CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Establishing Date of Public Hearing for the issuance of not to exceed $2,935,000 General Obligation Corporate Purpose and Refunding Bonds (2019E)

DATE: June 17, 2019

FINANCIAL IMPACT: Final debt service amounts (principal and interest) undetermined, pending sale date and interest rate details. The current estimate of overall interest savings is approximately $157,000 (net present value).

BACKGROUND: A public hearing scheduled for July 1, 2019, will consider the future sale of not to exceed $2.935 million General Obligation Refunding Bonds to refund the City's outstanding Series 2011A General Obligation bonds. It is anticipated that, if approved, the sale would occur on August 1, 2019.

The original Series 2011A Bonds were issued to construct a number of infrastructure projects identified in the City's capital improvement plan. Interest rates on these bonds have been monitored by staff and the City's financial advisory firm (PFM Financial Advisors LLC) and the market is currently favorable to support a current refunding of the remaining balance.

The bond refunding transaction will be completed as part of a larger sale of "new money" General Obligation bonds, the sale of which has previously been approved by the Council. Conducting a joint sale allows for a reduction of sale costs and issuance fees.

The recommended action will establish the date for a public hearing needed prior to receiving bids, selling the bonds, and conducting other details of the sale.

OUTSTANDING ISSUES (if any): None

RECOMMENDATION: Adoption of Resolution instituting proceedings to hold a public hearing on July 1, 2019, to consider the issuance of not to exceed $2,935,000 General Obligation Corporate Purpose and Refunding Bonds.

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 NO. _____

Resolution setting the date for public hearing on proposal to enter into a General Obligation Loan Agreement and to borrow money thereunder in a principal amount not to exceed $2,935,000

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"), 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 previously issued its $6,900,000 General Obligation Bonds, Series 2011A, dated August 10, 2011 (the "2011A Bonds"), a portion of which remain outstanding, maturing on June 1 in each of the years, and in such amounts, and bearing interest at such rates as follows:

Year	Principal Amount	Interest Rate Per Annum	Year	Principal Amount	Interest Rate Per Annum
2020	$425,000	3.000%	2023	$470,000	3.250%
2021	$440,000	3.000%	2024	$485,000	3.500%
2022	$455,000	3.125%	2025	$500,000	3.500%

; and

WHEREAS, pursuant to the resolution (the "2011A Bond Resolution") authorizing the issuance of the 2011A Bonds, the City reserved the right to prepay part or all of the 2011A Bonds maturing in each of the years 2020 to 2025 (the "Callable 2011A Bonds"), inclusive, prior to and in any order of maturity on June 1, 2019 or on any date thereafter, subject to the provisions of the 2011A Bond Resolution; and

WHEREAS, the City now proposes to enter into a loan agreement (the "Refunding 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 $2,935,000 for the purpose of paying the cost, to that extent, of current refunding the outstanding balance of the Callable 2011A Bonds, and it is necessary to fix a date of meeting of the City Council at which it is proposed to take action to enter into the Refunding Loan Agreement and to give notice thereof as required by such law;

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

Section 1. The City Council shall meet on July 1, 2019, at the _____, West Des Moines, Iowa, at _____ o'clock ___.m., at which time and place a hearing will be held and proceedings will be instituted and action taken to enter into the Refunding Loan Agreement.

Section 2. The City Clerk is hereby directed to give notice of the proposed action on the Refunding Loan Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than four (4) and not more than twenty (20) days before the date of said meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

NOTICE OF PROPOSED ACTION TO INSTITUTE PROCEEDINGS ON PROPOSAL TO ENTER INTO A LOAN AGREEMENT AND TO BORROW MONEY THEREUNDER IN A PRINCIPAL AMOUNT NOT TO EXCEED $2,935,000

(GENERAL OBLIGATION)

The City Council of the City of West Des Moines, Iowa (the "City"), will meet on July 1, 2019, at the _____, West Des Moines, Iowa, at _____ o'clock ___.m., for the purpose of instituting proceedings and taking action on a proposal to enter into a loan agreement (the "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed $2,935,000 for the purpose of paying the cost, to that extent, of current refunding the outstanding balance of the City's General Obligation Bonds, Series 2011A, dated August 10, 2011.

The Loan Agreement is proposed to be entered into pursuant to authority contained in Section 384.24A of the Code of Iowa and will constitute a general obligation of the City.

At that time and place, oral or written objections may be filed or made to the proposal to enter into the Loan Agreement. After receiving objections, the City may determine to enter into the Loan Agreement, in which case, the decision will be final unless appealed to the District Court within fifteen (15) days thereafter.

By order of the City Council of the City of West Des Moines, Iowa.

Ryan Jacobson
City Clerk

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved June 17, 2019.

_____
Mayor

Attest:

_____
City Clerk

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On motion and vote, the meeting adjourned.

_____
Mayor

Attest:

_____
City Clerk