CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Resolution Approving Second Amendment to Indenture of Trust Relating to City's Revenue Bonds, Series 2014 (Woodgrain Millwork, Inc. Project) and Related Matters

DATE: November 12, 2018

FINANCIAL IMPACT: None. The City will continue to serve as a conduit for the issuance of the referenced bonds after the Second Amendment is approved. These bonds do not constitute an indebtedness of the City and are not considered when calculating the City's constitutional debt limit. Outside of a continuing disclosure in the City's Comprehensive Annual Financial Report, there is no accounting or processing responsibility by the City related to these bonds.

BACKGROUND: The City has issued bonds on behalf of Woodgrain Millwork (dba Windsor Windows) several times previously dating back to 1994, with the most recent issuance of bonds occurring in February 2010. The outstanding bonds were refunded in 2014 and at that time a Loan Agreement and Indenture of Trust between Woodgrain and Wells Fargo Bank, NA, was executed as part of the Series 2014 Bond proceedings.

A first amendment, approved by Council on February 6, 2017, allowed for a lower interest rate on the bonds. Woodgrain and Wells Fargo Bank now have agreed on all terms of a Second Amendment to their Indenture of Trust. The purpose the Second Amendment is to mitigate the effect of the interest rate decrease in the federal income tax rate on corporations on the interest rate on the Bonds.

As a condition of the City's role as co-issuer, the City becomes party to the agreement and any potential amendment. As a result, Woodgrain, through Bond Counsel, requested that the City agree to the terms of this Second Amendment.

RECOMMENDATION: Approve a Resolution for the Second Amendment to the Indenture of Trust with Wells Fargo Bank, and authorizes the Mayor and City Clerk to execute the document on behalf of the City.

Lead Staff Member: **Tim Stiles, Finance Director**

STAFF REVIEWS

Department Director	
Appropriations/Finance	
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	
Dates(s) Published	

SUBCOMMITTEE REVIEW (if applicable)

Committee			
Date Reviewed			
Recommendation	Yes	No	Split

RESOLUTION _____

Resolution approving the Second Amendment to Indenture of Trust relating to the City's Revenue Bonds, Series 2014 (Woodgrain Millwork, Inc. Project) and related matters

WHEREAS, the City has previously issued its Revenue Bonds, Series 2014 (Woodgrain Millwork, Inc. Project) (the "Bonds") dated as of July 1, 2014 pursuant to an Indenture of Trust dated as of July 1, 2014 (the "Original Indenture") between the City and Wells Fargo Bank, National Association (the "Trustee") and loaned the proceeds thereof to Woodgrain Millwork, Inc. (the "Borrower") pursuant to a Loan Agreement dated as of July 1, 2014 (the "Loan Agreement") between the City and the Borrower; and

WHEREAS, the Borrower arranged for the sale of the Bonds, and the Bonds are currently held by Wells Fargo Bank, National Association (the "Purchaser"); and

WHEREAS, the Borrower and the Purchaser previously agreed to amendments to the Original Indenture to effectuate a lower interest rate on the Bonds and, pursuant to a resolution adopted by the City on February 6, 2017, the Issuer and the Trustee entered into the First Amendment to Indenture of Trust dated as of February 21, 2017 (the "First Amendment" and, together with the Original Indenture, the "Existing Indenture"), which was acknowledged and agreed to by the Purchaser; and

WHEREAS, the Borrower and the Purchaser have agreed to further amendments to the Existing Indenture in order to amend certain provisions of the Existing Indenture in order to mitigate the effect of the decrease in the federal income tax rate on corporations on the interest rate on the Bonds; and

WHEREAS, the Borrower requests that the City approve a Second Amendment to Indenture of Trust (the "Second Amendment") in order to amend the Existing Indenture as set forth in the Second Amendment, and the Purchaser has consented to the Second Amendment; and

WHEREAS, a form of the Second Amendment has been prepared and presented to the City Council for consideration;

NOW, THEREFORE, IT IS RESOLVED by the City Council of the City, as follows:

Section 1. The Second Amendment is hereby approved and the Mayor and the City Clerk are hereby authorized and directed to execute and deliver the Second Amendment on behalf of the City in substantially the form as has been submitted to and considered by the City Council with such changes therein as may be deemed necessary by Bond Counsel. The Mayor and the City Clerk are hereby authorized to execute any and all documents necessary related to the Second Amendment as required by Bond Counsel.

Section 2. All resolutions or parts thereof in conflict herewith are repealed, to the extent of such conflict.

Section 3. This Resolution shall become effective immediately upon its passage and approval.

Passed and approved November 12, 2018.

CITY OF WEST DES MOINES,
IOWA

_____
Mayor

Attest:

_____
City Clerk

• • • Other Business • • •

On motion and vote, the meeting adjourned.