CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Public Hearing for the issuance of Not to Exceed $700,000 Essential Corporate Purpose General Obligation Bonds (GCP #1)

DATE: February 19, 2019

FINANCIAL IMPACT: Final debt service amounts (principal and interest) are not known, pending sale date and interest rate charged. Projected costs will most likely be included in the fiscal year 2019-20 budget because it is expected that the bonds will be sold and proceeds received after June 30, 2019. However, issuance proceeds are calculated to maintain overall debt service (principal and interest) levy for FY 2019-20 at the Council-established ideal rate of $1.95/$1,000. The upcoming issuance will be structured to accommodate future annual borrowings at a borrowing level of approximately $10.0 million in future years. Total tax revenue to be received in FY 2019-20 through the Debt Service Levy is approximately $11.17 million – note that this total does not include commercial backfill to the Debt Service Fund, or interest revenue earned on cash balances in the Debt Service Fund.

BACKGROUND: This public hearing will allow the sale of not to exceed $700,000 General Obligation Bonds to partially defray the costs of constructing a number of CIP projects included in prior, current, and future fiscal year budgets. A listing of the proposed projects is as follows:

Neighborhood Redevelopment	
Valley Junction Alleys - Paving & Grading	$500,000
Facilities & Equipment	
Fire/EMS Station #21 - Roof Replacement (ECP 2)	400,000
Nature Lodge - HVAC Replacement (ECP 4)	450,000
Nature Lodge - Flat Roof Replacement & Exterior Improvements (ECP 3)	295,000
Valley View Aquatic Center - AC Replacements (ECP 3)	30,000
Ped Underpass Lighting Upgrade - EP True near Jordan Creek Mall	50,000
Ped Underpass Lighting Upgrade - Ashworth Rd at Crossroads Park	50,000
Ongoing Maintenance	
Parking Lot Repairs - Various City Facilities (ECP 2)	300,000
Streets	
Grand Avenue - S. Jordan Creek Parkway to S. 88th St	1,922,500
Grand Avenue Reconstruction - 1st to 6th St	812,500
Grand Avenue Reconstruction - East of I-35 & Trail West of I-35	780,000
S. 33rd & Fuller Retaining Wall Repair	245,000
City Entrance Enhancements (Level 1) - 5 Locations (ECP 1)	675,000
Bridge Removal - SE Army Post Rd west of SE 42nd St	300,000
Intersection Impr. - Jordan Creek Parkway & Ashworth Road	50,000
Intersection Impr. - The Parkways on S. Jordan Creek Parkway	305,000
HAWK Beacon - 39th & EP True	125,000

Parks	
Replace Skate Facility - American Legion Park	200,000
Playground, Sidewalks, and Parking Lot - Hidden Point Park	135,000
Playground, Sidewalks, and Restrooms - Whisper Point Park	415,000
Permanent Restroom Facility - Railroad Park	450,000
Disc Golf Course Improvements - Southwoods Park	30,000
Single Track Trail - Southwoods Park	80,000
Central site grading, utilities & north roadway (yr. 1) - Valley View Park	1,400,000
	$10,000,000

The anticipated borrowings are separated into five (5) separate series in order to comply with rules associated with GCP bonds, which do not permit an individual issuance of greater than $700,000.

Following the issuance, the City's debt service levy will remain at $1.95 per $1,000 of taxable valuation. Analysis of future borrowing needs has been projected by the City's Financial Advisory Firm, Public Financial Management with the assumption that in the future the typical annual general obligation borrowing limit will be approximately $10.0 million. The recommended action will establish authorization for the City to receive bids on the sale of the bonds any time after the certification of the FY 2019-20 budgets.

OUTSTANDING ISSUES (if any): None

RECOMMENDATION: Adoption of Resolution instituting proceedings to take additional actions on the issuance of not to exceed $700,000 ECP General Obligation Bonds (#1).

