

New Issues

**Rating: Application Made to Moody's Investor Services
Application Made to Standard and Poor's Rating Services**

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") the interest on the Series 2014C Bonds is excludable from gross income for federal income tax purposes. Interest on the Series 2014C Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on corporations. Interest on the Series 2014C Bonds is included in gross income for purposes of Iowa State personal and corporate (but not franchise) income taxes. The Series 2014C Bonds will NOT be designated as "qualified tax-exempt obligations". Interest on the Series 2014D Bonds paid to the owners thereof is includible in gross income for purposes of present Federal income taxation. Interest on the Series 2014D Bonds is not included in gross income for purposes of Iowa State personal and corporate (but not franchise) income taxes. See "TAX MATTERS" section herein for a more detailed discussion.

CITY OF DES MOINES, IOWA

**\$27,495,000* General Obligation Bonds, Series 2014C
\$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D**

BIDS RECEIVED: Wednesday, June 25, 2014, 10:00 o'clock A.M., Central Time
AWARD: Wednesday, June 25, 2014, 4:30 o'clock P.M., Central Time

Dated: Date of Delivery (July 30, 2014)

Principal Due: June 1 as shown inside front cover

The \$27,495,000* General Obligation Bonds, Series 2014C (the "Series 2014C Bonds") are being issued pursuant to Division III of Chapter 384 and Section 403.12 of the Code of Iowa and the \$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D (the "Series 2014D Bonds") are being issued pursuant to Division III of Chapter 384 and Section 403.12 of the Code of Iowa, (collectively the "Bonds"), and resolutions to be adopted by the City Council of the City of Des Moines, Iowa (the "City"). The Bonds are being issued for various new money purposes. (See "AUTHORITY AND PURPOSE" section herein for more detailed project descriptions.) The Bonds will be general obligations of the City for which the City will pledge its power to levy direct ad valorem taxes for the repayment of the Bonds.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The City Treasurer, as designated Paying Agent/Registrar (the "Registrar"), will pay principal on the Bonds payable annually on each June 1, beginning June 1, 2016, and interest on the Bonds, payable initially on December 1, 2014, and thereafter on each June 1 and December 1 to DTC which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date").

THE BONDS WILL MATURE AS LISTED ON THE INSIDE FRONT COVER

	<u>SERIES 2014C BONDS</u>	<u>SERIES 2014D BONDS</u>
MINIMUM BID:	\$27,220,050	\$2,230,875
GOOD FAITH DEPOSIT:	Required of Purchaser(s) Only	Required of Purchaser(s) Only
TAX MATTERS:	Federal: Tax-Exempt State: Taxable See "TAX MATTERS" and "STATE TAX-EXEMPTION" for more information.	Federal: Taxable State: Tax-Exempt See "TAX MATTERS" and "STATE TAX-EXEMPTION" for more information.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, and if issued and subject to the legal opinion of Ahlers & Cooney, P.C., Bond Counsel, of Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about July 30, 2014. This Preliminary Official Statement will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the City with respect to the Bonds, as defined in Rule 15c2-12.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

CITY OF DES MOINES, IOWA

\$27,495,000* General Obligation Bonds, Series 2014C

SERIES 2014C BONDS

MATURITY: June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2016	\$1,335,000	2021	\$1,420,000
2017	1,345,000	2022	1,450,000
2018	1,355,000	2023	1,490,000
2019	1,370,000	2024	16,335,000
2020	1,395,000		

***PRINCIPAL
ADJUSTMENT:**

Preliminary; subject to change. The aggregate principal amount of the Series 2014C Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of \$5,000 but the total amount to be issued will not exceed \$27,800,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Series 2014C Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2014C Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

REDEMPTION:

Series 2014C Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST:

December 1, 2014 and semiannually thereafter.

CITY OF DES MOINES, IOWA

\$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D

SERIES 2014D BONDS

MATURITY: June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2016	\$235,000	2021	\$255,000
2017	235,000	2022	260,000
2018	240,000	2023	265,000
2019	240,000	2024	275,000
2020	245,000		

***PRINCIPAL**

ADJUSTMENT: Preliminary; subject to change. The aggregate principal amount of the Series 2014D Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of \$5,000 but the total amount to be issued will not exceed \$2,250,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Series 2014D Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2014D Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

REDEMPTION: Series 2014D Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST: December 1, 2014 and semiannually thereafter.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to prospective bidders. Its primary purpose is to disclose information regarding the Bonds to prospective bidders in the interest of receiving competitive bids in accordance with the NOTICE OF BOND SALE and the TERMS OF OFFERING contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement".

Review Period: This Preliminary Official Statement has been distributed to City staff as well as to prospective bidders for an objective review of its disclosure. Comments or omissions or inaccuracies must be submitted to Public Financial Management, Inc. (the "Financial Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received. If there are any changes, corrections or additions to the Preliminary Official Statement, prospective bidders will be informed by an addendum at least one business day prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the legislative body will authorize the preparation of a Final Official Statement that includes the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the underwriter (the "Syndicate Manager") and syndicate members. Copies of the Final Official Statement will be delivered to the Syndicate Manager within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto were prepared relying on information of the City and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Financial Advisor, payable entirely by the City, is contingent upon the sale of the issue.

