

**\$1,715,000\***  
**Cresco, Iowa**  
**General Obligation Capital Loan Notes**  
**Series 2013**

(FAST Closing)  
(The Issuer will designate the Notes as Bank-Qualified)  
(Book Entry Only)  
(Parity Bidding Available)

DATE: Thursday, January 17, 2013  
TIME: 1:00 PM Central  
PLACE: Office of the City Clerk  
130 North Park Place  
Cresco, IA 52136-1594  
Telephone: (563) 547-3101  
Fax: (563) 547-4525

Standard & Poor's “\_” {Update One Rating Received}

\* Preliminary, subject to change

**COUNCIL APPROVAL: Monday, January 21, 2013 at 7:00 pm**

**PiperJaffray®**

3900 Ingersoll Ave., Suite 110  
Des Moines, IA 50312  
515/247-2355

**OFFICIAL BID FORM**

TO: City Council of Cresco, Iowa (the "Issuer")

Re: \$1,715,000\* General Obligation Capital Loan Notes, Series 2013, dated March 1, 2013, of the Issuer (the "Notes")

For all or none of the above Notes, in accordance with the notice of sale, we will pay you \$\_\_\_\_\_ for Notes bearing interest rates and maturing on June 1 in each of the stated years as follows:

<u>Coupon</u>	<u>Yield</u>	<u>Due June 1st</u>	<u>Coupon</u>	<u>Yield</u>	<u>Due June 1st</u>
_____	_____	2014	_____	_____	2021
_____	_____	2015	_____	_____	2022
_____	_____	2016	_____	_____	2023
_____	_____	2017	_____	_____	2024
_____	_____	2018	_____	_____	2025
_____	_____	2019	_____	_____	2026
_____	_____	2020	_____	_____	

\_\_\_\_\_ We hereby elect to have the following issued as term Notes:

<u>Principal Amount</u>	<u>Month and Year (Inclusive)</u>	<u>Maturity Month and Year</u>
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____

Subject to mandatory redemption requirement in the amounts and at the times shown above

\_\_\_\_\_ We will not elect to have any Notes issued as term Notes

This bid is for prompt acceptance and for delivery of said Notes to use in compliance with the Official Notice of Sale and Official Terms of Offering of General Obligation Capital Loan Notes, Series 2013, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

In order to permit bidders for the Notes and other participating underwriters in the primary offering of the Notes 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 "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Notes, in the Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, 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, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

According to our computations (the correct computation being controlling in the award), we compute the following (to the dated date):

NET INTEREST COST:\$ \_\_\_\_\_ TRUE INTEREST RATE \_\_\_\_\_ %  
(Computed from the dated date)

\_\_\_\_\_  
Account Manager

\_\_\_\_\_  
Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the City Council of Cresco, in the County of Howard, State of Iowa, this 21st day of January 2013.

ATTEST: \_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

\* Preliminary, subject to change

## OFFICIAL TERMS OF OFFERING

This section sets forth the description of certain terms of the Notes as well as the terms of offering with which all bidders and bid proposals are required to comply, as follows:

The Notes. The Notes to be offered are the following:

**GENERAL OBLIGATION CAPITAL LOAN NOTES**, Series 2013, in the principal amount of \$1,715,000\* dated March 1, 2013 in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement

\* Adjustment to Principal Amount After Determination of Best Bid Each scheduled maturity of the Notes are subject to increase or decrease. Such adjustments shall be made promptly after the sale and prior to the award of bids by the issuer and shall be in the sole discretion of the Issuer. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required, as a part of its bid, to indicate its Initial Reoffering yield and Initial Reoffering price on each maturity of the Notes (said price shall be calculated to the date as indicated by the Issuer).

The dollar amount bid by the Successful Bidder may be changed if the aggregate principal amount of the Notes, as adjusted as described below, is adjusted, however the interest rates specified by the Successful Bidder for all maturities will not change. The Issuer's financial advisor will make every effort to ensure that the percentage net compensation to the Successful Bidder (the percentage resulting from dividing (i) the aggregate difference between the offering price of the Notes to the public and the price to be paid to the Issuer (not including accrued interest), less any Note insurance premium and credit rating fee, if any, to be paid by the Successful Bidder, by (ii) the principal amount of the Notes) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule.

The Successful Bidder may not withdraw or modify its bid once submitted to the Issuer for any reason, including post Note adjustment. Any adjustment shall be conclusive, and shall be binding upon the Successful Bidder.

Optional Redemption: The Notes maturing in the years 2020-2026, may be called for redemption by the Issuer and paid before maturity beginning June 1, 2019 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Notes will be payable on December 1, 2013 and semiannually on the 1st day of June and December thereafter. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Book Entry System: The Notes will be issued by means of a book entry system with no physical distribution of certificates made to the public. The Notes will be issued in fully registered form and one certificate, representing the aggregate principal amount of the Notes 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 Notes. Individual purchases of the Notes 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 Issuer to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Notes, will be required to deposit the certificates with DTC.

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$17,150 for the Notes, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Financial Advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by facsimile and email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser ("Purchaser"), and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Notes to the Purchaser absent receipt of the Deposit prior to action awarding the Notes. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Notes. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Form of Bids: All bids shall be unconditional for the entire issue of Notes for a price of not less than 99% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities 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 received after the time specified in the front cover of the preliminary official statement. 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 City Clerk, 130 North Park Place., Cresco, IA 52136-1594.

Internet Bidding: Internet bids must be submitted through Parity® ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling 212-849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purpose of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Issuer 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 Issuer. Provisions of the Official Terms of Offering shall control in the events of conflict with information provided by the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. 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.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at the phone number listed on the front cover of this Preliminary Official Statement. Electronic facsimile bids will be sealed and treated as sealed bids. Transmissions received after the deadline shall be rejected. It is the responsibility of the bidder to ensure that the bid is legible, that the bid is received prior to the appointed time, and that the bid is sent to the telecopier number set forth above. The Financial Advisor will, in no instance correct, alter, or in any way change bids submitted through facsimile transmission. Neither the Issuer nor its agents will be responsible for bids submitted by facsimile transmission not received in accordance with the provisions of this Official Terms of Offering. Bidders electing to submit bids via facsimile transmission will bear full and complete responsibility for the transmission of such bid. Neither the Issuer nor its agents will assume liability for the inability of the bidder to reach the above name fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator.

