 60 days prior to the Redemption Date.

Section 8. Further action with respect to the Loan Agreement and the Bonds is hereby adjourned to the City Council meeting on May 3, 2012.

Section 9. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved April 19, 2012.

____
Mayor

Attest:

____
City Clerk

STATE OF IOWA
COUNTY OF MUSCATINE SS:
CITY OF MUSCATINE

I, the undersigned, City Clerk of the City of Muscatine, do hereby certify that attached hereto is a true and correct copy of the proceedings of the City Council of the City relating to a public hearing on and fixing of a date for the sale of General Obligation Corporate Purpose and Refunding Bonds, Series 2012, and the approval of a preliminary official statement for the issuance of the Bonds, as referred to herein.

WITNESS MY HAND this _____ day of _____________, 2012.

____
City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2012

New & Refunding Issue **Rating: Application Made**

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

CITY OF MUSCATINE, IOWA

$4,715,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2012

BIDS RECEIVED: Thursday, May 3, 2012, 10:00 o'clock A.M., Central Time
AWARD: Thursday, May 3, 2012, 7:00 o'clock P.M., Central Time

Dated: Date of Delivery (June 1, 2012) **Minimum Bid:** $4,683,500
Principal Due: June 1, 2013-2022 **Good Faith Deposit:** Required of Purchaser Only

The $4,715,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2012 (the "Bonds") are being issued pursuant to Division III of Chapter 384 of the Code of Iowa and a resolution to be adopted by the City Council of the City of Muscatine, Iowa (the "City"). The Bonds are being issued to pay costs of constructing bridge, street and flood control improvements; improving the municipal airport and related facilities; acquiring equipment for the municipal airport; constructing, furnishing and equipping the South End Fire Station; and to current refund on June 1, 2012, $215,000 of the outstanding General Obligation Corporate Purpose Bonds, dated June 1, 2003 maturing 2013 (the "Refunded Bonds"). The purchaser of the Bonds agrees to enter into a loan agreement (the "Loan Agreement") with the City pursuant to authority contained in Section 384.24A of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement. The Bonds are general obligations of the City for which the City will pledge its power of levy direct ad valorem taxes to the repayment of the Bonds.

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

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

Year	Amount*	Year	Amount*
2013	$295,000	2018	$540,000
2014	295,000	2019	550,000
2015	390,000	2020	555,000
2016	410,000	2021	570,000
2017	530,000	2022	580,000

*** PRINCIPAL ADJUSTMENT:** Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds by such amount as may be necessary to implement the refunding of the Refunded Bonds. Such change will be in increments of $5,000 and will be made in the 2013 maturity. The purchase price will be adjusted proportionately to reflect any change in issue size.

REDEMPTION: Bonds due after June 1, 2020 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to the unqualified approving legal opinion of Dorsey & Whitney LLP, Bond Counsel, of Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery on or about June 1, 2012. This Preliminary Official Statement will be further supplemented by offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the City with respect to the Bonds, as defined in Rule 15c2-12.

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

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

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

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

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

REPRESENTATIONS

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

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

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

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

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City of Muscatine, Iowa

Mayor & City Council

DeWayne M. Hopkins	Mayor
Philip Fitzgerald	Council Member
Mark LeRette	Council Member
Tom Spread	Council Member
Bob Bynum	Council Member
Jeanette Phillips	Council Member
Scott Natvig	Council Member
Osama Shihadeh	Council Member

Administration

Gregg Mandsager, City Administrator
Nancy A. Lueck, Finance Director

City Attorney

Matthew Brick
Des Moines, Iowa

Bond Counsel

Dorsey & Whitney LLP
Des Moines, Iowa

Financial Advisor

Public Financial Management, Inc.
Des Moines, Iowa

TERMS OF OFFERING

CITY OF MUSCATINE, IOWA

Bids for the purchase of the $4,715,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2012 (the "Bonds") will be received on Thursday, May 3, 2012 until 10:00 o'clock A.M. Central Time after which time they will be tabulated. The City Council will consider award of the Bonds at 7:00 o'clock P.M. Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City's Financial Advisor at 515-243-2600. The following section sets forth the description of certain terms of the Bonds as well as the TERMS OF OFFERING with which all bidders and bid proposals are required to comply, as follows:

DETAILS OF THE BONDS

The Bonds, in the principal amount of $4,715,000*, will be dated the date of delivery (June 1, 2012), will be in the denomination of $5,000 or multiples thereof, and will mature on June 1 as follows:

Year	Amount*	Year	Amount*
2013	$295,000	2018	$540,000
2014	295,000	2019	550,000
2015	390,000	2020	555,000
2016	410,000	2021	570,000
2017	530,000	2022	580,000

* Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds by such amount as may be necessary to implement the refunding of the Refunded Bonds. Such change will be in increments of $5,000 and will be made in the 2013 maturity. The purchase price will be adjusted proportionately to reflect any change in issue size.

OPTIONAL REDEMPTION

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

INTEREST

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

GOOD FAITH DEPOSIT

A good faith deposit (the "Deposit") in the amount of $47,150 is required from the lowest bidder only. The lowest bidder is required to submit such Deposit payable to the order of the City in the form of either (i) a cashier's check provided to the City or its Financial Advisor prior to the opening of bids or (ii) a wire transfer as instructed by the City's Financial Advisor not later than 12:00 P.M. Central Time on the day of sale of the Bonds. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a Deposit and thereafter may award the sale of the Bonds to the same. No interest on a Deposit will accrue to the successful bidder (the "Purchaser"). The Deposit will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, the Deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the Bonds for a price not less than $4,683,500.00, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth under the RATES OF INTEREST section. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORM provided by the City. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (the "TIC") basis assuming compliance with the GOOD FAITH DEPOSIT section. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Financial Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Financial Advisor's computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

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

RATES OF INTEREST

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

1. Each annual maturity must bear a single rate of interest from the dated date of the Bonds to the date of maturity.

2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.