TABLE OF CONTENTS

NOTICE OF BOND SALE	i
TERMS OF OFFERING.....	ii
SCHEDULE OF BOND YEARS.....	viii
INTRODUCTION	1
AUTHORITY AND PURPOSE	1
OPTIONAL REDEMPTION.....	2
INTEREST	2
PAYMENT OF AND SECURITY FOR THE BONDS.....	2
BOOK-ENTRY-ONLY ISSUANCE	2
FUTURE FINANCING	4
LITIGATION	4
DEBT PAYMENT HISTORY; LEGALITY	4
TAX MATTERS	5
STATE TAX EXEMPTION	7
RATING.....	7
FINANCIAL ADVISOR; CONTINUING DISCLOSURE	8
CERTIFICATION.....	8
CITY PROPERTY VALUES	9
IOWA PROPERTY VALUATIONS.....	9
1/1/2013 VALUATIONS (TAXES PAYABLE JULY 1, 2014 THROUGH JUNE 30, 2015)	9
2013 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY.....	9
TREND OF VALUATIONS.....	10
LARGER TAXPAYERS	10
RECENT PROPERTY TAX LEGISLATION.....	11
CITY INDEBTEDNESS.....	12
DEBT LIMIT; DIRECT DEBT	12
OTHER DEBT	17
INDIRECT GENERAL OBLIGATION DEBT	20
DEBT RATIOS.....	20
LEVIES AND COLLECTIONS; CITY TAX RATES	21
LEVY LIMITS.....	21
THE CITY.....	22
CITY GOVERNMENT; CITY BUDGETING PROCESS.....	22
GENERAL FUND - AVAILABLE FUND BALANCE.....	23
EMPLOYEES AND PENSIONS.....	23
OTHER POST-EMPLOYMENT BENEFITS	24
RISK MANAGEMENT	25
GENERAL INFORMATION.....	26
LOCATION AND TRANSPORTATION; GENERAL SERVICES AND ATTRACTIONS.....	26
MAJOR EMPLOYERS	27
RETAIL SALES AND BUYING INCOME; AVERAGE ANNUAL LABOR FORCE DATA.....	28
CITY BUILDING PERMITS; U.S. CENSUS DATA	29
EDUCATION	30
FINANCIAL SERVICES; FINANCIAL STATEMENTS	30
APPENDIX A - FORM OF LEGAL OPINIONS	
APPENDIX B - JUNE 30, 2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT	
APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE	
OFFICIAL BID FORMS	

(This page has been left blank intentionally.)

CITY OF DES MOINES, IOWA

Mayor/City Council

T.M. Franklin CownieMayor
Christopher J. Coleman.....Council Member – At Large
Skip MooreCouncil Member – At Large
Bill GrayCouncil Member – Ward 1
Robert L. Mahaffey.....Council Member – Ward 2
Christine Hensley.....Council Member – Ward 3
Joe GattoCouncil Member – Ward 4

Administration

Larry Hulse, Interim City Manager
Scott Sanders, Finance Director/Treasurer
Diane Rauh, City Clerk

Corporation Counsel

Jeffrey D. Lester

Bond Counsel

Ahlers & Cooney, P.C.
Des Moines, Iowa

Financial Advisor

Public Financial Management, Inc.
Des Moines, Iowa

NOTICE OF BOND SALE

Time and Place of Sealed Bids: Sealed bids for the sale of Bonds of the City of Des Moines, Iowa, will be received at the office of the Finance Director/Treasurer, City Hall, 400 Robert D. Ray Drive, in the City of Des Moines, Iowa (the "Issuer") at 10:00 o'clock A.M., on the 25th day of June, 2014. The bids will then be publicly opened and referred for action to the meeting of the City Council as stated below.

Manner of Bidding: Open bids will not be received. Bids will be received in any of the following methods:

- Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Finance Director/Treasurer, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa.
- Electronic Internet Bidding: Electronic internet bids will be received at the office of the Finance Director/Treasurer, Des Moines, Iowa. The bids must be submitted through the PARITY[®] competitive bidding system.

Consideration of Bids: After the time for receipt of bids has passed, the close of sealed bids will be announced. Sealed bids will then be publicly opened and announced. Finally, electronic internet bids will be accessed and announced.

Sale and Award: The sale and award of the Bonds will be held at the Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa, at a meeting of the City Council on the above date at 4:30 o'clock P.M.

The Bonds: The Bonds to be offered are the following:

GENERAL OBLIGATION BONDS, SERIES 2014C, in the amount of \$27,495,000*, to be dated the date of delivery.

TAXABLE GENERAL OBLIGATION URBAN RENEWAL BONDS, SERIES 2014D, in the amount of \$2,250,000*, to be dated the date of delivery.

* Subject to principal adjustment pursuant to the Official Terms of Offering.

(each of such series being referred to herein as the "Bonds").

Official Statement: The Issuer has issued an Official Statement of information pertaining to the Bonds to be offered, including a statement of the Terms of Offering and an Official Bid Form, which is incorporated by reference as a part of this notice. The Official Statement may be obtained by request addressed to the Finance Director/Treasurer, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa 50309 (telephone: 515/283-4523) or the financial consultant to the City, Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 (telephone: 515/243-2600).

Terms of Offering: All bids shall be in conformity with and the sale shall be in accord with the Terms of Offering as set forth in the Official Statement.

Legal Opinion: Said Bonds will be sold subject to the opinion of Ahlers & Cooney, P.C., Attorneys of Des Moines, Iowa, as to the legality and their opinion will be furnished together with the printed Bonds without cost to the purchaser and all bids will be so conditioned. Except to the extent necessary to issue their opinion as to the legality of the Bonds, the attorneys will not examine or review or express any opinion with respect to the accuracy or completeness of documents, materials or statements made or furnished in connection with the sale, issuance or marketing of the Bonds. The opinion will be printed on the back of the Bonds.

Rights Reserved: The right is reserved to reject any or all bids, and to waive any irregularities as deemed to be in the best interests of the public.

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

City Clerk of the City of Des Moines, Iowa

Published in The Des Moines Register on _____, 2014.

