CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Host Approval of Bond Refunding for the City of Grimes And the Walnut Creek YMCA

DATE: December 27, 2017

FINANCIAL IMPACT: None

BACKGROUND: The City of Grimes and the Iowa Finance Authority issued two different sets of bonds in 2008 to assist in renovations to the Walnut Creek YMCA. Grimes was used as the conduit financier because they are a qualified small issuer and can issue the bonds as Bank Qualified Bonds, whereas the City of West Des Moines is too large to qualify. Grimes can be used because, even though the Walnut Creek YMCA is not within its city limits, it is within 8 miles of its city limits.

As part of those 2008 issuances, it was required by tax code Section 147(f) for the City of West Des Moines to grant "Host Approval" – again, because the project is not located in Grimes. Host Approval requires that the governmental unit where the project exists also approves the issue.

Currently, the YMCA would like to extend the maturity on those bonds and therefore they are refunding those bonds. The code again requires Grimes to obtain Host Approval. That approval is sufficient if an applicable elected representative (in our case we are using the Mayor) approves the issue following a public hearing for which there is reasonable public notice.

Typically, conducing a public hearing in Grimes would satisfy the rule for public hearing requirements, but notice of the Grimes public hearing was only posted in the Dallas County News newspaper and bond counsel has determined that in order to satisfy the intent of the rule, it is also proper to give reasonable notice to the West Des Moines citizens. This is why the West Des Moines City Council has been asked to hold a public hearing on a City of Grimes bond issuance.

Through this action, staff is also requesting that the Mayor be given authority to execute the Host Approval document on behalf of the Council.

OUTSTANDING ISSUES (if any): none

RECOMMENDATION: Conduct public hearing and approve resolution which advises the City of Grimes to proceed with the sale and refunding of it's 2008 Revenue Bonds (YMCA project).

Lead Staff Member: Tim Stiles, Finance Director

STAFF REVIEWS

Department Director	
Appropriations/Finance	
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	Des Moines Register
Dates(s) Published	December 15, 2017

SUBCOMMITTEE REVIEW (if applicable)

Committee			
Date Reviewed			
Recommendation	Yes	No	Split

December 27, 2017

Mayor Steven K. Gaer
City of West Des Moines, Iowa
4200 Mills Civic Parkway
West Des Moines, Iowa 50265

Dear Mayor Gaer:

The City of Grimes, Iowa has authorized the issuance of its Revenue Refunding Bonds (YMCA Project), Series 2017 (the "Bonds") in an aggregate principal amount of not to exceed $4,590,000, in order to provide financing to (i) refund its $2,500,000 Revenue Bonds (YMCA Project) Series 2008 and the $2,150,000 Iowa Finance Authority Revenue Refunding Bonds (YMCA of Greater Des Moines Project) Series 2008 (altogether, the "2008 Bonds") which were each originally issued to provide financing for the construction, improving and equipping of a renovation of the existing Walnut Creek YMCA, including locker room improvements which include the expansion of family locker rooms, new heating and cooling systems and plumbing and renovation and equipment to be purchased in order to increase the accessibility and functionality of the facility for people with disabilities and older adults (the "Project") located at 948 73rd Street in West Des Moines, Iowa; and (ii) to pay costs of issuance

Following public notice, which included the publication of notice in The Dallas County News, a newspaper of general circulation within Grimes, Iowa, the City of Grimes, Iowa conducted a public hearing on December 12, 2017, at a regularly scheduled meeting of the City of Grimes, Iowa, on the proposal to issue the Bonds at the Council Champers in Grimes City Hall, 101 N. Harvey Street in Grimes, Iowa.

The City of Grimes, Iowa authorized the issuance of the Bonds in a resolution dated December 12, 2017 for the purposes set forth in Chapter 419 of the Code of Iowa pertaining to using the proceeds from the sale of revenue Bonds to defray all or a portion of the cost of refunding projects authorized under the Code of Iowa.

Pursuant to §147(f)(2)(A)(ii) of the Internal Revenue Code of 1986 (the "Code"), this summary has been submitted for your approval of the issuance of the above-described Bonds as the Project is located within the jurisdiction of the City of West Des Moines in the State of Iowa. The City of Grimes, Iowa is recommending the approval by the City of West Des Moines, Iowa of the issuance of the Bonds after the City of West Des Moines, Iowa holds a public hearing to give host approval pursuant to Section 147 of the Code.