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	February 8, 2019

SUBCOMMITTEE REVIEW (if applicable)

Committee			
Date Reviewed			
Recommendation	Yes	No	Split

RESOLUTION NO. _____

Resolution authorizing Loan Agreements, approving the future issuance of General Obligation Corporate Purpose Bonds and providing for the levy of taxes to pay the same

WHEREAS, the City of West Des Moines (the "City"), in Dallas, Madison, Polk and Warren Counties, State of Iowa, heretofore proposed to enter into a loan agreement (the "Essential Purpose Loan Agreement"), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed $7,770,000 for the purpose of paying the costs, to that extent, of (1) constructing street, road, alley, sanitary sewer system, storm water drainage and sidewalk improvements; (2) acquiring and installing street and pedestrian traffic lighting and signalization improvements; and (3) improving and equipping existing municipal parks, and has published notice of the proposed action and has held a hearing thereon on February 19, 2019; and

WHEREAS, the City also proposed to enter into a loan agreement (the "General Purpose Loan Agreement #1"), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed $700,000 for the purpose of paying the costs, to that extent, of designing, acquiring and installing community entrance enhancements and welcome signs, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of February 19, 2019, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement #1 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a loan agreement (the "General Purpose Loan Agreement #2"), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed $700,000 for the purpose of paying the costs, to that extent, of (1) constructing improvements and repairs to parking lots at municipal buildings and grounds; and (2) undertaking roof replacement for Fire/EMS Station #21, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of February 19, 2019, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement #2 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a loan agreement (the "General Purpose Loan Agreement #3"), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed $685,000 for the purpose of paying the costs, to that extent, of (1) constructing and installing fueling system modifications at the Public Services facility; (2) installing air conditioning improvements at the Valley View Aquatic Center; and (3) undertaking roof replacement and exterior improvements at the Nature Lodge, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of February 19, 2019, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement #3 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a loan agreement (the "General Purpose Loan Agreement #4") (collectively, the Essential Purpose Loan Agreement, the General Purpose Loan Agreement #1, the General Purpose Loan Agreement #2, the General Purpose Loan Agreement #3 and the General Purpose Loan Agreement #4 are sometimes referred to hereinafter as the "Loan Agreements"), pursuant to the provisions of Section 384.24A of the Code of Iowa, and to borrow money thereunder in a principal amount not to exceed $655,000 for the purpose of paying the costs, to that extent, of (1) undertaking the HVAC system replacement at the Nature Lodge; and (2) undertaking the replacement of the generator at the Municipal Library, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of February 19, 2019, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement #4 be submitted to the registered voters of the City; and

WHEREAS, the City intends to enter into one or more combinations of the Loan Agreements in the future and to issue one or more corresponding series of General Obligation Corporate Purpose Bonds (the "Bonds") in evidence of its obligations thereunder and anticipates that principal and/or interest will come due on such Bonds before July 1, 2020; and

WHEREAS, it is now necessary to make provision for the levy of a debt service property tax in the 2019-2020 fiscal year for the payment of such principal and interest;

NOW, THEREFORE, Be It Resolved by the City Council of the City of West Des Moines, Iowa, as follows:

Section 1. The City Council hereby determines to enter into one or more combinations of the Loan Agreements in the future and orders that the Bonds shall be issued in a principal amount not to exceed $10,510,000 at such time, in evidence thereof. The City Council further declares that this constitutes the "additional action" required by Section 384.24A of the Code of Iowa.

Section 2. For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, there is hereby ordered levied on all the taxable property in the City the following direct annual tax:

For collection in the fiscal year beginning July 1, 2019,
sufficient to produce the net annual sum of $3,530,376.

provided, however, that at the time the Bonds are issued, the actual tax levy amounts required to pay the principal of and interest on the Bonds in each year shall be determined based upon the interest rate or rates at which the Bonds are issued, and this resolution shall be supplemented by resolution of the City Council to provide for such actual and necessary tax levy amounts.

Section 3. A certified copy of this resolution shall be filed with the County Auditors of Dallas, Madison, Polk and Warren Counties, and said Auditors are hereby instructed to enter for collection and assess the tax hereby authorized. When annually entering such taxes for collection, the County Auditors shall include the same as a part of the tax levy for Debt Service Fund purposes of the City and when collected, the proceeds of the taxes shall be converted into

the Debt Service Fund of the City and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds hereby authorized and for no other purpose whatsoever.

Section 4. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 5. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved February 19, 2019.

_____
Mayor

Attest:

_____
City Clerk