# CITY OF WEST DES MOINES
# CITY COUNCIL MEETING COMMUNICATION

**ITEM:** Resolution Setting the Date of Sale for $15.4 million General Obligation Bonds (Series 2019F), and Approving Preliminary Official Statement

**DATE:** July 1, 2019

**FINANCIAL IMPACT:** Ultimate debt service amounts (principal and interest) are undetermined, pending interest rate bids received on Monday, July 15, 2019. Interest is estimated to range from 1.74% to 2.46% with an approximate all-in interest rate of 3.05%, with final maturity scheduled for June 1, 2039 (20 year bonds). Bonds due after June 1, 2027 will be subject to call for redemption prior to maturity on said date or any day thereafter.

**BACKGROUND:** This action allows the sale of $15,400,000 of General Obligation Bonds (Series 2019F), to partially defray the costs of constructing the MidAmerican Energy Rec Plex. In addition, it has been identified that the City's Series 2011A General Obligation Bonds are in a positon to be refunded with a result of interest savings. Because funding to pay the debt service on these bonds will come from Hotel/Motel Tax revenues, rather than the debt service levy, there is no effect on the overall debt service levy.

The resolution also approves a Preliminary Official Statement and authorizes its distribution. The Council is encouraged to review the Preliminary Official Statement as its preparation is subject to Federal Securities Law regulation. As such, the City must be certain that facts and representations are true and correct in all material respects, up to and including the date of the delivery of the bonds. A copy of the Preliminary Official Statement has previously been sent electronically to the Councilmembers and is available for review in the offices of the City Clerk and Finance Director.

On August 6, 2018, a public hearing was held to institute proceedings on the issuance of "not to exceed" $15.4 million General Obligation Bonds. Iowa Code Section 384.28 specifically permits the City to sell bonds for different projects together for market efficiency, once legal authority has been established through the required hearings, notices, and approvals. No comments were received.

Bids will be received Monday, July 15, 2019, at 11:00am, and either staff or a representative of the City's Financial Advisory Firm, Public Financial Management (PFM), will report on the results to Council at its meeting scheduled for that same evening.

**RECOMMENDATION:** Adoption of Resolution on proposal to enter into entering into loan agreement, setting the date of sale for $15,400,000 General Obligation Bonds (Series 2019F), and approving the Preliminary Official Statement.

**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 |

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RESOLUTION NO. _____

Resolution setting the date for the sale of General Obligation Recreation Complex Bonds, Series 2019F and authorizing the use of a preliminary official statement in connection therewith

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 "Loan Agreement") and to borrow money thereunder in a principal amount not to exceed $15,400,000, pursuant to the provisions of Section 384.24A and Section 384.24(3)(q) of the Code of Iowa, for the purpose of paying the cost, to that extent, of undertaking an urban renewal project in the Mills Parkway Urban Renewal Area consisting of constructing, furnishing and equipping an ice and turf sports and recreation campus, including an arena, a fieldhouse, outdoor soccer fields, parking facilities and related improvements, and in lieu of calling an election upon such proposal, has published notice of the proposed action, including notice of the right to petition for an election, and has held a hearing thereon, and as of August 20, 2018, no petition had been filed with the City asking that the question of entering into the Loan Agreement be submitted to the registered voters of the City; and

WHEREAS, a Preliminary Official Statement (the "P.O.S.") has been prepared to facilitate the sale of General Obligation Recreation Complex Bonds, Series 2019F (the "Bonds") to be issued in evidence of the obligation of the City under the Loan Agreement, and it is now necessary to make provision for the approval of the P.O.S. and to authorize its use by PFM Financial Advisors LLC, as municipal financial advisor (the "Financial Advisor") to the City; and

WHEREAS, it is now necessary to fix a date of meeting of the City Council to consider bids and take action for the sale and issuance of the Bonds and to give proper notice of such sale, as required by Chapter 75 of the Code of Iowa; and

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

Section 1. The City Clerk and Finance Director are hereby authorized to take such action as shall be deemed necessary and appropriate, with the assistance of the Financial Advisor and Dorsey & Whitney LLP (the "Disclosure Counsel"), as the City's disclosure counsel, to prepare the P.O.S. describing the Bonds and providing for the terms and conditions of their sale, and all action heretofore taken in this regard is hereby ratified and approved.

