# CITY OF WEST DES MOINES
# CITY COUNCIL MEETING COMMUNICATION

**ITEM:** Issuance of $29,235,000 General Obligation Urban Renewal Capital Loan Notes (Series 2022E)

**DATE:** October 17, 2022

**FINANCIAL IMPACT:** Ultimate debt service amounts (principal and interest) are undetermined, pending interest rate bids received the morning of Monday, October 17, 2022. The estimated yield rates on each coupon for 2022E are between 3.09% and 4.88% with an estimated all-in interest rate of 4.54%. Final maturity is scheduled for June 1, 2042 (20-year notes). City's repayments begin June 1, 2023 and continue semiannually thereafter. Notes due after June 1, 2030 will be subject to call for redemption prior to maturity on said date or any day thereafter.

**BACKGROUND:** This action allows the sale of $29,235,000 General Obligation Urban Renewal Capital Loan Notes Series 2022E. These notes will partially defray the costs of constructing public infrastructure in support of the Digital Enterprise Fund and will be directly used to pay down the outstanding balance of a Promissory Note negotiated with West Bank which bears interest at a variable rate (0.50% below the Bank's prime lending rate).

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. On July 6, 2020, a public hearing was held to consider instituting proceedings on the future issuance of "not to exceed" $42.8 million General Obligation Urban Renewal Capital Loan Notes for the purposes and amounts contained in these issuances. On February 21, 2022, a public hearing was held to add another $17.2 million to this future issuance. Following each of the hearings, Council authorized the future issuance of debt.

Competitive bids will be received Monday, October 17, 2022, at 10:30am. Either a member of staff or a representative of the City's Financial Advisory Firm, Public Financial Management (PFM), will report on the results to Council during the City Manager's Staff Report.

**RECOMMENDATION:** Adopt a motion receiving report of bids and resolution which directs (awards) the sale of $29.235 million General Obligation Urban Renewal Capital Loan Notes (Series 2022E) to the successful bidder.

**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 | October 7, 2022 |

**SUBCOMMITTEE REVIEW** (if applicable)

| | | | |
|---|---|---|---|
| Committee | Finance & Admin | | |
| Date Reviewed | September 21, 2022 | | |
| Recommendation | Yes | No | Split |

S:\Pinkies\Award Sale 2022E.docx

Council Member _____ introduced the following Resolution entitled "RESOLUTION DIRECTING SALE OF $29,235,000 (SUBJECT TO ADJUSTMENT PER TERMS OF OFFERING) TAXABLE GENERAL OBLIGATION URBAN RENEWAL CAPITAL LOAN NOTES, SERIES 2022E," and moved its adoption. Council Member _____ seconded the motion to adopt. The roll was called and the vote was,

AYES: _____

_____

NAYS: _____

Whereupon, the Mayor declared the following Resolution duly adopted:

RESOLUTION DIRECTING SALE OF $29,235,000 (SUBJECT TO ADJUSTMENT PER TERMS OF OFFERING) TAXABLE GENERAL OBLIGATION URBAN RENEWAL CAPITAL LOAN NOTES, SERIES 2022E

WHEREAS, bids have been received for the Notes described as follows and the best bid received (with permitted adjustments, if any) is determined to be the following:

$29,235,000 (SUBJECT TO ADJUSTMENT PER TERMS OF OFFERING) TAXABLE GENERAL OBLIGATION URBAN RENEWAL CAPITAL LOAN NOTES, SERIES 2022E

Bidder: _____ of _____

The terms of award:

Final Par Amount as adjusted: $_____

Purchase Price as adjusted: $_____

True Interest Rate: _____%

Net Interest Cost: $_____

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

Section 1. That the bid for the Notes as above set out is hereby determined to be the best and most favorable bid received and, the Notes are hereby awarded as described above.

Section 2. That the statement of information for Note bidders and the form of contract for the sale of the Notes are hereby approved and the Mayor and Clerk are authorized to execute the same on behalf of the City.

Section 3. That all acts of the Clerk done in furtherance of the sale of the Notes are hereby ratified and approved.

Section 4. That the notice of the sale of the notes heretofore given and all acts of the Clerk done in furtherance of the sale of the notes are hereby ratified and approved.

PASSED AND APPROVED this 17th day of October, 2022.

_____
Mayor

ATTEST:

_____
City Clerk