3. Each rate of interest specified for any annual maturity shall not be less than a rate of interest specified for any earlier maturity. Rates must be level or in ascending order.

RECEIPT OF BIDS

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

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

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Finance Director, City of Muscatine, 215 Sycamore Street, Muscatine, Iowa 52761 or at the office of the City's Financial Advisor, Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309.

Electronic Internet Bidding: Electronic internet bids will be received at the office of the Finance Director, City of Muscatine, 215 Sycamore Street, Muscatine, Iowa 52761 or at the office of the City's Financial Advisor, Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309. Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling (212) 404-8102.

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

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the Finance Director, City of Muscatine (facsimile number: 563-264-0750) or at the office of the City's Financial Advisor, Public Financial Management, Inc., (facsimile number: 515-243-6994). Electronic facsimile bids will be sealed and treated as sealed bids.

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

BOOK-ENTRY-ONLY ISSUANCE

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

MUNICIPAL BOND INSURANCE AT PURCHASER'S OPTION

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

DELIVERY

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

INFORMATION FROM PURCHASER

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

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a Final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an OFFICIAL BID FORM therefore, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 20 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to the Participating Underwriter. Any underwriter executing and delivering an OFFICIAL BID FORM with respect to the Bonds agrees thereby that if its bid is accepted by the City, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CONTINUING DISCLOSURE

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

CUSIP NUMBERS

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

BY ORDER OF THE CITY COUNCIL
Nancy Lueck, Finance Director
City of Muscatine
215 Sycamore St.
Muscatine, Iowa 52761

SCHEDULE OF BOND YEARS

$4,715,000*
CITY OF MUSCATINE, IOWA
General Obligation Corporate Purpose and Refunding Bonds, Series 2012

Bonds Dated: June 1, 2012
Interest Due: December 1, 2012 and each June 1 and December 1 to maturity
Principal Due: June 1, 2013-2022

Year	Principal *	Bond Years	Cumulative Bond Years
2013	$295,000	295.00	295.00
2014	295,000	590.00	885.00
2015	390,000	1,170.00	2,055.00
2016	410,000	1,640.00	3,695.00
2017	530,000	2,650.00	6,345.00
2018	540,000	3,240.00	9,585.00
2019	550,000	3,850.00	13,435.00
2020	555,000	4,440.00	17,875.00
2021	570,000	5,130.00	23,005.00
2022	580,000	5,800.00	28,805.00

Average Maturity (dated date): 6.109 Years

* Preliminary; subject to change.

OFFICIAL STATEMENT

CITY OF MUSCATINE, IOWA

$4,715,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2012

INTRODUCTION

This Preliminary Official Statement contains information relating to the City and its issuance of Bonds. This Preliminary Official Statement has been executed on behalf of the City and its Finance Director and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be made to Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 or by telephoning (515) 243-2600. Information can also be obtained from Ms. Nancy Lueck, Finance Director, City of Muscatine, 215 Sycamore Street, Muscatine, Iowa 52761, or by telephoning (563) 264-1550.

AUTHORITY AND PURPOSE

The Bonds are being issued by the City pursuant to Division III of Chapter 384 of the Code of Iowa and a resolution to be adopted by the City Council of the City. The Bonds are being issued to pay costs of constructing bridge, street and flood control improvements; improving the municipal airport and related facilities; acquiring equipment for the municipal airport; constructing, furnishing and equipping the South End Fire Station; and to current refund on June 1, 2012, $215,000 of the outstanding General Obligation Corporate Purpose Bonds, dated June 1, 2003 maturing 2013 (the "Series 2003 Bonds" or the "Refunded Bonds"). The purchaser of the Bonds agrees to enter into a loan agreement (the "Loan Agreement") with the City pursuant to authority contained in Section 384.24A of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement.

Name of Issue to be Refunded	Call Date	Call Price	Maturities to be Refunded	Principal Amount	Coupon
Series 2003 Bonds	June 1, 2012	100%	June 1, 2013	$215,000	3.000%

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

Sources of Funds	
Par Amount of the Bonds	$4,715,000.00 *
Uses of Funds	
Deposit to Project Fund	$4,425,000.00
Funds for Redemption of the Series 2003 Bonds	215,000.00
Estimated Underwriter's Discount	31,500.00
Estimated Cost of Issuance	43,500.00
Total Uses	$4,715,000.00 *

OPTIONAL REDEMPTION

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

* Preliminary; subject to change.

INTEREST

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

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the City and the unlimited taxing powers of the City are irrevocably pledged for their payment. Upon issuance of the Bonds, the City will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due on all the Bonds. If, however, the amount credited to the debt service fund for payment of the Bonds is insufficient to pay principal and interest, whether from transfers or from original levies, the City must use funds in its treasury and is required to levy ad valorem taxes upon all taxable property in the City without limit as to rate or amount sufficient to pay the debt service deficiency.

Nothing in the resolution authorizing the Bonds prohibits or limits the ability of the City to use legally available moneys other than the proceeds of the general ad valorem property taxes levied as described in the preceding paragraph to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the City may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds.