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

All Notes of each annual maturity must bear the same interest rate.

Rates of interest bid may be in multiples of 1/8th 1/20th or 1/100th of 1%.

Rates must be in level or ascending order.

Delivery: The Notes will be delivered to the Purchaser via FAST delivery with the Paying Agent holding the Notes on behalf of DTC, against full payment in immediately available cash or federal funds. The Notes are expected to be delivered within sixty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Notes will cease. (When the Notes are ready for delivery, the Issuer may give the successful bidder five working days notice of the delivery date and the Issuer will expect payment in full on that date, otherwise reserving the right at its option to determine that the bidder has failed to comply with the offer of purchase.)

Certificate of Purchaser: The Purchaser of the Notes will be required as a condition of the sale to execute and submit to the Issuer as a part of its bid, a Certificate in a form satisfactory to the Issuer as to the initial offering price of the Notes to the public (not including 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 Notes (not less than 10% of each maturity) were in fact sold, and certifying that the prices are not greater than as shown on the Certificate and that the prices are not unreasonably low.

Official Statement: The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Notes, and any other information required by law or deemed appropriate by the Issuer, shall constitute a "Final Official Statement" of the Issuer with respect to the Notes, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Notes to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer 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 Notes are awarded up to 25 copies of the Official Statement and the addendum described in the preceding sentence to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Notes are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Notes agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Notes for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Notes. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Notes shall not be cause for the purchaser to refuse to accept delivery of the Notes. The fee will be paid for by the Issuer.

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as posted on the front cover of the official statement and in the Official Notice of Sale. Neither the Issuer nor its Financial Consultant will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

Continuing Disclosure: In order to permit bidders for the Notes and other participating underwriters in the primary offering of the Notes 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 "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Notes, in the Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

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

The Issuer has never materially failed to comply with the Rule. **{We Need to Review This Certification}**

Note Insurance: Application has not been made for municipal bond insurance. Should the Notes qualify for the 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 on the Notes resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Issuer has requested and received a rating on the Notes from a municipal bond rating service, the Issuer will pay that rating fee. Any other rating service fees shall be the responsibility of the Purchaser.

Requested modifications to the Issuance Resolution or other issuance documents shall be accommodated by the Issuer at its sole discretion. In no event will modifications be made regarding the investment of funds created under the Issuance Resolution or other issuance documents without prior Issuer consent, in its sole discretion. Either the purchaser or the insurer must agree, in the insurance commitment letter or separate agreement acceptable to the Issuer in its sole discretion, to pay any future continuing disclosure costs of the Issuer associated with any rating changes assigned to the municipal bond insurer after closing (for example, if there is a rating change on the municipal bond insurer that require a material event notice filing by the Issuer, the purchaser or the municipal bond insurer must agree to pay the reasonable costs associated with such filing). Failure of the municipal bond insurer to issue the policy after the Notes have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Notes.

## NEW ISSUE - DTC BOOK ENTRY ONLY

Standard &amp; Poor's / Moody's Rating: “\_”

Subject to compliance by the Issuer with certain covenants, in the opinion of Ahlers & Cooney, P.C., under present laws, interest on the Notes is excluded from gross income for federal income tax purposes and interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations. Interest on the Notes is not exempt from present Iowa income taxes. The Notes will be designated, and as appropriate be “deemed designated” as “qualified tax exempt obligations.” See “TAX MATTERS” herein

**\$1,715,000 \***  
**Cresco, Iowa**  
**General Obligation Capital Loan Notes**  
**Series 2013**

Dated: March 1, 2013

The General Obligation Capital Loan Notes, Series 2013, described above (the “Notes”) are issuable as fully registered Notes in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Noteholder and nominee of the Depository Trust Company, New York, NY (“DTC”). DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form. Purchasers of the Notes will not receive certificates representing their interest in the Notes purchased. So long as DTC or its nominee, Cede & Co., is the Noteholder, the principal of, premium, if any, and interest on the Notes will be paid by Wells Fargo Bank as Registrar and Paying Agent (the “Registrar”), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Notes.

Interest on the Notes is payable on June 1, and December 1 in each year, beginning December 1, 2013 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Notes maturing after June 1, 2019, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

## Maturity Schedule \*

Note Due	Amount *	Rate *	Yield *	Cusip Num.**	Notes Due	Amount *	Rate *	Yield *	Cusip Num.**
June 1, 2014	\$185,000				June 1, 2021	\$110,000			
June 1, 2015	190,000				June 1, 2022	110,000			
June 1, 2016	195,000				June 1, 2023	110,000			
June 1, 2017	195,000				June 1, 2024	100,000			
June 1, 2018	105,000				June 1, 2025	100,000			
June 1, 2019	110,000				June 1, 2026	100,000			
June 1, 2020	105,000								

\$\_\_\_\_,000 \* \_\_\_\_% Term Note due \_\_\_\_\_, \_\_\_\_\_ priced to yield \_\_\_\_% CUSIP Number \_\_\_\_\_\*\*

The Notes are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney P.C. Des Moines, Iowa, Bond Counsel. It is expected that the Notes in the definitive form will be available for delivery on or about March 6, 2013. The Underwriter intends to engage in secondary market trading of the Notes subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Notes at the request of the holder thereof.

The Date of this Official Statement is \_\_\_\_\_, 2013

\* Preliminary, subject to change

\*\* CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Notes nor do they make any representation as to the correctness of such CUSIP numbers on the Notes or as indicated above.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. The Issuer considers the Official Statement to be "near final" within the meaning of Rule 15c2-12 of the Securities Exchange Commission. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

## **FORWARD-LOOKING STATEMENTS**

This Official Statement, including Appendix A, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget" or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**OFFICIAL STATEMENT**  
**\$1,715,000\***  
**CRESCO, IOWA**  
**GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2013**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to Cresco, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation Capital Loan Notes, Series 2013, (the “Notes”). The Notes are being issued to provide funds for i) the current refunding of the Issuer’s Series 2007 GO Capital Loan Notes, dated January 1, 2007, ii) financing various capital improvement projects of the Issuer, and iii) payment of the costs associated with the issuance of the Notes. See “**SOURCES AND USES OF FUNDS**” herein.

This Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Notes and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Notes are general obligations of the Issuer, payable from and secured by a continuing annual ad-valorem tax levied against all of the property valuation of the Issuer. See “**THE NOTES – Source of Security for the Notes**” herein.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

**THE NOTES**

**General**

The Notes are dated as of March 1, 2013 and will bear interest at the rates to be set forth on the cover page herein.

**Authorization for the Issuance**

The Notes are being issued pursuant to the Code of Iowa, 2011 as amended, Section 384.25.

**Book Entry Only System**

*The following information concerning The Depository Trust Company (“DTC”), New York, New York and DTC’s book-entry system has been obtained from sources the Issuer believes to be reliable. However, the Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

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 the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of 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, corporate and municipal debt issues and money market instrument from over 100 countries that DTC’s participants (“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 Participations 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”).

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\* Preliminary, subject to change

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 (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. 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](http://www.dtcc.com) and [www.dtc.org](http://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 (“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 in the transaction. Transfers of ownership interest 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 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 nominee do not effect 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 taken certain steps to augment transmission to them 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 have 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 the notices by 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 Participants in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue 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 the 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 Issuer 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 (nor its nominee), Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to 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 securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

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

The Issuer cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Notes (i) payments of principal of or interest and premium, if any, on the Notes, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Notes, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Notes, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer nor the Paying Agent/Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Notes; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Notes; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Notes; or (5) any consent given or other action taken by DTC as a Noteholder.

### **Transfer and Exchange**

In the event that the Book Entry System is discontinued, any Note may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Note or Notes shall be surrendered for transfer, the Registrar shall execute and deliver a new Note or Notes of the same maturity, interest rate, and aggregate principal amount.

Notes may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Notes or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Notes which have been selected for prepayment and is not required to transfer or exchange any Notes during the period beginning 15 days prior to the selection of Notes for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Note Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Notes surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

### **Interest**

Interest on said Notes will be payable on December 1, 2013 and semiannually on the 1st day of June and December thereafter. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date (the "Record Date"), to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner. 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.

### **Prepayment**

Optional Prepayment. The Notes maturing after June 1, 2019, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Mandatory Sinking Fund Redemption The Notes maturing on \_\_\_\_\_ are subject to mandatory redemption (by lot, as selected by the Registrar) on \_\_\_\_ 1 and \_\_\_\_\_ in each of the years \_\_\_\_ through \_\_\_\_ at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

#### \_\_\_\_ Term Note

<u>Mandatory Sinking Fund Date</u>	<u>Principal Amount</u>
(maturity)	\$

Selection of Notes for Redemption Notes subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Notes of a single maturity are to be redeemed, the Notes to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Notice of Redemption. Prior to the redemption of any Notes under the provisions of the Resolution, the Registrar shall give written notice not less than thirty (30) days prior to the redemption date to each registered owner thereof.

On the dates so designated for redemption, notice having been given in the manner and under the conditions hereinabove, provided and moneys for payment of the redemption price being held in the Sinking Fund, the Notes so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Notes on such date. Interest on the Notes so called for redemption shall cease to accrue; such Notes shall cease to be entitled to any benefit hereunder, and the Note Holders shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Notes which have been duly called for redemption, with respect to which irrevocable instructions to call for redemption at a stated redemption have been given to the Registrar, and moneys for the payment the face amount thereof, premium, if any, and interest on are held in separate accounts by the Registrar in trust for Noteholders shall not thereafter be deemed to be outstanding under the provisions of the Resolution, other than be entitled to receive payment from such sources.

### **Source of Security for the Notes**

These Notes are general obligations of the Issuer. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Notes without constitutional or statutory limitation as to amount.

## **NOTEHOLDERS' RISKS**

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Note or Notes issue are suspended or terminated. Additionally, prices of Note or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Notes.

### **Ratings Loss {Update when Rating Received Based on Rating Agency Utilized}**

Moody's Investors Service Inc. ("Moody's") has assigned a rating of "\_" to the Notes. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Notes.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Notes.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Notes.

### **Loss of Tax Exemption**

As discussed under the heading "TAX MATTERS" herein, the interest on the Notes could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Notes, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Notes would not be subject to a special

prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Notes, and there is no provision for an adjustment of the interest rate on the Notes.

On September 12, 2011, President Obama submitted to Congress a legislative proposal entitled the “American Jobs Act of 2011” (the “Jobs Act”). If enacted, as proposed, the Jobs Act would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest, to 28 percent irrespective of the actual marginal tax rate imposed on such taxpayers. The Jobs Act would be effective for taxable years beginning on or after January 1, 2013.

On September 29, 2011, President Obama submitted to Congress a legislative proposal entitled the “Debt Reduction Act of 2011” (the “Reduction Act”). If enacted, as proposed, the Reduction Act would require the Office of Management and Budget establish a steadily declining ratio for debt as a percentage of Gross Domestic Product and would impose a penalty in the event that Congress failed to meet the requirements, including automatic sequestration of spending and the reduction in the value of certain tax incentives, including interest on tax-exempt municipal Notes, potentially (in the extreme) eliminating the exemption from taxation that tax-exempt municipal Notes held at the time of issuance.

It is possible that further legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding the Jobs Act, the Reduction Act and any other pending or proposed federal income tax legislation. The likelihood of the Jobs Act or the Reduction Act being enacted or whether the currently proposed terms of the Jobs Act or the Reduction Act will be altered or removed during the legislative process cannot be reliably predicted.

### **DTC-Beneficial Owners**

Beneficial Owners of the Notes may experience some delay in the receipt of distributions of principal of and interest on the Notes since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Notes can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Notes to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Notes, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “**THE NOTES – Book-Entry Only System.**”

### **Other Factors**

An investment in the Notes involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Notes are an appropriate investment.

### **Pending Federal Tax Legislation**

From time to time, legislative proposals are pending in Congress that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Notes. 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 the Notes.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

## **LITIGATION**

The City encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of these Notes.

## ACCOUNTANT

The cash-basis financial statements of the Issuer included as **APPENDIX D** to this Official Statement have been examined by Hogan-Hansen, to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Notes or the Official Statement.

## UNDERWRITING

The Notes are being purchased, subject to certain conditions, by \_\_\_\_\_ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Notes at an aggregate purchase price of \$\_\_\_\_\_ plus accrued interest to the Closing Date.

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Notes may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Notes subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Notes at the request of the holder thereof.