Section 2. The use by the Financial Advisor of the P.O.S. in substantially the form as has been presented to and considered by the City Council is hereby approved, and the Financial Advisor, together with Disclosure Counsel, is hereby authorized to prepare and use a final Official Statement for the Bonds substantially in the form of the P.O.S. but with such changes therein as are required to conform the same to the terms of the Bonds and the resolution, when adopted, providing for the sale and issuance of the Bonds, and the Finance Director is hereby authorized and directed to execute a final Official Statement for the Bonds, if requested by the

Financial Advisor or Disclosure Counsel. The P.O.S. as of its date is deemed final by the City within the meaning of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

Section 3. Sealed bids for the purchase of the Bonds shall be received and canvassed on behalf of the City until 11:00 a.m. on July 15, 2019, at the office of the City Clerk, at the City Hall, in the City, and the City Council shall meet on the same date at 5:30 p.m., at the City Hall, 4200 Mills Civic Pkwy, West Des Moines, Iowa, for the purpose of considering such bids received and considering and passing a resolution providing for the award of the Bonds, and the Financial Advisor is hereby authorized and directed to disseminate the notice of said sale, in compliance with the Internal Revenue Service regulations governing "Issue Price" determinations. The City Clerk is hereby authorized and directed to disseminate the notice of said sale, such notice to be in substantially the following form, and also to be published at least once, not less than four (4) and not more than twenty (20) days before the July 15th sale date, in a newspaper of general circulation in the City:

# NOTICE OF SALE
# CITY OF WEST DES MOINES, IOWA

## $15,400,000 GENERAL OBLIGATION RECREATION COMPLEX BONDS, SERIES 2019F

Bids will be received on behalf of the City of West Des Moines, Iowa, until 11:00 a.m. on July 15, 2019, for the purchase of $15,400,000 General Obligation Recreation Complex Bonds, Series 2019F (the "Bonds") of the City.

Any of the methods set forth below may be used, but no open bids will be accepted:

Sealed Bidding: Sealed bids will be received City Clerk, City Hall, 4200 Mills Civic Pkwy, West Des Moines, Iowa 50265 until 11:00 a.m. C.D.T.

Electronic Internet Bidding: Electronic internet bids will be received at the office of the City Clerk, City Hall, 4200 Mills Civic Pkwy, West Des Moines, Iowa 50265, until 11:00 a.m. C.D.T. and must be submitted through PARITY®.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the City Clerk, City Hall, 4200 Mills Civic Pkwy, West Des Moines, Iowa 50265, at facsimile number (515) 222-3638 or at the office of the municipal financial advisor, PFM Financial Advisors LLC, 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309, at facsimile number (515) 243-6994 until 11:00 a.m. C.D.T., and will be sealed and treated as sealed bids.

After the deadline for receipt of bids has passed, sealed bids that have been timely received will be opened and announced, and electronic internet bids will be accessed and announced. All bids will be presented to the City Council for consideration at its meeting to be held at 5:30 p.m., on July 15, 2019, at the City Hall, West Des Moines.

The City reserves the right to increase or decrease the aggregate principal amount of the issue. Any change will be in increments of $5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any change in issue size.

The Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof, will be dated August 1, 2019, will bear interest payable semiannually on each June 1 and December 1 to maturity, commencing December 1, 2019, and will mature on each June 1 in the following years and amounts:

| Date | Principal | Interest Rate | Date | Principal | Interest Rate |
|---|---|---|---|---|---|
| 2020 | $690,000 | _____% | 2030 | $750,000 | _____% |
| 2021 | $630,000 | _____% | 2031 | $770,000 | _____% |
| 2022 | $645,000 | _____% | 2032 | $790,000 | _____% |
| 2023 | $655,000 | _____% | 2033 | $815,000 | _____% |
| 2024 | $665,000 | _____% | 2034 | $840,000 | _____% |
| 2025 | $680,000 | _____% | 2035 | $865,000 | _____% |
| 2026 | $690,000 | _____% | 2036 | $895,000 | _____% |
| 2027 | $705,000 | _____% | 2037 | $920,000 | _____% |
| 2028 | $720,000 | _____% | 2038 | $955,000 | _____% |
| 2029 | $735,000 | _____% | 2039 | $985,000 | _____% |

Principal of the Bonds maturing in each of the years 2028 to 2039, inclusive, is subject to optional redemption prior to maturity on June 1, 2027, or on any date thereafter on terms of par plus accrued interest.