(End of Notice)

TERMS OF OFFERING

CITY OF DES MOINES, IOWA

Bids for the purchase of the City of Des Moines, Iowa (the “City”) \$27,495,000* General Obligation Bonds, Series 2014C (the “Series 2014C Bonds”) and the \$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D (the “Series 2014D Bonds”) (collectively the “Bonds”) will be received on Wednesday, June 25, 2014 before 10:00 o’clock A.M. Central Time after which time they will be tabulated. The City Council will consider award of the Bonds at 4:30 o’clock P.M. Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City’s Financial Advisor at 515-243-2600. In addition to the provisions of the official NOTICE OF BOND SALE, this section sets forth the description of certain of the terms of the Bonds as well as the TERMS OF OFFERING with which all bidders and bid proposals are required to comply, as follows:

DETAILS OF THE SERIES 2014C BONDS

GENERAL OBLIGATION BONDS, SERIES 2014C in the principal amount of \$27,495,000* to be dated July 30, 2014, in the denomination of \$5,000 or multiples thereof, will mature June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2016	\$1,335,000	2021	\$1,420,000
2017	1,345,000	2022	1,450,000
2018	1,355,000	2023	1,490,000
2019	1,370,000	2024	16,335,000
2020	1,395,000		

* Preliminary; subject to change. The aggregate principal amount of the Series 2014C Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of \$5,000 but the total amount to be issued will not exceed \$27,800,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Series 2014C Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2014C Bonds will be made while maintaining, as closely as possible, the successful bidder’s net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

DETAILS OF THE SERIES 2014D BONDS

TAXABLE GENERAL OBLIGATION URBAN RENEWAL BONDS, SERIES 2014D in the principal amount of \$2,250,000* to be dated July 30, 2014, in the denomination of \$5,000 or multiples thereof, will mature June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2016	\$235,000	2021	\$255,000
2017	235,000	2022	260,000
2018	240,000	2023	265,000
2019	240,000	2024	275,000
2020	245,000		

* Preliminary; subject to change. The aggregate principal amount of the Series 2014D Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of \$5,000 but the total amount to be issued will not exceed \$2,250,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Series 2014D Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2014D Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

TERM-BOND OPTION

Bidders shall have the option of designating either series of the Bonds as serial bonds or term bonds, or both. The applicable bid must designate whether each of the principal amounts shown above represent a serial maturity or a mandatory redemption requirement for a term bond maturity. (See the OFFICIAL BID FORMS for more information.) In any event, the above principal amount scheduled shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both.

OPTIONAL REDEMPTION

The Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST

Interest on the Bonds will be payable on December 1, 2014 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

GOOD FAITH DEPOSITS

A good faith deposit in the amount of \$274,950 for the Series 2014C Bonds (the “Series 2014C Deposit”) and \$22,500 for the Series 2014D Bonds (the “Series 2014D Deposit”) are required from the lowest bidder only of each series of the Bonds. The lowest bidder is required to submit such deposit payable to the order of the City in the form of either (i) a cashier’s check provided to the City or its Financial Advisor prior to the opening of bids or (ii) a wire transfer as instructed by the City’s Financial Advisor not later than 12:00 o’clock A.M. Central Time on the day of sale of the Bonds. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a deposit and thereafter may award the sale of the Bonds to the same. No interest on a deposit will accrue to the successful bidder (the “Purchaser(s)”). The Series 2014C Deposit and the Series 2014D Deposit will be applied to the purchase prices of each respective series of Bonds. In the event a Purchaser(s) fails to honor its accepted bid proposal, any deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for each series of the Bonds for a price not less than \$27,220,050 for the Series 2014C Bonds and \$2,230,875 for the Series 2014D Bonds, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth under the “BIDDING PARAMETERS” section. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORMS provided by the City. Each series of the Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (the “TIC”) basis assuming compliance with the “GOOD FAITH DEPOSITS” section. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of each respective series of Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Financial Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Financial Advisor’s computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

The City will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause and (iii) reject any bid which the City determines to have failed to comply with the terms herein.

BIDDING PARAMETERS

For each respective series, the rates of interest specified in the bidder’s proposal must conform to the following limitations:

1. For each respective series, each annual maturity must bear a single rate of interest from the dated date of the Bonds to the date of maturity.
2. For each respective series, rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. For each respective series, the initial price to the public for each maturity must be 98% or greater.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the TERMS OF OFFERING and OFFICIAL BID FORM provided by the City or through PARITY[®] competitive bidding system (the “Internet Bid System”). The City shall not be responsible for malfunction or mistake made by any person, or as a result of the use of the electronic bid or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the NOTICE OF BOND SALE and OFFICIAL BID FORM. The time as maintained by the Internet Bid System as defined below shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the City Finance Director/Treasurer, City of Des Moines, 400 Robert D. Ray Drive, Des Moines, Iowa 50309.

Electronic Internet Bidding: Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling 212-404-8102.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its Internet bid in a timely manner and in compliance with the requirements of the TERMS OF OFFERING, and OFFICIAL BID FORM. The City is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the Internet bidding and the Internet Bid System is not an agent of the City. Provisions of the TERMS OF OFFERING and OFFICIAL BID FORM shall control in the event of conflict with information provided by the Internet Bid System.

BOOK-ENTRY-ONLY ISSUANCE

The Bonds will be issued by means of a book-entry-only issuance with no physical distribution of bond or note certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, NY, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser(s), as a condition of delivery of the Bonds, will be required to deposit the bond or note certificates with DTC.

MUNICIPAL BOND INSURANCE AT PURCHASER’S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser(s). Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser(s), except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser(s). Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser(s) shall not constitute cause for failure or refusal by the Purchaser(s) to accept delivery on the Bonds. The City reserves the right in its sole discretion to accept or deny changes to the financing documents requested by the insurer selected by the Purchaser(s).

DELIVERY

The Bonds will be delivered to the Purchaser(s) through DTC in New York, New York, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by a Purchaser(s), the Purchaser(s) may withdraw their bid and thereafter their interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the City may give the Purchaser(s) five working days notice of the delivery date and the City will expect payment in full on that date, otherwise reserving the right of its option to determine that the Purchaser(s) has failed to comply with the offer of purchase.