The City's obligation to pay the principal of and interest on the Bonds is on a parity with the City's obligation to pay the principal of and interest on any other of its general obligation debt secured by a covenant to levy taxes within the City, including any such debt issued or incurred after the issuance of the Bonds. The resolution authorizing the Bonds does not restrict the City's ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Bonds. For a further description of the City's outstanding general obligation debt upon issuance of the Bonds and the annual debt service on the Bonds, see DIRECT DEBT under CITY INDEBTEDNESS herein. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see DEBT LIMIT under CITY INDEBTEDNESS herein.

BOOK-ENTRY-ONLY ISSUANCE

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the

Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede &

Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FUTURE FINANCING

The City anticipates no additional borrowings within 90 days of the date of this Preliminary Official Statement.

LITIGATION

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

DEBT PAYMENT HISTORY

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

LEGAL MATTERS

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

The legal opinion will express the professional judgment of Bond Counsel and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

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

TAX EXEMPTION AND RELATED CONSIDERATIONS

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

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

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of such bonds should consult with their tax advisors as to such matters.

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

Tax Accounting Treatment of Discount and Premium on Certain Bonds: The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of Discount Bonds (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount allocable to the holding period of such Discount Bonds by the initial purchaser will, upon the disposition of such Discount Bonds (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "TAX EXEMPTION AND RELATED CONSIDERATIONS". Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of Discount Bonds, taking into account the semi-annual compounding of accrued interest, at the yield to maturity on such Discount Bonds and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of Discount Bonds by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bonds in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bonds were held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount of such Bonds at maturity. An amount equal to the difference between the initial public offering price of Premium Bonds (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of Premium Bonds in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of Premium Bonds. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Information Reporting and Back-up Withholding: In general, information reporting requirements will apply with respect to payments to an owner of principal and interest (and with respect to annual accruals of original issue discount) on the Bonds and with respect to payments to an owner of any proceeds from a disposition of the Bonds. This information reporting obligation, however, does not apply with respect to certain owners including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that an owner subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the Service that it has failed to properly report payments of interest and dividends, a backup withholding tax (currently at a rate of

28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the owner on or with respect to the Bonds.

Any amounts withheld under the backup withholding provisions may be credited against the United States federal income tax liability of the beneficial owner, and may entitle the beneficial owner to a refund, provided that the required information is furnished to the Service.

Disclaimer Regarding Federal Tax Discussion: The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership, and disposition of the Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

State Tax Considerations: In addition to the federal income tax consequences described above, potential investors should consider the state income tax consequences of the acquisition, ownership, and disposition of the Bonds. State income tax law may differ substantially from the corresponding federal law, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to the various state tax consequences of an investment in Bonds.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. One such proposal is the American Jobs Act of 2011 (S.1549) (the "Jobs Bill") which was introduced in the Senate on September 13, 2011 at the request of the President. If enacted in its current form, the Jobs Bill could adversely impact the marketability and market value of the Bonds and prevent certain bondholders (depending on the financial and tax circumstances of the particular bondholder) from realizing the full benefit of the tax exemption of interest on the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

RATING

The City has requested a rating on the Bonds from Moody's Investors Service, Inc. ("Moody's"). Moody's currently rates the City's general obligation long-term debt 'Aa2'. The existing rating on long-term debt reflects only the view of the rating agency and any explanation of the significance of such rating may only be obtained from Moody's. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of the rating may have an effect on the market price of the Bonds.

FINANCIAL ADVISOR

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

CONTINUING DISCLOSURE

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

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

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City of Muscatine, Iowa, by Public Financial Management, Inc., Des Moines, Iowa, and said Preliminary Official Statement does not contain any material misstatements of fact, nor omission of any material fact regarding the issuance of $4,715,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2012.

CITY OF MUSCATINE, IOWA
/s/ Nancy Lueck, Finance Director

* Preliminary; subject to change.

CITY PROPERTY VALUES

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs the county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The 2010 final Actual Values were adjusted by the Muscatine County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 4% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

HISTORICAL ROLLBACK PERCENTAGES

Fiscal Year	Agricultural Land & Buildings	Residential	Commercial & Railroad	Industrial & Utilities
2008-09	90.1023%	44.0803%	99.7312%	100.0000%
2009-10	93.8568%	45.5893%	100.0000%	100.0000%
2010-11	66.2715%	46.9094%	100.0000%	100.0000%
2011-12	69.0152%	48.5299%	100.0000%	100.0000%
2012-13	57.5411%	50.7518%	100.0000%	100.0000%

1/1/2010 VALUATIONS (Taxes payable July 1, 2011 to June 30, 2012)

	100% Actual Value	Taxable Value (With Rollback)
Residential	$821,138,369	$397,168,357
Commercial	235,275,621	235,275,621
Industrial	118,497,883	118,497,883
Railroad	748,112	748,112
Utilities w/o Gas & Electric	6,591,170	6,591,170
Gross valuation	$1,182,251,155	$758,281,143
Less Military Exemption	(2,071,462)	(2,070,643) [2]
Net valuation	$1,180,179,693	$756,210,500
TIF increment (used to compute debt service levies and constitutional debt limit)	$22,448,812 [1]	$22,447,993 [1]
Taxed separately		
Ag. Land & Buildings	$1,514,999	$906,007
Gas & Electric Utilities	$8,719,393	$3,492,374

[1] Excludes $450,451 of TIF Increment Ag. Land & Building valuation.
[2] Reduced by $819 of TIF Increment Military Exemption.