## THE PROJECT

The Notes are being issued to provide funds for i) the current refunding of the Issuer's Series 2007 GO Capital Loan Notes, dated January 1, 2007, ii) financing various capital improvement projects of the Issuer, and iii) payment of the costs associated with the issuance of the Notes.

## SOURCES AND USES OF FUNDS \*

<u>Sources of Funds</u>	Note Proceeds	\$1,715,000.00
	Reoffering Premium	
<u>Total Sources of Funds</u>		\$1,715,000.00
<u>Uses of Funds</u>	Current Refunding Series 2007 GO Notes	1,210,000.00
	Project Costs	450,000.00
	Estimated Costs of Issuance	33,100.00
	Allowance for Underwriter's Discount	17,150.00
	Contingency	4,750.00
<u>Total Uses of Funds</u>		\$1,715,000.00

\* Preliminary, subject to change

## TAX MATTERS

### Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States<sup>3</sup>, requirements regarding the proper use of Note proceeds and facilities financed with Note proceeds, and certain other matters. The Issuer has covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes; is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax on such corporations.

The interest on the Notes is not exempt from present Iowa income taxes. Ownership of the Notes may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect

to the Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to 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 or 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 not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

### Qualified Tax-Exempt Obligations

The Issuer will designate and, as appropriate, “deemed designated” the Notes as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

### Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes (the “Discount Notes”) may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes 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 Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Note (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 Notes described above under “Tax Exemption”. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Note 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 a Discount Note by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income.

Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes 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 Notes (the “Premium Notes”) may be greater than the amount of such Notes at maturity. An amount equal to the difference between the initial public offering price of a Premium Note (assuming that a substantial amount of the Premium Notes 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 Notes. The basis for federal income tax purposes of a Premium Note in the hands of such initial purchaser must be reduced each year by the amortizable Note premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable Note 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 a Premium Note. 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 Notes should consult with their own tax advisors with respect to the determination of amortizable Note premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

### Related Tax Matters

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax

purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

There are or may be pending in the Congress of the United States, legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to in this section or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Notes issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

### Opinions

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the section regarding "**TAX MATTERS**," and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto.

On September 12, 2011, President Obama submitted to Congress a legislative proposal entitled the "American Jobs Act of 2011" (the "Jobs Act"). If enacted, as proposed, the Jobs Act would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest, to 28 percent irrespective of the actual marginal tax rate imposed on such taxpayers. The Jobs Act would be effective for taxable years beginning on or after January 1, 2013.

On September 29, 2011, President Obama submitted to Congress a legislative proposal entitled the "Debt Reduction Act of 2011" (the "Reduction Act"). If enacted, as proposed, the Reduction Act would require the Office of Management and Budget establish a steadily declining ratio for debt as a percentage of Gross Domestic Product and would impose a penalty in the event that Congress failed to meet the requirements, including automatic sequestration of spending and the reduction in the value of certain tax incentives, including interest on tax-exempt municipal bonds, potentially (in the extreme) eliminating the exemption from taxation that tax-exempt municipal bonds held at the time of issuance.

It is possible that further legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding the Jobs Act, the Reduction Act and any other pending or proposed federal income tax legislation. The likelihood of the Jobs Act or the Reduction Act being enacted or whether the currently proposed terms of the Jobs Act or the Reduction Act will be altered or removed during the legislative process cannot be reliably predicted.

### **FINANCIAL ADVISOR**

The Issuer has retained Piper Jaffray & Co. as financial advisor (the "Financial Advisor") in connection with the issuance of the Notes. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

### **CONTINUING DISCLOSURE**

In order to permit bidders for the Notes and other participating underwriters in the primary offering of the Notes 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 "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to

time of the outstanding Notes, in the Resolution, to provide reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided on an annual basis, and the events as to which notice is to be given, if material, is summarized below under the caption “**APPENDIX C - Form of Continuing Disclosure Certificate**” herein for more information

The Issuer has never materially failed to comply with the Rule. **{We Need to Review This Certification}**

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I have reviewed the information contained within the Official Statement of the Cresco, Iowa, and said Official Statement does not contain any material misstatements of fact nor omissions of any material fact regarding the issue of \$1,715,000\* General Obligation Capital Loan Notes, Series 2013 of said Issuer to be issued under date of Date of Delivery.

CRESCO, IOWA

/s/ Michelle Girolamo  
City Clerk

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\* Preliminary, subject to change

**APPENDIX A - INFORMATION ABOUT THE ISSUER**

**CITY OF CRESCO, IOWA**

**CITY OFFICIALS**

<b>MAYOR</b>	Mark Bohle
<b>COUNCIL MEMBERS:</b>	Amy Bouska Jan Carman John Loveless Steve McCarville Teresa McGee
<b>CITY CLERK:</b>	Michelle Girolamo
<b>CITY ATTORNEY</b>	Joseph P. Braun

**CONSULTANTS**

<b>BOND COUNSEL:</b>	Ahlers & Cooney PC Des Moines, Iowa
<b>FINANCIAL ADVISOR:</b>	Piper Jaffray & Co. Des Moines, Iowa
<b>REGISTRAR &amp; PAYING AGENT:</b>	Wells Fargo Bank Minneapolis, MN

## General Information

The City of Cresco (population 3,868) is located in northeastern Iowa in Howard County. In addition to the usual services provided by a county seat community, Cresco serves as the major trading center for the excellent surrounding agricultural area, as well as home to industrial plants including the Donaldson Co., Inc., (Minneapolis, MN headquarters); Featherlite Trailers, and Cresco Food Technologies. The City of Cresco operates an airport suitable for light aircraft. The City also maintains a volunteer fire department boasting a Class 6 rating, the finest rating available to a volunteer department. Commercial airline service is available in Waterloo (60 miles) and Rochester, Minnesota (55 miles). Continuing educational opportunities within commuting distance include: Area I Northeast Iowa Community College, Calmar with satellite campus in Cresco; Luther College, Decorah; Loras and Clarke Colleges and the University of Dubuque, Dubuque; Wartburg College, Waverly; Upper Iowa University, Fayette; and the Mayo Clinic, Rochester, Minnesota.