All bids must be for not less than a par amount of $15,246,000, plus accrued interest. The legal opinion of Dorsey & Whitney LLP, Attorneys, Des Moines, Iowa, will be furnished by the City.

A good faith deposit of ONE PERCENT OF PAR ($154,000) is required of the successful bidder and may be forfeited to the City in the event the successful bidder fails or refuses to take and pay for the Bonds.

The City reserves the right to reject any or all bids and to waive irregularities in any bid.

The Bonds are being issued pursuant to the provisions of Chapter 384 of the Code of Iowa and will constitute general obligations of the City, payable from taxes levied upon all the taxable property in the City without limitation as to rate or amount.

The Securities and Exchange Commission (the "SEC") has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule") that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of $1,000,000 or more unless, before submitting a bid or entering into a purchase contract for such securities, it has reasonably determined that the issuer or an obligated person has undertaken in writing for the benefit of the holders of such securities to provide certain disclosure information to prescribed information repositories on a continuing basis so long as such securities are outstanding.

On the date of issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Certificate pursuant to which the City will undertake to comply with the Rule. The City will covenant and agree to comply with and carry out the provisions of the Continuing Disclosure Certificate. All of the officers of the City will be authorized and directed

to take any and all actions as may be necessary to comply with the Rule and the Continuing Disclosure Certificate.

Bidders should be aware that the official terms of offering (the "Terms of Offering") to be published in the Official Statement (the "Official Statement") for the Bonds contain additional bidding terms and information relative to the Bonds. In the event of a variance between statements in this Notice of Sale (except with respect to the time and place of the sale of the Bonds and the principal amount offered for sale) and said official terms of offering, the provisions of the latter shall control.

In order to establish the issue price of the Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a bid, each bidder agrees to the following.

If a bid is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the bid and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity," and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a bid is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the City to that effect at the time it submits its bid and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether the competitive sale rule applies.

<u>If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies</u>, the Purchaser will be required to deliver to the City at or prior to closing an Underwriter's Certificate, substantially in the form attached to the Terms of Offering as Exhibit 1, as to the reasonably expected initial offering price as of the award date.

<u>If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied</u>, the Purchaser shall (1) advise the City as soon as practicable after the award, but on the date of the award, whether the underwriters have sold at least 10% of each maturity of the Bonds to the public at the initial offering price, and, if not, the maturities with respect to which that is not the case (the "Undersold Maturities"); (2) from time to time, and upon one or more requests of the City, inform the City in writing of the amounts, times and prices of sales of Bonds that are Undersold Maturities and whether such sales were to the public until, with respect to a maturity, at least 10% of that maturity has been sold to the public at a single price, or, if earlier,

the date on which all Bonds of such Undersold Maturity have been sold to the Public; and (3) at or prior to closing, deliver to the City an Underwriter's Certificate substantially in the form attached to the Terms of Offering as Exhibit 2.

**The Bonds will be subject to the "hold-the-offering-price" rule. Any bid submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and bids submitted will not be subject to cancellation or withdrawal.**

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

Ryan Jacobson
City Clerk

Section 4. Pursuant to Section 75.14 of the Code of Iowa, the City Council hereby authorizes the use of electronic bidding procedures for the sale of the Bonds through PARITY®, and hereby finds and determines that the PARITY® competitive bidding system will provide reasonable security and maintain the integrity of the competitive bidding process and will facilitate the delivery of bids by interested parties under the circumstances of this bond sale.

Section 5. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved July 1, 2019.

_____
Mayor

Attest:

_____
City Clerk