Trend of Valuations

Assessment Year	Payable Fiscal Year	100% Actual Valuation		Net Taxable Valuation		Taxable TIF Increment	
		Valuation	% Change	Valuation	% Change	Valuation	% Change
2007	2008-09	$1,162,033,783	4.71%	$703,280,909	4.68%	$19,038,747	(30.17%)
2008	2009-10	1,186,521,058	2.11%	729,786,340	3.77%	21,885,769	14.95%
2009	2010-11	1,193,428,431	0.58%	740,436,638	1.46%	21,620,691	(1.21%)
2010	2011-12	1,213,313,348	1.67%	759,702,874	2.60%	22,447,993	3.83%
2011 [1)]	2012-13	1,220,460,654	0.59%	781,443,576	2.86%	23,452,229	4.47%

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

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

2010 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY [1)]

	1/1/2010 Taxable Valuation	Percent Total
Residential	$397,168,357	52.14%
Commercial, Industrial and all Utilities	363,857,048	47.76%
Railroad	748,112	0.10%
Total Gross Taxable Valuation	$761,773,517	100.00%

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

LARGER TAXPAYERS

The larger taxpayers listed below represent approximately 18.47% of the City's total 1/1/2010 Taxable Valuation of $783,507,325 [1)].

Taxpayer [2)]	Type of Property/Business	1/1/2010 Taxable Valuation [3)]
Grain Processing Corp.	Manufacturing/Corn Products	$39,186,620
HNI Corporation	Manufacturing/Furniture	30,863,270
H.J. Heinz Company LP	Food Processors	11,760,240
Wal-Mart Real Estate Business	Commercial/Retail	10,202,870
Warehouse Distributing , LLC	Commercial Storage	10,166,440
Menard Inc.	Commercial/Retail	9,704,700
Bridgestone Bandag LLC	Commercial/Retail	8,552,610
Cobblestone Apartments	Commercial	8,164,440
Interstate Power & Light Co.	Utility	8,160,715
Riverbend Leasing LLC	Comm./Industrial Rent/Leasing	7,915,050

1) Includes Taxable TIF Increment, TIF Increment Ag Land & Building, and regular Ag. Land & Buildings valuation.
2) This list represents some of the larger taxpayers in the City, not necessarily the ten largest taxpayers.
3) The 1/1/2010 Taxable Valuation listed represents only those valuations associated with the title holder and may not necessarily represent the entire taxable valuation.

Source: Muscatine County Auditor's Office.

LEGISLATION

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on the future tax collections of the City. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation debt: "The governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding the applicable period of time specified in section 76.1. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full." Iowa Code section 76.1 provides that the annual levy shall be sufficient to pay the interest and approximately such portion of the principal of the bonds as will retire them in a period not exceeding twenty years from the date of issue, except for certain bonds issued for disaster purposes and bonds issued to refund or refinance bonds issued for such disaster purposes which may mature and be retired in a period not exceeding thirty years from date of issue.

CITY INDEBTEDNESS

DEBT LIMIT

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

2010 Actual Valuation of Property	$1,215,384,810
Less: Military Exemption	(2,071,462)
Subtotal	$1,213,313,348
Legal Debt Limit of 5%	0.05
Legal Debt Limit	$60,665,667
Less: G.O. Debt Subject to Debt Limit	(18,705,000)*
Less: Urban Renewal Revenue Debt Subject to Debt Limit	(1,140,000)
Less: Developer Rebate Agreements	(12,532,659)
Net Debt Limit	$28,288,008

DIRECT DEBT

General Obligation Debt Paid by Taxes (Includes the Bonds)

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 5/3/12 [1]
6/03	$1,780,000	Public Improvements	6/12	$0 [2]
6/06	2,990,000	Public Improvements	6/16	1,435,000
6/08A	5,120,000	Public Improvements	6/18	3,760,000
5/08B	6,560,800	Refunding	6/14	1,575,000
6/10	5,890,000	Public Improvements	6/20	5,765,000
6/12	4,715,000*	Improvements & Refunding	6/22	4,715,000 *
Total General Obligation Debt Subject to Debt Limit:				$17,250,000 *

[1] Excludes the June 1, 2012 payments.
[2] The 2013 maturity will be refunded by the Bonds on June 1, 2012.

General Obligation Debt Paid by Tax Increment Revenue

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 5/3/12 [1]
6/14	$1,535,000	Public Improvements	6/20	$1,455,000

[1] Excludes the June 1, 2012 payments.

Total General Obligation Debt Subject to Limit	**$18,705,000***

* Preliminary; subject to change.

Urban Renewal Revenue Bonds

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 5/3/12 [1]
6/04	$1,885,000	TIF Revenue	6/21	$1,140,000

[1] Excludes the June 1, 2012 payments.

Total Urban Renewal Revenue Debt Subject to Limit	**$1,140,000**

Annual Fiscal Year Debt Service Payments

General Obligation Debt Paid by Taxes (Includes the Bonds) [1]

	Current Outstanding Debt		The Bonds		Total Outstanding	
Fiscal Year	Principal	Principal & Interest	Principal*	Principal & Interest*	Principal*	Principal & Interest*
2012-13	$1,845,000	$2,249,218	$295,000	$372,266	$2,140,000	$2,831,109
2013-14	1,900,000	2,243,068	295,000	369,965	2,195,000	2,613,033
2014-15	1,715,000	1,996,230	390,000	462,428	2,105,000	2,458,658
2015-16	1,800,000	2,027,063	410,000	478,450	2,210,000	2,505,513
2016-17	1,520,000	1,686,163	530,000	593,858	2,050,000	2,280,021
2017-18	1,565,000	1,682,338	540,000	597,074	2,105,000	2,279,412
2018-19	1,100,000	1,167,063	550,000	598,704	1,650,000	1,765,767
2019-20	1,090,000	1,124,063	555,000	593,749	1,645,000	1,717,812
2020-21			570,000	597,205	570,000	597,205
2021-22			580,000	594,152	580,000	594,152
	$12,535,000		$4,715,000*		$17,250,000*	

[1] Excludes the June 1, 2012 payments.