INFORMATION FROM PURCHASERS

The Purchaser(s) will be required to certify to the City immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including sales to bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed the fair market value of the Bonds on the sale date. The Purchaser(s) will also be required to provide a certificate at closing confirming the information required by this paragraph.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Official Statement will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and the identity of the underwriters, together with any other information required by law or deemed appropriate by the City, shall constitute a Final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an OFFICIAL BID FORM therefore, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which each series of the Bonds are awarded up to 30 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to the Participating Underwriter. Any underwriter executing and delivering an OFFICIAL BID FORM with respect to the Bonds agrees thereby that if its bid is accepted by the City, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CONTINUING DISCLOSURE

In order to assist bidders in complying with paragraph (b)(5) of the Rule, the City will undertake, pursuant to the resolutions for the Bonds and the Continuing Disclosure Certificate for the Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of these undertakings is set forth in APPENDIX C of this Preliminary Official Statement. The City will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of the City to deliver the same shall relieve the Purchaser(s) of their obligations to purchase the Bonds.

The City is currently compliant with its continuing disclosure undertakings. However, the City inadvertently failed to timely file its Comprehensive Annual Financial Reports (CAFRs) for the fiscal years ending June 30, 2010 and 2011. Such late filings were completed three (3) days after the requirement for each year. The City has taken steps intended to assure future compliance with its disclosure covenants and has filed its fiscal year 2012 and 2013 continuing disclosure requirements in a complete and timely manner.

The Board of Trustees of the Des Moines Water Works (the "DMWW") is the governing body for the purposes of issuance of all City water revenue debt. The DMWW is currently compliant with its continuing disclosure undertakings. However, the DMWW inadvertently failed to timely file its Independent Auditor's Report and required financial and operating data tables for the fiscal year ending December 31, 2011. The DMWW filed the outstanding 2011 audit and required financial and operating data tables on July 8, 2013. The DMWW has implemented additional internal staffing procedures intended to assure future compliance with its disclosure covenants and has filed its fiscal year 2012 continuing disclosure requirements in a complete and timely manner. Fiscal year 2013 continuing disclosure requirements are not due until July 2014.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or the resolutions for the Bonds. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

CUSIP NUMBERS

It is anticipated that Committee on Uniform Security Identification Procedures (“CUSIP”) numbers will be printed on the Bonds and the Purchaser(s) must agree in the bid proposal to pay the cost thereof. In no event will the City, Bond Counsel or Financial Advisor be responsible for the review of, or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser(s) to refuse to accept delivery of said Bonds.

BY ORDER OF THE CITY COUNCIL

Diane Rauh, City Clerk

City of Des Moines

400 Robert D. Ray Drive

Des Moines, Iowa 50309

SCHEDULE OF BOND YEARS

\$27,495,000*

CITY OF DES MOINES, IOWA

General Obligation Bonds, Series 2014C

Bonds Dated: July 30, 2014

Interest Due: December 1, 2014 and each June 1 and December 1 to maturity

Principal Due: June 1, 2016-2024

<u>Year</u>	<u>Principal</u> *	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2016	\$1,335,000	2,451.21	2,451.21
2017	1,345,000	3,814.57	6,265.78
2018	1,355,000	5,197.93	11,463.71
2019	1,370,000	6,625.47	18,089.18
2020	1,395,000	8,141.38	26,230.56
2021	1,420,000	9,707.28	35,937.83
2022	1,450,000	11,362.36	47,300.19
2023	1,490,000	13,165.81	60,466.00
2024	16,335,000	160,672.88	221,138.88

Average Maturity (dated date): 8.043 Years

* Preliminary; subject to change.

SCHEDULE OF BOND YEARS

\$2,250,000*

CITY OF DES MOINES, IOWA

Taxable General Obligation Urban Renewal Bonds, Series 2014D

Bonds Dated: July 30, 2014

Interest Due: December 1, 2014 and each June 1 and December 1 to maturity

Principal Due: June 1, 2016-2024

<u>Year</u>	<u>Principal</u> *	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2016	\$235,000	431.49	431.49
2017	235,000	666.49	1,097.97
2018	240,000	920.67	2,018.64
2019	240,000	1,160.67	3,179.31
2020	245,000	1,429.85	4,609.15
2021	255,000	1,743.21	6,352.36
2022	260,000	2,037.39	8,389.75
2023	265,000	2,341.57	10,731.32
2024	275,000	2,704.93	13,436.25

Average Maturity (dated date): 5.972 Years

* Preliminary; subject to change.

PRELIMINARY OFFICIAL STATEMENT
CITY OF DES MOINES, IOWA
\$27,495,000* General Obligation Bonds, Series 2014C
\$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Des Moines, Iowa (the “City”) and its issuance of \$27,495,000* General Obligation Bonds, Series 2014C (the “Series 2014C Bonds”) and the \$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D (the “Series 2014D Bonds”) (collectively the “Bonds”). This Preliminary Official Statement has been authorized on behalf of the City and its Finance Director/Treasurer and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be directed to the City’s Financial Advisor, Public Financial Management, Inc., 801 Grand Avenue, Suite 3300, Des Moines, Iowa, 50309 or by telephoning 515-243-2600. Information can also be obtained from Mr. Scott Sanders, Finance Director/Treasurer, City of Des Moines, 400 Robert D. Ray Drive, Des Moines, Iowa, 50309, or by telephoning 515-283-4523.

AUTHORITY AND PURPOSE

The Series 2014C Bonds are being issued pursuant to Division III of Chapter 384 and Section 403.12 of the Code of Iowa and the Series 2014D Bonds are being issued pursuant to Division III of Chapter 384 and Section 403.12 of the Code of Iowa, (collectively the “Bonds”), and resolutions to be adopted by the City Council of the City.