Recreational opportunities in the area abound. The City of Cresco operates five parks combining for a total of 26 acres one public tennis court and three softball diamonds. The City also operates a theater/opera house, constructed in 1904, with major renovations completed in 1980, a wellness center including a pool and a library. The scenic Upper Iowa River cuts through the northern portion of the County, offering excellent water recreation opportunities. In addition, the area contains several state-stocked trout streams, campgrounds and picnicking area. The City is located approximately 55 miles from the Mississippi River, offering easy contact to one of the nation's most scenic waterways. The Mississippi River offers fishing, boating, picnicking and riverboat rides.

## Government

The City operates with a Mayor-Council form of government, with a Mayor and five council members elected to a staggered, four-year term of office. The City employs a full-time City Clerk, serving at the pleasure of the Council.

## Utilities

The following utilities operate within the Issuer providing the services indicated:

Electric Power:	Alliant Energy
Natural Gas:	Black Hills Energy
Telephone:	Windstream
Water:	City of Cresco
Sanitary Waste:	City of Cresco

## Employee Pension Plan

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing 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. All full-time employees of the Issuer are required to participate in IPERS. Employees who retire at age 65 (or anytime after age 58 with 30 or more years of service) are entitled to full monthly benefits. IPERS offers five options for distribution of retirement benefits. Benefits become fully vested after completing four years of service or after attaining age 55.

IPERS plan members are required to contribute a percentage of their annual salary, which amounted to 3.9% in fiscal year 2008, 4.1% in fiscal year 2009, 4.3% in fiscal year 2010 and 4.5% in fiscal year 2011. The Issuer is also required to make annual contributions to IPERS equal to amounts required by State statute. The Issuer's share, payable from the applicable funds of the Issuer, is provided by an annual levy of taxes without limit or restriction as to rate or amount against all the taxable property of the Issuer. All contributions are on a current basis. See "**APPENDIX B—AUDITED FINANCIAL STATEMENTS**" for additional information on IPERS.

The following table sets forth the statutorily required contributions made by the Issuer to IPERS for Fiscal Years 2008 through, and including, 2011. The Issuer has always made their full statutorily required contributions to IPERS. The Issuer cannot predict the levels of funding that will be required in the future.

<u>Fiscal Year</u>	<u>Amount Contributed</u>	<u>% of Covered Payroll</u>
2008	\$86,347	9.95
2009	90,810	10.45
2010	100,742	10.95
2011	109,321	11.45

Source: City of Cresco Independent Auditor's Reports for Fiscal Year Ending June 30, 2011.

The fund is administered by the State with administration costs paid from income derived from invested funds. IPERS has an unfunded actuarial liability and unrecognized actuarial loss. The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial report of IPERS for fiscal year 2010 (the "IPERS CAFR"). A complete copy of the IPERS CAFR can be obtained by visiting IPERS website at: <http://www.ipers.org/publications/misc/pdf/financial/cafr/cafr.pdf> or by writing to IPERS at P.O. Box 9117, Des Moines, Iowa 50306-9117. According to IPERS, as of the end of fiscal year 2010, there were approximately 324,873 total members participating in IPERS, including Issuer employees. IPERS does not break out the funding status for each participating entity, therefore, it is not possible to determine the Issuer's allocable share of the funding status of IPERS.

Fiscal Year Ended June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability [b]	Unfunded Actuarial Accrued Liability (Actuarial Value) [b]-[a]	Funded Ratio (Actuarial Value) [a]/[b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[b-a]/[c]]
2006	\$19,144,036,519	\$21,651,122,419	\$2,507,085,900	88.42%	\$5,523,863,321	45.39%
2007	20,759,628,415	23,026,113,782	2,266,485,367	90.16	5,781,706,199	39.20
2008	21,857,423,183	24,522,216,589	2,664,793,406	89.13	6,131,445,367	43.46
2009	21,123,979,941	26,018,593,823	4,894,613,882	81.19	6,438,643,124	76.02
2010	21,537,458,560	26,468,419,650	4,930,961,090	81.37	6,571,182,005	75.04
2011	22,575,309,199	28,257,080,114	5,681,770,915	79.89	6,574,872,719	86.42

Source: IPERS Comprehensive Annual Financial Report (Fiscal Year 2011)

When calculating the funding status of IPERS for fiscal year 2011, the following assumptions were used: (1) the amortization period for the total unfunded actuarial liability is 30 years (which is consistent with the maximum acceptable amortization period set forth by the Governmental Accounting Standards Board ("GASB") in GASB Statement No. 25); (2) the rate of return on investments is assumed to be 7.5%; (3) salaries are projected to increase 4.0-17% for IPERS, depending on years of service; and (4) the rate of inflation is assumed to be 3.25% for prices and 4.0% for wages.

Bond Counsel, the Issuer and the Financial Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the IPERS website.

#### **GASB 45**

In June 2004, the Governmental Accounting Standards Board ("GASB") issued GASB 45, which address how state and local governments are required to account for and report their costs and obligations related to other post employment benefits ("OPEB"), defined to include post retirement healthcare benefits. GASB 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension establishes financial reporting standards designed to measure, recognize and display OPEB costs. OPEB costs would become measurable on an accrual basis of accounting, and contribution rates (actuarially determined) would be prescribed for funding such costs. The provisions of GASB 45 do not require governments to fund their OPEBs. The Issuer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however the unfunded actuarial liability is required to be amortized over future periods. In accordance with the requirements of GASB 45, the Issuer's financial statements must comply with these provisions no later than the fiscal year ending June 30, 2010.

Consistent with Iowa Code section 509A.13, the Issuer offers post-retirement health benefits are available to all fulltime employees of the Issuer who retire before attaining age 65. The group health insurance plan provided to full time Issuer employees allows retirees to continue medical coverage until they reach age 65. Although retirees pay 100% of the "cost of coverage", the pre-age 65 group of retirees is grouped with the active employees when determining the cost of coverage. The computation creates an implicit rate subsidy that would not exist if the cost of the coverage for this group (pre-age 65 retirees) was computed separately and paid 100% by that group.

Plan Description - The City operates a single-employer benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 29 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a plan with Wellmark and is partially self-funded with a plan administered by Group Services. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$433 for single coverage and \$1,099 for family coverage. The same monthly premiums would apply to retirees. For the year ended June 30, 2012, the City contributed a total of \$248,388 and plan members eligible for benefits contributed a total of \$16,974.