* Preliminary; subject to change.

General Obligation Debt Paid by Tax Increment Revenue [1]

	Outstanding Debt	
Fiscal Year	Principal	Principal & Interest
2012-13	$170,000	$209,625
2013-14	170,000	206,225
2014-15	175,000	207,825
2015-16	180,000	208,450
2016-17	180,000	203,050
2017-18	185,000	202,650
2018-19	195,000	207,100
2019-20	200,000	206,250
	$1,455,000	

[1] Excludes the June 1, 2012 payment.

Urban Renewal Revenue Debt Paid by Tax Increment Revenue [1)]

Fiscal Year	Outstanding Debt Principal	Principal & Interest
2012-13	$105,000	$166,308
2013-14	110,000	166,320
2014-15	115,000	165,930
2015-16	120,000	165,065
2016-17	125,000	163,705
2017-18	130,000	161,955
2018-19	140,000	164,805
2019-20	145,000	161,965
2020-21	150,000	158,700
	$1,140,000	

1) Excludes the June 1, 2012 payment.

REVENUE DEBT

The City has revenue debt outstanding payable solely from the net revenues of the sewer utility as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 5/3/12
11/08	$16,500,000	Sewer Improvements (SRF)	6/32	$15,433,000 [1)]

1) Excludes the June 1, 2012 payment.

OVERLAPPING DEBT

Taxing District	1/1/2010 Taxable Valuation [1)]	Valuation within the City	Percent In City	G. O. Debt [2) 3)]	City's Proportionate Share
Muscatine County	$1,763,310,968	$783,507,325	44.43%	$9,695,000	$4,307,489
Muscatine CSD	1,192,778,677	760,354,764 [4)]	63.75%	0	0
Louisa-Muscatine CSD	240,550,513	23,152,561 [5)]	9.62%	0	0
Eastern Iowa Comm. College	12,640,337,235	783,507,325	6.20%	59,280,000	3,675,360
City's share of total overlapping debt					$7,982,849

1) Includes Ag. Land, Ag. Buildings, all utilities and Taxable TIF Increment.
2) Includes general obligation bonds, PPEL notes, certificates of participation and new jobs training certificates.
3) Excludes June 1, 2012 principal payments.
4) Includes $344,391 of Ag Land and Ag Buildings TIF Increment valuation.
5) Includes $106,060 of Ag Land and Ag Buildings TIF Increment valuation.

FINANCIAL SUMMARY

Debt Ratios

	G.O. Debt	Debt/Actual Market Value ($1,213,313,348) 1)	Debt/Taxable Value ($783,507,325) 2)	Debt Per Capita (22,886) 3)
City Total G. O. Debt	$18,705,000*	1.54%	2.39%	$817.31
City Total TIF Revenue Debt	1,140,000	0.09%	0.15%	49.81
City's Share of Overlapping Debt	7,982,849	0.66%	1.02%	348.81
City's Net Overall Debt	$27,827,849	2.29%	3.56%	$1,215.93

1) Based on the City's 1/1/2010 Actual Valuation including Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
2) Based on the City's 1/1/2010 Taxable Valuation including Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
3) Population based on the City's 2010 U.S. Census.

*Preliminary; subject to change.

Valuation Per Capita

	1/1/2010 Valuation	Valuation Per Capita (22,886) 3)
100% Actual Valuation	$1,213,313,348 1)	$53,016
Taxable Valuation	783,507,325 2)	34,235

1) Based on the City's 1/1/2010 Actual Valuation including Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
2) Based on the City's 1/1/2010 Taxable Valuation including Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
3) Population based on the City's 2010 U.S. Census.

LEVIES AND TAX COLLECTIONS

Collection Period	Levy	Collected During Collection Year	Percent Collected
2007/08	$11,122,293	$11,131,640	100.08%
2008/09	11,348,069	11,350,093	100.02%
2009/10	11,350,546	11,332,799	99.84%
2010/11	11,692,917	11,689,173	99.97%
2011/12	11,993,254	------ In Process of Collection ------	

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

Source: The City and the City's June 30, 2011 Comprehensive Annual Financial Report.

TAX RATES

	FY 2007/08 $/$1,000	FY 2008/09 $/$1,000	FY 2009/10 $/$1,000	FY 2010/11 $/$1,000	FY 2011/12 $/$1,000
City of Muscatine	16.52992	16.15095	15.55353	15.77147	15.77146
Muscatine County	7.67116	7.59332	7.84326	8.18240	8.00950
County Assessor	0.36164	0.29386	0.31638	0.35363	0.33767
Ag Extension	0.14627	0.14486	0.14331	0.14589	0.14582
Muscatine CSD	15.15328	14.86671	14.90569	14.90920	15.36192
Louisa-Muscatine CSD	14.95807	15.03328	13.78199	14.08973	13.78625
Eastern Iowa Comm. College	0.60785	0.60635	0.87714	0.92444	1.01724
State of Iowa	0.00350	0.00350	0.00300	0.00340	0.00320
Consolidated Tax Rate:					
Muscatine CSD Resident	40.47362	39.65955	39.64231	40.29043	40.64681
Consolidated Tax Rate:					
Louisa-Muscatine CSD Resident	40.27841	39.82612	38.51861	39.47096	39.07114