The Series 2014C Bonds are being issued for the purpose of paying the costs of certain projects included within the 2014-2015 Capital Improvements Program budget of the City, including the acquisition of equipment for the Fire Department; the construction, reconstruction, improvement and repair of bridges; the acquisition and demolition of dilapidated and dangerous buildings and the abatement of nuisances, including underground storage tank remediations and compliance activities; the funding of programs to provide for or assist in the acquisition or restoration of housing, including affordable housing improvements, and commercial redevelopment in targeted neighborhoods; the replacement of trees, including an emerald ash borer response plan, and the rehabilitation and improvement of City parks, including the replacement and the construction, acquisition and improvement of recreational facilities, equipment, recreation trails, buildings, and other park improvements, public space amenities or attractions located in City parks; the construction and repair of cemetery facilities and improvements; the construction, reconstruction and repair of sidewalks; the construction, reconstruction and repair of streets, curbing, and related street, storm sewer and streetscape improvements and the acquisition of public rights of way for the same, including street widening, paving and intersection improvements; the acquisition, installation and repair of traffic control devices and traffic signals and signs; and aiding in the planning, undertaking and carrying out of the urban renewal project activities under the authority of Chapter 403 of the Code of Iowa and the Urban Renewal Plan for the Metro Center Urban Renewal Project Area, including street and skywalk improvements; vacant and blighted property redevelopment; the equipping and improving of City library facilities, including window replacements, miscellaneous building improvements, HVAC replacements and security camera system improvements; the improvement, repair and remodeling of City buildings and facilities, including HVAC, electrical and plumbing improvements, Public Works Building improvements and Fire Building improvements; the improvement, repair and remodeling of municipal buildings, including Police Facility improvements, municipal building re-roofing and community center improvements; the improvements, repair and remodeling of City buildings and facilities, including ADA modifications and other municipal building improvements; the acquisition, improvement and continued extension and enhancement of the City’s enterprise communications and data management systems, including voice systems, data and communications infrastructure, enterprise software applications and data management systems; the construction, repair and improvement of sports complexes, swimming pool and aquatic center improvements and wading pool improvements; the improvement and repair of City buildings, including the Police Station step replacement project; and the equipping and improving of City library facilities, including library collection additions and replacements, and the funding of comprehensive P & Z code updates.

* Preliminary; subject to change.

The Series 2014D Bonds are being issued for the purpose of paying the costs of aiding in the planning, undertaking and carrying out of the urban renewal project activities under the authority of Chapter 403 of the Code of Iowa and the Urban Renewal Plan for the Metro Center Urban Renewal Project Area, including City parking facility rehabilitation and repairs.

The estimated Sources and Uses of the Bonds are as follows:

<u>Sources of Funds</u>	<u>Series 2014C Bonds</u>	<u>Series 2014D Bonds</u>
Par Amount of Bonds	\$27,495,000.00 *	\$2,250,000.00 *
 <u>Uses of Funds</u>		
Deposit to the Project Fund	\$27,115,000.00	\$2,212,375.00
Underwriter's Discount	274,950.00	19,125.00
Cost of Issuance and Contingency	<u>105,050.00</u>	<u>18,500.00</u>
Total Uses	\$27,495,000.00 *	\$2,250,000.00 *

* Preliminary; subject to change.

OPTIONAL REDEMPTION

The Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

INTEREST

Interest on the Bonds will be payable on December 1, 2014 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the City and the unlimited taxing powers of the City are irrevocably pledged for their payment. Upon issuance of the Bonds, the City will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due on the Bonds. If, however, the amount credited to the debt service fund for payment of the Bonds is insufficient to pay principal and interest, whether from transfers or from original levies, the City must use funds in its treasury and is required to levy ad valorem taxes upon all taxable property in the City without limit as to rate or amount sufficient to pay the debt service deficiency.

BOOK-ENTRY-ONLY ISSUANCE

The information contained in the following paragraphs of this subsection "Book-Entry-Only System" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE." The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-

registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser(s) of each Security (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FUTURE FINANCING

The City anticipates issuing approximately \$30,145,000* General Obligation Refunding Capital Loan Notes, Series 2014E in August 2014. In addition, the City intends to enter a lease-to-own agreement for vehicles, in the approximate amount of \$1,200,000, on or about September 1, 2014.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

DEBT PAYMENT HISTORY

The City knows of no instance in which it has defaulted in the payment of principal or interest on its debt.

LEGALITY

The Bonds are subject to approval as to certain matters by Ahlers & Cooney, P.C. of Des Moines, Iowa as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify,

any of the financial or statistical statements, or data contained in this Preliminary Official Statement and will express no opinion with respect thereto. The FORM OF LEGAL OPINIONS expected to be delivered at closing are set forth as APPENDIX A to this Preliminary Official Statement.

TAX MATTERS

With Respect to the Series 2014C Bonds:

Tax Exemptions and Related Considerations: Federal tax law contains a number of requirements and restrictions that apply to the Series 2014C Bonds. These include investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and facilities financed with bond proceeds, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2014C Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2014C Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2014C Bonds.

Subject to the City's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2014C Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations. However, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the federal alternative minimum tax for such corporations.

Prospective purchasers of the Series 2014C Bonds should be aware that ownership of the Series 2014C Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2014C Bonds should consult their tax advisors as to collateral federal income tax consequences.