**Population**

The following table sets forth population trends for the Issuer:

<u>Year</u>	<u>Population</u>
2010	3,868
2000	3,905
1990	3,669
1980	3,860
1970	3,927

**Population by Age**

Presented below is the 2010 Census figures according to age group for the County of Howard and the State of Iowa:

<u>Age Group</u>	<u>Howard County</u>	<u>State of Iowa</u>
Under 19 years of age	27.3%	26.9%
20 to 24 years of age	4.4	7.0
25 to 44 years of age	21.7	24.5
45 to 64 years of age	27.3	26.7
65 to 84 years of age	15.5	12.4
85 and over	3.8	2.3
Median Age	42.1	38.1

**Major Employers**

Following are the major employers within the City and the current number of people they employ:

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
Alum-Line	Trailers	83
Donaldson Company	Filters	410
Featherlite	Trailers	457
Howard-Winneshiek CSD	Education	260
Regional health Services of Howard Co.	Healthcare	150
SMI	Wood Pallets	50

**Employment Statistics**

The State of Iowa Department of Job Service reports unemployment unadjusted rates as follows (October 2012)

<u>Governmental Body</u>	<u>Percentage Unemployed</u>
National Average	7.90%
State of Iowa	5.10%
Howard County	3.90%

**Historical Employment Statistics**

Presented below are the historical unemployment rates for the years indicated for County and the State of Iowa.

<u>Calendar Year</u>	<u>Howard County</u>	<u>State Of Iowa</u>
2011	6.00%	5.90%
2010	7.50	6.70
2009	8.10	6.00
2008	4.70	4.10
2007	3.80	3.80

**Retail Sales**

Presented below are retail sales statistics for the City of Cresco for the period indicated:

<u>Year Ended</u>	<u>Taxable Retail Sales</u>	<u>Number of Businesses</u>
2011*	\$45,882,023	217
2010*	42,593,220	222
2009*	44,211,731	222
2008**	42,533,541	205
2007**	44,383,687	196

\* reported as of June 30  
 \*\* reported as of March 31

**Median Family Income**

Howard County had a 2000 median family income of \$34,641 compared to \$39,469 for the State of Iowa. The following table represents the distribution of family incomes for the County at the time of the 2000 census:

<u>Household Income</u>	<u># of Households</u>	<u>% of Households</u>
Under \$10,000	395	9.9
10,000 to 14,999	306	7.7
15,000 to 24,999	647	16.2
25,000 to 34,999	665	16.7
35,000 to 49,999	807	20.3
50,000 to 74,999	766	19.2
75,000 to 99,999	207	5.2
100,000 to 149,999	123	3.1
150,000 to 199,999	24	.6
200,000 or more	42	1.1

**Effective Buying Income**

The private publication “Sales & Marketing Management” has developed a wealth indicator termed “effective buying income” (EBI) defined as personal income less personal tax and non tax payments, which is considered by the publication to be a bulk measurement of market potential. Presented below is the EBI for Howard County and the State of Iowa for the periods indicated:

	<u>2009 County</u>	<u>2009 State</u>
Retail Sales (000)	\$102,373	\$40,982,154
Total EBI (000)	168,780	57,558,473
Median Household EBI	36,585	38,919
% of Households by EBI		
\$10,000 to \$19,999	21.7	19.9
\$20,000 to \$34,999	25.8	24.2
\$35,000 to \$49,999	22.0	20.5
\$50,000 and over	30.5	35.4

**Building Permits**

Presented below are the building permits issued in the City for the calendar year indicated.

<u>Calendar Year</u>	<u>Number of Permits</u>	<u>Dollar Value</u>
2012	36	\$3,534,482
2011	25	1,316,097
2010	35	1,439,567
2009	31	3,883,270
2008	28	4,762,839
2007	41	4,905,240

**Property Tax Valuations**

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the county auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural and commercial valuations are as follows:

<u>Fiscal Year</u>	<u>Residential Rollback</u>	<u>Ag. Land &amp; Buildings</u>	<u>Commercial</u>
2013-14	52.8166	59.9334	100.0000
2012-13	50.7518	57.5411	100.0000
2011-12	48.5299	69.0152	100.0000
2010-11	46.9094	66.2715	100.0000
2009-10	45.5893	93.8568	100.0000
2008-09	44.0803	90.1023	99.7312

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2011 are used to calculate tax liability for the tax year starting July 1, 2012 through June 30, 2013. Presented on the next page are the historic property valuations of the Issuer by class of property.

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## Property Valuations

Actual Valuation					
Valuation as of January	2011	2010	2009	2008	2007
Fiscal Year	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Residential:	123,858,990	132,561,673	131,083,766	118,676,973	117,291,480
Agricultural Land:	934,250	775,150	775,150	486,600	498,670
Ag Buildings:	89,350	106,320	106,320	98,340	66,980
Commercial:	26,808,810	27,502,845	27,378,058	25,378,511	25,940,410
Industrial:	11,476,720	11,398,100	11,398,100	11,398,100	11,206,890
Personal RE:	0	0	0	0	0
Railroads:	0	0	0	0	0
Utilities:	573,666	482,094	447,813	368,824	333,100
Other:	0	0	0	0	0
<b>Total Valuation:</b>	<b>163,741,786</b>	<b>172,826,182</b>	<b>171,189,207</b>	<b>156,407,348</b>	<b>155,337,530</b>
Less Military:	412,996	433,368	446,332	446,332	468,556
<b>Net Valuation:</b>	<b>163,328,790</b>	<b>172,392,814</b>	<b>170,742,875</b>	<b>155,961,016</b>	<b>154,868,974</b>
TIF Valuation:	3,347,058	3,065,120	2,564,974	1,902,486	1,143,460
Utility Replacement:	4,673,334	4,456,584	4,137,728	3,364,301	3,245,840
Taxable Valuation					
Valuation as of January	2011	2010	2009	2008	2007
Fiscal Year	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Residential:	62,834,607	64,251,169	61,386,799	54,027,930	51,679,736
Agricultural Land:	537,579	534,974	513,702	456,706	449,312
Ag Buildings:	51,413	73,377	70,459	92,299	60,351
Commercial:	26,808,810	27,502,845	27,378,058	25,334,023	25,870,692
Industrial:	11,476,720	11,398,100	11,398,100	11,398,100	11,206,890
Personal RE:	0	0	0	0	0
Railroads:	0	0	0	0	0
Utilities:	573,666	482,094	447,813	368,824	333,100
Other:	0	0	0	0	0
<b>Total Valuation:</b>	<b>102,282,795</b>	<b>104,242,559</b>	<b>101,194,931</b>	<b>91,677,882</b>	<b>89,600,081</b>
Less Military:	412,996	433,368	446,332	446,332	468,556
<b>Net Valuation:</b>	<b>101,869,799</b>	<b>103,809,191</b>	<b>100,748,599</b>	<b>91,231,550</b>	<b>89,131,525</b>
TIF Valuation:	1,879,257	1,894,961	1,541,792	1,159,833	526,703
Utility Replacement:	2,062,305	2,060,127	2,126,126	2,383,297	2,423,011