CITY TAX RATE BREAKDOWN

Fiscal Year	General Fund	Outside	Emergency Fund	Debt Service	Employee Benefits	Capital Improvement	Total Levy	Ag. Levy
2008	8.10000	0.91177	0.27000	2.78130	4.46685	0.00000	16.52992	3.00375
2009	8.10000	0.74760	0.27000	2.95759	4.07576	0.00000	16.15095	3.00375
2010	8.10000	0.72728	0.27000	2.90101	3.55524	0.00000	15.55353	3.00375
2011	8.10000	0.65364	0.08000	3.14336	3.79447	0.00000	15.77147	3.00375
2012	8.10000	0.75904	0.00000	2.85051	4.06191	0.00000	15.77146	3.00375

LEVY LIMITS

A city's general fund tax levy is limited to $8.10 per $1,000 of taxable value, with provision for an additional $0.27 per $1,000 levy for an emergency fund which can be used for general fund purposes (Code of Iowa, Chapter 384, Division I). Cities may exceed the $8.10 limitation upon authorization by a special levy election. Further, there are limited special purpose levies, which may be certified outside of the above-described levy limits (Code of Iowa, Section 384.12). The amount of the City's general fund levy subject to the $8.10 limitation is $8.10 for FY 2011/12. The City does levy for levee improvements; liability, property & self insurance costs; and other employee benefits in addition to the $8.10 general fund limit as authorized by law. Currently, the City does not levy for an emergency fund. Debt service levies are not limited.

FUNDS ON HAND (CASH AND INVESTMENTS AS OF FEBRUARY 29, 2012)

Account	Balance	
General	$1,529,680.68	
Debt Service	1,068,535.39	
Insurance Reserve	52,785.34	
Parks Trust	53,682.73	
Cemetery Perpetual Care	840,423.06	
Cemetery Trusts	69,615.72	
Library Trusts	229,431.35	
Art Center Trusts	477,784.94	
Capital Project Funds		
Clay Street Bridge	(381,386.33)	1)
Cedar Street Improvements	(673,865.61)	1)
Colorado Street Improvements	(125,830.00)	1)
Hershey Street Improvements	(1,175,788.38)	1) 2)
Mississippi Drive Corridor Study	(161,018.39)	1) 2)
Other Street Projects	165,255.28	
Water Pollution Control Projects:		
Plant Facilities Upgrade Project	(1,047,873.48)	3)
Sewer Improvement Projects	(189,037.21)	3)
Trail Projects	(351,379.40)	2) 3)
FEMA Projects	(145,042.92)	2)
Parks Project Balances	4,685.42	
Telephone System Project	60,915.47	
Southend Fire Station Project	(209,303.03)	1) 2)
City Building Boiler Replacements	57,282.64	
Mad Creek Levee Improvements	(290,395.39)	1) 3)
Police Radio System	59,340.65	
Airport Improvement Projects	(108,563.38)	1) 2)
Other Capital Projects	(29,869.44)	3)
Enterprise Funds:		
Transit	(82,588.14)	2) 4)
Parking	81,967.18	
Golf	(49,798.32)	4)
Boat Harbor	(19,100.59)	4)
Marina	(2,094.18)	4)
Refuse Collection	203,814.57	
Landfill (Solid Waste Agency)	(1,662,929.47)	4)
Landfill Reserves	1,261,644.52	
Transfer Station	(834,925.74)	4)
Transfer Station Reserve	38,645.00	
Water Pollution Control Operations	1,810,504.37	
Collection and Drainage	1,054,224.05	
Sewer Reserves	5,655,901.18	
Airport Operations	(35,245.82)	3)
Ambulance	193,117.28	

Account	**Balance**	
Internal Services Funds:		
Equipment Services	48,760.93	
Central Supplies	(2,150.71)	4)
Health Insurance	1,700,742.82	
Dental Insurance	35,574.28	
Various Clearing Accounts	829,268.87	
Special Revenue Funds:		
Close CDBG Grant Funds	42,609.97	
Housing Home Ownership Program	160,990.93	
Housing Children's Education Program	9,611.44	
Road Use Tax	621,322.20	
Employee Benefits	(249,961.63)	4)
Emergency Tax Levy Fund	80,244.35	
Computer/Equipment Replacement Funds	62,706.33	
Local Option Sales Tax	1,543,915.71	
Tax Increment Funds	1,538,472.39	
Public Housing	385,214.87	
Section 8 Housing	215,460.54	
Total - All Funds	$14,415,984.89	

1) Deficits to be eliminated through bond proceeds.
2) Deficits to be eliminated through grants.
3) Deficits to be eliminated through transfers.
4) Deficits to be eliminated through future tax receipts and user charges.

THE CITY

CITY GOVERNMENT

The City operates under the mayor-council form of government and has a City Administrator. Policy-making and legislative authority are vested in a mayor and seven council members. The city council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring both the City Administrator and the City Attorney. The City Administrator is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms and the mayor is elected to serve a two-year term. Five of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a full range of services including police and fire protection; roadway maintenance; water pollution control; solid waste management; recreational and cultural activities and facilities; and a general aviation airport.

EMPLOYEES AND PENSIONS

The City contributes to the Iowa Public Employees Retirement System ("IPERS") which is a cost sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117. In the current year plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were $507,528, $470,940, and $424,711 respectively, equal to the required contributions for each year.