Not Qualified Tax-Exempt Obligations: The City will NOT designate the Series 2014C Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Tax Accounting Treatment of Discount and Premium on Certain Series 2014C Bonds: The initial public offering price of certain Series 2014C Bonds (the "Discount Series 2014C Bonds") may be less than the amount payable on such Series 2014C Bonds at maturity. An amount equal to the difference between the initial public offering price of Discount Series 2014C Bonds (assuming that a substantial amount of the Discount Series 2014C Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Series 2014C Bonds. Owners of Discount Series 2014C Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Series 2014C Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Series 2014C Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Series 2014C Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Series 2014C Bonds ("Premium Series 2014C Bonds") may be greater than the amount of such Series 2014C Bonds at maturity. An amount equal to the difference between the initial public offering price of Premium Series 2014C Bonds (assuming that a substantial amount of the Premium Series 2014C Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes a premium to the initial purchaser of such Premium Series 2014C Bonds. Purchasers of the Premium Series 2014C Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Series 2014C Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Series 2014C Bonds.

Disclaimer Regarding Federal Tax Discussion: The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership, and disposition of the Series 2014C Bonds, including the tax consequences under federal, state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

Related Tax Matters: The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2014C Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2014C Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2014C Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2014C Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, or clarification of the Code may cause interest on the Series 2014C Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series 2014C Bonds from realizing the full current benefit of the tax status of such interest. For example, Representative David Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series 2014C Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts and estates in the highest tax bracket, and the Obama Administration proposed legislations that would limit the exclusion from gross income of interest on obligations like the Series 2014C Bonds to some extent for taxpayers whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2014C Bonds. The introduction or enactment of any such legislative proposals or clarification of the Code may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014C Bonds. Prospective purchasers of the Series 2014C Bonds should consult their own tax advisors regarding any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion.

Opinion: Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

With Respect to the Series 2014D Bonds:

Federal Taxability and Related Considerations: The following discussion is a summary of certain Federal income tax consequences relating to the purchase, ownership, and disposition of the Series 2014D Bonds (the "Series 2014D Bonds"), based on certain relevant provisions of the Code. This discussion does not purport to deal with all aspects of Federal income taxation that may affect particular investors in light of their individual circumstances, and is limited to investors who hold the Series 2014D Bonds as capital assets under Section 1221 of the Code, which generally means property held for investment. Prospective investors, particularly those subject to special rules, should consult their tax

advisors regarding the consequences of purchasing, owning, and disposing of the Series 2014D Bonds for Federal income tax purposes, and for State and local tax purposes.

In general, interest on the Series 2014D Bonds is includable in the gross income of the owners thereof as ordinary interest income for Federal income tax purposes. Except for original issue discount, which accrues under special rules, interest income on the Series 2014D Bonds is so included in the gross income of the owners when accrued or received in accordance with the owner's regular method of Federal tax accounting.

In general, upon the sale, exchange, or redemption of a Series 2014D Bond, an owner will recognize taxable gain or loss in an amount equal to the difference between the amount realized and the owner's adjusted tax basis in the Series 2014D Bond. An owner's adjusted tax basis in a Series 2014D Bond generally will equal the owner's initial cost of the Series 2014D Bond, plus any accrued original issue discount and accrued market discount previously included in the owner's taxable income. Such gain or loss generally will be capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if the owner has held the Series 2014D Bond for more than one year. Subject to various special rules, the Code currently provides preferential treatment for certain net long-term capital gains realized by individuals and generally limits the use by any taxpayer of capital losses to reduce ordinary income.

In general, information reporting requirements will apply to non-corporate owners of Series 2014D Bonds with respect to payments of the principal of and interest on the Series 2014D Bonds and proceeds of sale of such Series 2014D Bonds before maturity. Backup withholding at a rate of 28% generally will apply to such payments unless the owner: (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury when required that such owner is not subject to backup withholding, and has not been notified by the IRS that it has failed to report all interest and dividends required to be shown on its Federal income tax returns.

STATE TAX-EXEMPTION

With Respect to the Series 2014C Bonds: Interest on the Series 2014C Bonds is not exempt from present state of Iowa income taxes. Prospective purchasers of the Series 2014C Bonds should consult their tax advisors regarding the applicability of such state and local taxes.

With Respect to the Series 2014D Bonds: Interest on the Series 2014D Bonds is exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Chapter 422 of the Code of Iowa, as amended (the "Iowa Code"); it should be noted, however, that interest on the Series 2014D is required to be included in adjusted current earnings to be used in computing the "state alternative minimum taxable income" of corporations and financial institutions for purposes of Sections 422.33 and 422.60 of the Iowa Code. Interest on the Series 2014D is subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Chapter 422 of the Iowa Code. Prospective purchasers of the Series 2014D Bonds should consult their tax advisors regarding the applicability of such state and local taxes.

RATING

The City has requested ratings on the Bonds from Standard & Poor's Rating Services ("S&P") and Moody's Investors Service, Inc. ("Moody's"). Currently, the City's outstanding General Obligation long-term debt is rated "AA+" by S&P and "Aa2" by Moody's. The existing ratings on long-term debt reflect only the view of the rating agency and any explanation of the significance of such rating may only be obtained from Moody's. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an effect on the market price of the Bonds.

FINANCIAL ADVISOR

The City has retained Public Financial Management, Inc., Des Moines, Iowa as financial advisor (the “Financial Advisor”) in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Financial Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Financial Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In order to assist bidders in complying with paragraph (b)(5) of the Rule, the City will undertake, pursuant to the resolutions for the Bonds and the Continuing Disclosure Certificate for the Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of these undertakings is set forth in APPENDIX C of this Preliminary Official Statement. The City will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of the City to deliver the same shall relieve the Purchaser(s) of their obligations to purchase the Bonds.

The City is currently compliant with its continuing disclosure undertakings. However, the City inadvertently failed to timely file it’s Comprehensive Annual Financial Reports (CAFRs) for the fiscal years ending June 30, 2010 and 2011. Such late filings were completed three (3) days after the requirement for each year. The City has taken steps intended to assure future compliance with its disclosure covenants and has filed its fiscal year 2012 and 2013 continuing disclosure requirements in a complete and timely manner.