Respectfully submitted,

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Tom Armstrong, Mayor
City of Grimes, Iowa

RESOLUTION

RESOLUTION TO PROCEED WITH THE APPROVAL OF THE CITY OF GRIMES, IOWA REVENUE REFUNDING BONDS (YMCA PROJECT), SERIES 2017, IN AN AMOUNT NOT TO EXCEED $4,590,000

WHEREAS, West Des Moines, Iowa (hereinafter referred to as the "City"), is a municipal corporation and political subdivision organized and existing under the laws and the Constitution of the State of Iowa (the "State"); and

WHEREAS, the City has been requested by The Young Men's Christian Association of Greater Des Moines, Iowa (the "YMCA") to approve the City of Grimes, Iowa (the "Issuer") Revenue Refunding Bonds pursuant to the provisions of the Section 147 of the Internal Revenue Code issued in order to refund the Issuer's $2,500,000 Revenue Bonds (YMCA Project), Series 2008 and the $2,150,000 Iowa Finance Authority Revenue Refunding Bonds (YMCA of Greater Des Moines Project) Series 2008 (together, the "2008 Bonds"), which were originally issued to provide financing for the construction, improving and equipping of a renovation of the Walnut Creek YMCA, including locker room improvements which included the expansion of family locker rooms, new heating and cooling systems and plumbing and renovation and equipment purchased in order to increase the accessibility and functionality of the facility for people with disabilities and older adults (the "Project"), at 948 73rd Street in West Des Moines, Iowa, a location that is within eight miles of the corporate limits of the City; and (ii) and to finance the costs of issuance; and

WHEREAS, it has been represented to the City that the amount necessary to refund the Project will require the issuance by the City of not to exceed $4,590,000 aggregate principal amount; and

WHEREAS, notice of a public hearing on a proposal for the Issuer to issue the Bonds in an amount not to exceed $4,590,000 has been duly given in compliance with Section 147 of the Internal Revenue Code of 1986 and Chapter 419 of the Code of Iowa (the "Act"); and

WHEREAS, a public hearing has been held on the proposal to approve the issuance of the Bonds at the time and place as specified in said notice and all objections or other comments relating to the issuance of the Bonds have been heard;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WEST DES MOINES, IOWA, AS FOLLOWS:

Section 1. That it is hereby determined that it is necessary and advisable that the City proceed with its approval of the City of Grimes, Iowa Revenue Refunding Bonds (YMCA Project), Series 2017, in an amount not to exceed $4,590,000 as authorized and permitted by the Act to refinance the Project to that amount.

Section 2. That all objections and comments relating to the issuance of the Bonds have been heard and all such objections are hereby overruled.

Section 3. That the officers of the City are hereby authorized and directed to do any and all things deemed necessary in order to effect the accomplishment of the refinancing of the Project through the refunding of the 2008 Bonds and the issuance and the sale of the Bonds.

Section 4. That the publication of the notice of the public hearing on the issuance of the Bonds is hereby ratified, confirmed and approved.

Section 5. That all resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. That this Resolution shall become effective immediately upon its passage and approval.

Passed and approved this 27th day of December, 2017.

_____
Mayor Pro tem

Attest:

_____
City Clerk

MAYOR'S APPROVAL

WHEREAS, the City of Grimes, Iowa ("City") has filed a report with the City of West Des Moines, Iowa relating to the issuance of its Revenue Refunding Bonds (YMCA Project), Series 2017 (the "Bonds") in an aggregate principal amount of not to exceed $4,590,000, the proceeds of which will in order to provide financing to (i) refund its $2,500,000 Revenue Bonds (YMCA Project) Series 2008 and the $2,150,000 Iowa Finance Authority Revenue Refunding Bonds (YMCA of Greater Des Moines Project) Series 2008 (altogether, the "2008 Bonds") which were each originally issued to provide financing for the construction, improving and equipping of a renovation of the existing Walnut Creek YMCA, including locker room improvements which include the expansion of family locker rooms, new heating and cooling systems and plumbing and renovation and equipment to be purchased in order to increase the accessibility and functionality of the facility for people with disabilities and older adults (the "Project") located at 948 73rd Street in West Des Moines, Iowa; and (ii) to pay costs of issuance;

WHEREAS, a public hearing has been held in the City and in West Des Moines, Iowa following the giving of due notice on the proposal to issue the Bonds at which hearing individuals having an interest in or who could be affected by the issuance of the Bonds could express their views with respect to the proposal, and the City has filed a report of the hearing recommending that the issuance of the Bonds be approved, and under the rules of applicable tax laws of the United States, given the location of the facility in West Des Moines, Iowa, the Bonds cannot be issued as tax-exempt Bonds until approved by the chief elected officer of the City of West Des Moines, Iowa;

NOW, THEREFORE, the issuance of the aforementioned Bonds is hereby approved.

Dated at Des Moines, Iowa, this 27th day of December, 2017.

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Rick Messerschmidt, Mayor Pro-Tem
City of West Des Moines, Iowa