The City contributes to the Municipal Fire and Police Retirement System of Iowa, which is a cost sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266. For the current year, plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate is 24.76% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2011, 2010 and 2009 were $778,181, $654,034, and $689,566, respectively, which met the required minimum contribution for each year.

UNION CONTRACTS

The City has negotiated contracts with the following employee union groups:

		Annual Wage Increases		
Employee Group	Contract Expiration Date	FY 2011-12	FY 2012-13	FY 2013-14
Police	June 30, 2014	2.25%	2.50%	2.90%
Fire	June 30, 2014	2.25%	2.50%	2.95%
Blue/White Collar	June 30, 2014	2.25%	2.50%	2.90%

OTHER POST EMPLOYMENT BENEFITS (GASB 43 & 45)

Plan description: The City sponsors a single-employer health care plan for its active and retired employees. Upon normal retirement, employees have the option of continuing health and dental insurance coverage at their cost until the age of 65. The City, additionally, has an employee benefit program for employees laid off as a result of budget reductions. The employee must be at least 55 years of age but no more than 65 years of age except for the case of a police officer or a firefighter who must be at least 50 years of but no more than 55 years of age. Employees must also have had at least 15 years of continuous service with the City. The City will provide 100% paid single medical insurance for the employee until the employee reaches the age of 65 or until the employee is re-employed in a position where medical insurance is available or obtains medical insurance from another source. The City will pay 90% of the family coverage if such individual had family coverage during the time of employment for a period of one year after termination after which the City will pay 75% the second year, 50% the third year and 25% after the fourth year. Participation by the City will cease in the fifth year. For police officers and firefighters, this provision is effective until the age of 55.

Funding policy: The City establishes and amends contribution requirements. The current funding policy of the City is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB reporting. The required contribution is based on projected pay-as-you-go financing. For the year ended June 30, 2011, the City contributed $96,556, which was net of retiree premiums received of $148,473.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not-to-exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the postemployment health plan:

Annual Required Contribution	$156,774
Interest on net OPEB obligation	4,862
Adjustment to annual required contribution	(6,326)
Annual OPEB cost (expense)	$155,310
Contributions and payments made	96,556
Increase in net OPEB obligation	$58,754
Net OPEB obligation- July 1, 2010	97,249
Net OPEB obligation- June 30, 2011	$156,003

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OBEB Obligation
June 30, 2009	$160,595	85.70%	$22,914
June 30, 2010	161,741	54.04%	97,249
June 30, 2011	155,310	62.17%	156,003

INSURANCE

The City's insurance coverage is as follows:

Type of Insurance	Coverage Limit
Property/Equipment	$69,416,215
Inland Marine:	
Fine Arts	$8,735,865
Contractors Equipment	$2,653,173
Miscellaneous Equipment	$2,323,983
Radio/TV Communications Equipment	$135,988
Flood Policy:	
City Hall	$500,000
Public Safety	$500,000
Pearl City Station	$250,000
Riverview Center	$454,100
Pistol Range	$78,000
Liability:	
General	$1,000,000
Employee Benefit	$1,000,000
Liquor	$1,000,000
Law Enforcement	$1,000,000
Public Entity Employment	$1,000,000
Public Entity Management	$1,000,000
Cyber	$1,000,000
Business Automobile	$1,000,000
Umbrella	$10,000,000
Crime	$850,250
Workers Compensation	$500,000
Travel Accident (Police & Fire Medical)	$250,000
Airport Protection	$5,000,000
Fuel Tank Pollution Liability	$1,000,000
Ocean Marine Insurance – Dredging:	
Hull Coverage Limit – Vessel & Equipment	$291,524
Protective & Indemnity Limit	$1,000,000
Ocean Marine Maritime Employers Liability	$500,000
Ocean Marine Insurance Excess – Dredging	$10,000,000

GENERAL INFORMATION

LOCATION AND TRANSPORTATION

The City was incorporated in 1851 by a special act of the Iowa State Legislature and is located on the Mississippi River, which is the eastern boundary of the State of Iowa. The City is located 160 miles east of Des Moines, 200 miles west of Chicago, and is the county seat of Muscatine County. The City occupies a land area of approximately 17 square miles and serves a population of 22,886 people based on the 2010 U.S. Census.

LARGER EMPLOYERS

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

Employer	Type of Business	Approximate Number of Employees [1]
HNI Corporation/The HON Co.	Manufacturing	3,200
Muscatine Foods	Manufacturing/Production Food Products	1,011
Muscatine Community School District	Education	823
Trinity of Muscatine	Healthcare	483
Musco Sports Lighting	Sports/Event Lighting	400
Monsanto Company	Herbicides, Pesticides	381
Wal-Mart	Retail	338
H.J. Heinz LP	Food Processing	305
Muscatine Power and Water	Utility	300
The Stanley Group	Engineering/Consulting/Construction	279
Hy-Vee Food Store	Grocery Stores	265
City of Muscatine	Government	223
The Raymond Corporation	Electric Lift Trucks	220
Muscatine County	Government	198
Bridgestone Commercial Tire Services	Tire Manufacturing	180
Letica Corporation	Plastic Packaging	130

[1] This number includes full time, part time and seasonal employees.

Source: The City and the Muscatine Chamber of Commerce & Industry.

U.S. CENSUS DATA

Population Trend

Census Year	City of Muscatine	Muscatine County
1990	22,881	39,907
2000	22,697	41,722
2010	22,886	42,745

Source: U.S. Census Bureau website.