The Board of Trustees of the Des Moines Water Works (the “DMWW”) is the governing body for the purposes of issuance of all City water revenue debt. The DMWW is currently compliant with its continuing disclosure undertakings. However, the DMWW inadvertently failed to timely file it’s Independent Auditor’s Report and required financial and operating data tables for the fiscal year ending December 31, 2011. The DMWW filed the outstanding 2011 audit and required financial and operating data tables on July 8, 2013. The DMWW has implemented additional internal staffing procedures intended to assure future compliance with its disclosure covenants and has filed its fiscal year 2012 continuing disclosure requirements in a complete and timely manner. Fiscal year 2013 continuing disclosure requirements are not due until July 2014.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or the resolutions for the Bonds. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City by Public Financial Management, Inc., Des Moines, Iowa, and said Preliminary Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of \$27,495,000* General Obligation Bonds, Series 2014C and \$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D.

CITY OF DES MOINES, IOWA
/s/ Scott Sanders, Finance Director/Treasurer

* Preliminary; subject to change.

CITY PROPERTY VALUES

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs the county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The Polk and Warren County Auditors adjusted the final actual values for 2013. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2013, the Taxable Value rollback rate was 54.4002% of Actual Value for residential property; 43.3997% of Actual Value for agricultural property; 95% of Actual Value for commercial, industrial and railroad property; and 100% of Actual Value for utility property.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 3% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board.

1/1/2013 VALUATIONS (Taxes payable July 1, 2014 through June 30, 2015)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$7,149,873,353	\$3,868,222,118
Commercial	2,390,533,853	2,240,741,454
Industrial	166,432,925	156,811,219
Railroad	16,195,058	15,385,305
Utilities w/o Gas & Electric	<u>34,643,869</u>	<u>34,643,869</u>
Gross valuation	\$9,757,679,058	\$6,315,803,965
Less military exemption	<u>(14,485,409)</u>	<u>(14,485,409)</u>
Net valuation	\$9,743,193,649	\$6,301,318,556
TIF Increment (used to compute Debt service levies and Constitutional debt limit)	\$678,072,609	\$678,072,609
Taxed separately		
Gas & Electric Utilities	\$297,338,594	\$229,724,728
Ag. Land	\$11,750,140	\$5,099,512
Ag. Buildings	\$1,016,700	\$441,243

2013 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY ¹⁾

	<u>Taxable Valuation</u>	<u>Percent Total</u>
Residential	\$3,868,222,118	59.10%
Commercial	2,240,741,454	34.23%
Industrial, Railroad & Utility	206,840,393	3.16%
Gas & Electric Utilities	<u>229,724,728</u>	<u>3.51%</u>
Total Gross Taxable Valuation	\$6,545,528,693	100.00%

1) Excludes Taxable TIF Increment, Ag. Land and Ag. Buildings.

TREND OF VALUATIONS

<u>Assessment Year</u>	<u>Payable Fiscal Year</u>	<u>100% Actual Valuation</u>	<u>Taxable Valuation (With Rollback)</u>	<u>Taxable TIF Increment</u>
2009	2010-11	\$11,051,949,782	\$6,397,515,722	\$629,710,790
2010	2011-12	11,163,960,293	6,583,898,786	611,989,020
2011	2012-13	10,836,883,434	6,440,220,679	700,007,540
2012	2013-14	10,917,590,540	6,595,509,088	735,935,354
2013 ¹⁾	2014-15	10,731,371,692	6,531,043,284	678,072,609

1) The City’s 1/1/2013 valuations are now available from the State of Iowa and become effective July 1, 2014.

The 100% Actual Valuations, before rollback and after reduction of military exemption, include Ag. Land, Ag. Buildings, Taxable TIF Increment and Gas & Electric Utilities. The Taxable Valuations, with the rollback and after the reduction of military exemption, include Gas & Electric Utilities and exclude Ag. Land, Ag. Buildings and Taxable TIF Increment. Iowa cities certify operating levies against Taxable Valuation excluding the Taxable TIF Increment and debt service levies are certified against Taxable Valuations including the Taxable TIF Increment.

LARGER TAXPAYERS¹⁾

<u>Taxpayer</u>	<u>Type of Property/Business</u>	<u>1/1/2013 Taxable Valuation</u>
Mid-American Energy	Electric Company	\$229,509,446
Principal Mutual Life	Insurance Company	185,427,099
Nationwide Mutual Life	Insurance Company	167,572,516
Wellmark	Insurance Company	101,945,830
Wells Fargo Financial	Banking Services	95,995,151
Employers Mutual Casualty	Insurance Company	50,064,782
Mercy Medical	Hospital	34,184,423
Iowa Methodist Hospital	Hospital	33,868,821
Merle Hay Mall	Commercial	30,061,990
Meredith Corp	Publishing	29,341,118

1) This list represents larger taxpayers in this jurisdiction, not necessarily the top 10 taxpayers.

Source: Polk & Warren County.

RECENT PROPERTY TAX LEGISLATION

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the “Act”), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, (ii) assigns a “rollback” (the percentage of a property’s value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, (iii) creates a new property tax classification for multi-residential properties (mobile home parks, manufactured home communities, land-lease communities, assisted living facilities and property primarily used or intended for human habitation containing three or more separate dwelling units) (“Multi-residential Property”) that begins in the 2015 assessment year, and assigns a declining rollback percentage of 3.75 percent to such properties for each subsequent year until 2021 assessment year (the rollback percentage for Multi-residential Properties will be equal to the residential rollback percentage in 2022 assessment year and thereafter) and (iv) exempts a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to fiscal year 2017-18, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2017-18 the standing appropriation cannot exceed the actual fiscal year 2016-17 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act’s provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for Multi-residential Property from the fiscal year 2013-14 commercial rollback percentage (100% of Actual Value) to the residential rollback percentage (currently 54.4002% of Actual Value), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State of Iowa’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal year 2017-18, the impact of the Act on the City’s future property tax collections is uncertain and the City is unable to accurately assess the financial impact of the Act’s provisions on the City’s future operations.