Valuation Year	Actual Valuation w/ Utilities	% Change in Actual Valuation	Taxable Valuation w/ Utilities	% Change in Taxable Valuation
2011	171,349,182	-4.76%	105,811,361	-1.81%
2009	179,914,518	1.39%	107,764,279	3.21%
2008	177,445,577	10.06%	104,416,517	10.17%
2007	161,227,803	1.24%	94,774,680	2.93%
2006	159,258,274	1.00%	92,081,239	-1.55%
2005	157,688,442	13.34%	93,527,285	13.73%
2004	139,126,230	2.13%	82,237,047	-0.22%
2003	136,219,733	2.63%	82,416,203	1.82%
2002	132,724,712		80,946,538	

## Tax Rates

The Issuer levied the following taxes for collection during the fiscal years indicated: (Source: Local Division, Iowa State Comptroller, Office)

Fiscal Year	General Fund	Outside	Emergency Levy	Debt Service	Employee Benefits	Capital Improve	Total Levy	Total Ag Levy
2013	8.10000	1.37456	0.27000	2.87581	4.51090	0.00000	17.13127	3.00375
2012	8.10000	1.30124	0.27000	2.86371	4.76862	0.00000	17.30357	3.00375
2011	8.10000	1.29542	0.27000	1.99915	4.49484	0.00000	16.15941	3.00375
2010	8.10000	1.33953	0.27000	2.54979	4.53996	0.00000	16.79928	3.00375
2009	8.10000	1.23336	0.27000	2.96437	4.81394	0.00000	17.38167	3.00375

**Combined Historic Tax Rates**

Fiscal Year	City	School	College	State	Assessor	Ag Extens	Hospital	County	Total Levy Rate
2013	17.13127	14.00497	0.98407	0.00300	0.67500	0.30000	1.08000	6.85070	41.02901
2012	17.30357	13.97487	1.07379	0.00300	0.73116	0.30000	1.08000	6.86722	41.33361
2011	16.15941	13.62935	1.03532	0.00300	0.72762	0.30000	1.08000	6.89400	39.82870
2010	16.79928	13.58324	0.99471	0.00300	0.73105	0.29990	1.08000	6.92126	40.41244
2009	17.38167	14.33006	0.55714	0.00350	0.70181	0.29981	1.08000	6.39617	40.75016

**Tax Collection History**

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected (1)
2013	\$1,742,244	In Collection	
2012	1,792,997	\$1,857,683	103.61%
2011	1,623,435	1,623,593	100.01%
2010	1,528,008	1,574,521	103.04%
2009	1,543,487	1,500,613	97.22%
2008	1,517,504	1,496,480	98.61%
2007	1,292,859	1,300,356	100.58%

**Largest Taxpayers**

Set forth in the following table are the persons or entities which represent the 2011 largest taxpayers within the Issuer, as provided by the Howard County Assessor’s Offices. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. The City’s mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

Taxpayer	2011 Taxable Valuation	Percent of Total
Featherlite Inc	\$4,965,949	4.7%
Peddler Real Estate LLC	3,211,040	3.0%
Donaldson Co INC	2,450,000	2.3%
Decorah Bank and Trust CO	1,830,260	1.7%
Cresco Union Savings Bank	1,803,920	1.7%
Interstate Power and Light Co	1,063,600	1.0%
Winneshiek Cooperative Assn	853,500	0.8%
Hawkeye Care Center	783,620	0.7%
Spahn & Rose Lumber Co	734,820	0.7%
Mediacom	712,740	0.7%
Total of Top 10 Taxpayers:		17.40%

**Public Funds Investments**

As of June 30, 2012, the City held investments in the following amounts:

	Amount on Deposit
Non Marketable CD	\$0
Local Bank Time Deposits	50,000
Money Market Deposits	5,478,642
Marketable Securities	0
Total	\$5,528,642

**Outstanding General Obligation Debt \***

Presented below is the outstanding principal of the Issuer’s General Obligation Debt, presented by fiscal year and bond series, including an estimate of the Bonds:

<u>Fiscal Year</u>	<u>1-Jun-01</u>	<u>1-Jan-07</u>	<u>15-Nov-10</u>	<u>1-Mar-13</u>	<u>Total</u>
2013	13,000	125,000	120,000		258,000
2014	13,000		125,000	185,000	323,000
2015	14,000		125,000	190,000	329,000
2016	15,000		130,000	195,000	340,000
2017	15,000		60,000	195,000	270,000
2018	16,000		60,000	105,000	181,000
2019	17,000		60,000	110,000	187,000
2020	17,000		65,000	105,000	187,000
2021	18,000		65,000	110,000	193,000
2022			20,000	110,000	130,000
2023			25,000	110,000	135,000
2024			25,000	100,000	125,000
2025			25,000	100,000	125,000
2026			25,000	100,000	125,000
Totals:	138,000	125,000	930,000	1,715,000	2,908,000

**Outstanding General Obligation Principal and Interest \***

Presented below is the outstanding principal and interest of the Issuer’s General Obligation Debt, presented by fiscal year and bond series, including an estimate of the Bonds:

<u>Fiscal Year</u>	<u>1-Jun-01</u>	<u>1-Jan-07</u>	<u>15-Nov-10</u>	<u>1-Mar-13</u>	<u>Total</u>
2013	17,209	178,823	140,690	0	336,722
2014	16,813	0	144,250	211,645	372,708
2015	17,416	0	142,500	210,114	370,030
2016	17,989	0	145,500	213,784	377,273
2017	17,532	0	73,030	212,321	302,883
2018	18,074	0	71,530	120,566	210,170
2019	18,586	0	70,030	124,464	213,080
2020	18,068	0	73,530	118,089	209,686
2021	18,549	0	71,515	121,645	211,709
2022	0	0	24,500	119,995	144,495
2023	0	0	28,750	118,180	146,930
2024	0	0	27,813	106,200	134,013
2025	0	0	26,875	104,250	131,125
2026	0	0	25,938	102,150	128,088
Totals	160,235	178,823	1,066,450	1,883,403	3,288,910