RETAIL SALES

The following table represents Retail Sales figures for the City of Muscatine. The Iowa Department of Revenue shifted annual reporting of Sales and Tax from a Fiscal Year ending March 31st to a Fiscal Year Ending June 30th with the 2009 annual report.

Year ending 3/31	Taxable Retail Sales	Number of Businesses
2007	$351,046,365	708
2008	380,240,483	700
Year Ending 6/30		
2009	$378,670,791	708
2010	371,429,841	706
2011	375,283,095	693

Source: Iowa Department of Revenue; Iowa Retail Sales & Use Tax Report.

BUILDING PERMITS

City officials report the following construction activity as of December 31, 2011. Permits for the City are reported on a calendar year basis.

	2007	2008	2009	2010	2011
Single Family Homes:					
No. of New Homes:	12	9	17	8	11
Valuation:	$1,248,992	$1,241,305	$2,363,303	$1,113,325	$2,244,560
Home Remodeling, Improvements, & Garages					
No. of Permits Issued:	303	244	209	207	256
Valuation:	$3,631,638	$2,627,525	$1,674,927	$1,916,322	$1,983,475
Multiple-Family Dwellings & Duplexes:					
No. of New Buildings:	13	1	1	5	2
Valuation:	$9,509,925	$208,740	$208,080	$982,320	$1,638,643
Commercial/Industrial/Other:					
No. of New Buildings:	4	2	6	1	4
Valuation:	$7,929,585	$2,970,818	$7,574,152	$1,675,200	$9,494,636
Commercial/Industrial/Other Additions & Alterations:					
No. of Permits Issued:	76	69	68	88	127
Valuation:	$7,412,495	$13,546,777	$27,510,042	$3,780,982	$9,907,203
Total Permits:	408	325	301	309	400
Total Valuations:	$29,732,635	$20,595,165	$39,330,504	$9,468,149	$25,268,517

UNEMPLOYMENT RATES

		Muscatine County	State of Iowa	United States
Annual Averages:	2008	4.50%	4.40%	5.80%
	2009	7.60%	5.60%	9.30%
	2010	7.80%	6.30%	9.60%
	2011	6.40%	5.90%	9.00%
	2012 (Jan-Feb)	6.20%	5.40%	8.30%

Source: Iowa Workforce Development Center and United States Department of Labor, Bureau of Labor Statistics websites.

EDUCATION

Public education is provided to residents of the City by the Muscatine Community School District, Louisa-Muscatine Community School District and parochial schools. The Muscatine Community School District provides public education, with certified enrollment for the 2011/12 school year of 5,305. The district owns and operates nine elementary schools, two middle schools, one high school. The Louisa-Muscatine Community School District provides public education with certified enrollment for the 2011/12 school year of 763. The district owns and operates one pre-school through sixth grade elementary school and one seventh through twelfth grade secondary school.

FINANCIAL SERVICES

Financial services for residents of the City are provided by Central State Bank, Community Bank and First National Bank of Muscatine and branch offices of U.S. Bank N.A.

Central State Bank, Community Bank and First National Bank of Muscatine report deposits, as of June 30th for each year, as follows:

Year	Central State Bank	Community Bank	First National Bank of Muscatine
2007	$209,999,000	$174,203,000	$254,278,000
2008	218,082,000	180,948,000	236,372,000
2009	219,227,000	196,568,000	242,074,000
2010	230,920,000	207,990,000	247,405,000
2011	240,372,000	210,436,000	254,439,000

Source: Federal Deposit Insurance Corporation website.

FINANCIAL STATEMENTS

The City's June 30, 2011 Comprehensive Annual Financial Report, as prepared by a certified public accountant, is reproduced as APPENDIX B. The City's certified public accountant has not consented to distribution of the audited financial statement and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the City's prior Independent Auditor's Reports may be obtained from the City's Financial Advisor, Public Financial Management, Inc.

McGladrey & Pullen, LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey & Pullen, LLP, also has not performed any procedures relating to this Preliminary Official Statement.

APPENDIX A

FORM OF LEGAL OPINION

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APPENDIX B

JUNE 30, 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

McGladrey & Pullen, LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey & Pullen, LLP, also has not performed any procedures relating to this Preliminary Official Statement.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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OFFICIAL BID FORM

TO: The City Council of
Muscatine, Iowa

Sale Date: May 3, 2012
10:00 AM, Central Time

RE: $4,715,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2012 (the "Bonds")

For all or none of the above Bonds, in accordance with the TERMS OF OFFERING, we will pay you $__________ (not less than $4,683,500) plus accrued interest to date of delivery for the Bonds bearing interest rates and maturing in the stated years as follows:

Coupon	Maturity	Re-Offering	Coupon	Maturity	Re-Offering
________	2013	________	________	2018	________
________	2014	________	________	2019	________
________	2015	________	________	2020	________
________	2016	________	________	2021	________
________	2017	________	________	2022	________

* Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amount of the Bonds by such amount as may be necessary to implement the refunding of the Refunded Bonds. Such change will be in increments of $5,000 and will be made in the 2013 maturity. The purchase price will be adjusted proportionately to reflect any change in issue size.

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

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

NET INTEREST COST: $______________________

TRUE INTEREST COST: ______________________% (Based on dated date of June 1, 2012)

Account Manager: ______________________ By: ______________________

Account Members:

____

The foregoing offer is hereby accepted by and on behalf of the City Council of City of Muscatine, Iowa this 3rd day of May, 2012.

Attest: ______________________ By: ______________________

Title: ______________________ Title: ______________________