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\* Preliminary, subject to change

**Outstanding Sewer Revenue Debt**

The Issuer has previously issued its sewer revenue securities. Presented below is the principal and interest on the Issuer’s outstanding sewer revenue securities:

<u>Year</u>	<u>1-Aug-01</u>	<u>25-May-11</u>	<u>Total</u>
2013	41,157	31,242	72,399
2014	41,211	31,910	73,121
2015	42,235	31,325	73,560
2016	42,198	31,740	73,938
2017	43,131	32,123	75,253
2018	43,002	31,473	74,475
2019	43,843	31,823	75,666
2020	44,623	32,140	76,763
2021	45,342	31,425	76,767
2022	0	31,710	31,710
2023	0	31,963	31,963
2024	0	32,183	32,183
2025	0	31,370	31,370
2026	0	31,558	31,558
2027	0	31,713	31,713
2028	0	31,835	31,835
2029	0	31,925	31,925
2030	0	31,983	31,983
2031	0	32,008	32,008
<b>Totals</b>	<b>386,741</b>	<b>603,445</b>	<b>990,186</b>

**Debt Limit \***

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The Issuer’s debt limit, based upon said valuation, amounts to the following:

1/1/2011 Actual Valuation:	171,349,182
X	0.05
<b>Statutory Debt Limit:</b>	<b>8,567,459</b>
Total General Obligation Debt:	2,908,000
Total Lease Purchases:	
Total Loan Agreements:	
Capital Leases:	
Total Urban Renewal Revenue Debt:	
<b>Total Debt Subject to Limit:</b>	<b>2,908,000</b>
Percentage of Debt Limit Obligated:	33.94%

**Overlapping & Underlying Debt**

Presented below is a listing of the overlapping and underlying debt for Issuers within the District and the amount applicable to the Issuer:

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2011 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
Howard-Winneshiek CSD	\$0	\$449,550,488	\$105,811,361	23.54%	\$0
Howard County	6,135,406	516,632,835	105,811,361	20.48%	1,256,590
Northeast Iowa Community College	59,880,000	9,846,541,918	105,811,361	1.07%	643,473
Keystone AEA	2,160,403	9,846,541,918	105,811,361	1.07%	23,216

Total Overlapping & Underlying Debt: \$1,923,279

\* Preliminary, subject to change

## Financial Summary \*

Actual Value of Property, 2011:	\$171,349,182
Taxable Value of Property, 2011:	105,811,361
Direct General Obligation Debt:	\$2,908,000
Less Self-Supported General Obligation Debt:	0
Net Direct General Obligation Debt:	\$2,908,000
Overlapping Debt:	1,923,279
Net Direct & Overlapping General Obligation Debt:	\$4,831,279
Population, 2010 US Census Bureau:	3,868
Direct Debt per Capita:	\$751.81
Total Debt per Capita:	\$1,249.04
Net Direct Debt to Taxable Valuation:	2.75%
Total Debt to Taxable Valuation:	4.57%
Net Direct Debt to Actual Valuation:	1.70%
Total Debt to Actual Valuation:	2.82%
Actual Valuation per Capita:	\$44,299
Taxable Valuation per Capita:	\$27,356

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\* Preliminary, subject to change

## APPENDIX B – FORM OF LEGAL OPINION

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Cresco, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Capital Loan Notes, Series 2013, by the City (the "Notes"), dated March 1, 2013, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$\_\_\_\_\_.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing the Loan Agreement and issuance of the Notes (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

We have not been engaged to or undertaken to review the accuracy, completeness or sufficiency of the official statement or any offering material relating to the Notes and we express no opinion relating thereto.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and Loan Agreement and issue the Notes.
2. The Loan Agreement and Notes are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Notes. Taxes have been levied by the Resolution for the payment of the Notes and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.
4. The interest on the Notes is excluded from gross income for federal income tax purposes and interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations. We express no opinion regarding other federal income tax consequences caused by the receipt or accrual of interest on the Notes.

For the purpose of rendering the opinion set forth in paragraph numbered 4 above, we have assumed compliance by the Issuer with requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Notes in order that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Notes to be so included in gross income retroactive to the date of issuance of the Notes. The Issuer has covenanted to comply with such requirements.

It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

## APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Cresco, State of Iowa (the "Issuer"), in connection with the issuance of \$\_\_\_\_\_ General Obligation Capital Loan Notes, Series 2013 (the "Notes") dated March 1, 2013. The Notes are being issued pursuant to a Resolution of the Issuer approved on February 18, 2013 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Notes, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" ([emma.msrb.org](http://emma.msrb.org)).

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

### SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days after the end of the Issuer's fiscal year (presently June 30th), commencing with the report for the 2011/2012 fiscal year, provide to the National Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Report may be submitted as a single document or as separate documents comprising a package. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer is unable to provide to the National Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) each year file the Annual Report with the National Repository; and

(ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

b) A table, schedule or other information contained in the Official Statement under the captions "Population", "Employment Statistics", "Retail Sales", "Property Valuations", "Tax Rates", "Combined Historic Tax Rates", "Tax Collection", "History", "Largest Taxpayers", "Outstanding Debt", "Overlapping and Underlying Debt", "Debt Limit", and "Financial Summary".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not later than 10 Business Days after the day of the occurrence of the event;

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements relating to the Notes reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Notes, or material events affecting the tax-exempt status of the Notes;
- (7) Modifications to rights of Holders of the Notes, if material;
- (8) Note calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- (9) Defeasances of the Notes;
- (10) Release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) Rating changes on the Notes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Notes in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers,

directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_ day of \_\_\_\_\_, 2013.

City of Cresco, STATE OF IOWA

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

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EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Cresco, Iowa.

Name of Note Issue: \$ \_\_\_\_\_ General Obligation Capital Loan Notes,  
Series 2013

Dated Date of Issue: March 1

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Notes as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Notes. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

City of Cresco, STATE OF IOWA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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