In Moody’s Investor Service US Public Finance Weekly Credit Outlook, dated May 30, 2013, Moody’s Investor Service (“Moody’s”) projected that local governments in the State of Iowa are likely to experience modest reductions in property tax revenues starting in fiscal year 2014-15 as a result of the Act, with sizeable reductions possible starting in fiscal year 2017-18. According to Moody’s, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of Multi-residential Property (such as college towns), or significant amounts of telecommunications property.

Notwithstanding any decrease in property tax revenues that may result from the Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds, “the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.”

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Preliminary Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the City.

CITY INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2013 actual valuation currently applicable to the fiscal year 2014-15, is as follows:

2013 Actual Valuation of Property	\$10,745,857,101
Less: Military Exemption	<u>(14,485,409)</u>
Subtotal	\$10,731,371,692
Legal Debt Limit of 5%	<u>0.05</u>
Legal Debt Limit	\$536,568,584
Less: General Obligation Debt Subject to Debt Limit	(433,070,000)
Less: Lease Debt Paid by Taxes	(2,483,487) ¹⁾
Less: Section 108 Loan	(465,230) ²⁾
Less: TIF Rebate Agreements	<u>(12,789,335) ³⁾</u>
Legal Debt Margin	\$87,760,532

1) Amount represents the principal outstanding on five lease notes payable from the debt service levy.

2) Amount represents the portion of the \$8.476 million Section 108 Loan outstanding that is subject to the FY 2014-15 debt limit.

3) Amount represents TIF Rebate Agreements and obligations that are subject to the FY 2014-15 debt limit.

DIRECT DEBT

General Obligation Debt Paid by Property Taxes (Includes a portion of the Series 2014C Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
12/05E	\$20,825,000	Refunding	6/20	\$10,975,000
6/07B	18,255,000	Various Purpose	6/27	14,055,000
6/08D	24,055,000	Various Purpose	6/28	19,540,000
6/09C	16,045,000	Refunding	6/19	6,874,000
6/09E	19,605,000	Various Purpose	6/29	17,095,000
6/09G	3,115,000	Various Purpose	6/19	1,750,000
1/10A	15,320,000	Refunding	6/24	9,310,000
1/10C	18,855,000	Refunding	6/16	2,655,000
6/10D	20,790,000	Various Purpose	6/30	18,345,000
12/10H	52,395,000	Refunding	6/25	45,795,000
6/11A	32,365,000	Various Purpose/Refunding	6/31	26,795,000
6/12A	19,965,000	Various Purpose	6/32	19,540,000
6/12C	2,745,000	Various Purpose	6/17	1,680,000
8/13A	27,880,000	Various Purpose	6/33	26,690,000
8/13B	14,200,000	Refunding	6/26	14,200,000
1/14A	38,830,000	Franchise Fee	6/22	38,830,000
7/14C	26,745,000*	Various Purpose	6/24	<u>26,745,000*</u>
Subtotal				\$300,874,000

* Preliminary; subject to change.

General Obligation Debt Paid by Tax Increment (Includes a portion of the Series 2014C Bonds and the Series 2014D Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
6/05C	\$10,000,000	Various Purpose	6/23	\$8,510,000
12/05E	7,360,000	Refunding	6/20	4,125,000
4/07A	4,635,000	Taxable - Refunding	6/19	2,285,000
6/07B	160,000	Various Purpose	6/27	130,000
6/07C	15,045,000	Various Purpose	6/22	9,170,000
6/08E	6,325,000	Various Purpose	6/23	4,240,000
6/09B	2,870,000	Refunding	6/21	1,810,000
6/09C	15,210,000	Refunding	6/19	3,141,000
6/09F	3,055,000	Various Purpose	6/17	1,215,000
1/10B	13,440,000	Refunding	6/24	12,170,000
1/10C	3,775,000	Refunding	6/16	565,000
6/10D	4,540,000	Various Purpose	6/19	3,520,000
12/10H	12,965,000	Refunding	6/23	10,755,000
6/11A	13,155,000	Various Purpose/Refunding	6/26	10,465,000
6/12B	6,895,000	Various Purpose	6/28	6,590,000
6/12C	1,530,000	Various Purpose	6/22	1,270,000
8/13A	9,210,000	Various Purpose	6/32	9,080,000
8/13B	6,850,000	Refunding	6/26	6,850,000
7/14C	750,000*	Various Purpose	6/24	750,000*
7/14D	2,250,000*	Various Purpose	6/24	<u>2,250,000*</u>
Subtotal				\$98,891,000

* Preliminary; subject to change.

General Obligation Debt Paid by Enterprise Funds

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
9/12D	\$13,210,000	Sanitary Sewer Improvements	6/32	\$12,015,000
9/12E	10,825,000	Stormwater Improvements	6/32	10,040,000
9/12F	13,030,000	Parking Refunding	6/20	<u>11,250,000</u>
Subtotal				\$33,305,000

Summary of General Obligation Debt Outstanding

General Obligation Debt Paid by Property Taxes	\$300,874,000
General Obligation Debt Paid by Tax Increment	98,891,000
General Obligation Debt Paid by Enterprise Funds	<u>33,305,000</u>
Total General Obligation Debt Subject to Limit:	\$433,070,000

G.O. Debt Paid by Taxes (Includes a portion of the Series 2014C Bonds)

Fiscal Year	<u>Current Outstanding</u>		<u>Series 2014C Bonds</u>		<u>Total Outstanding</u>		Build America Bond Federal Subsidy ¹⁾
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal*</u>	<u>Principal & Interest*</u>	<u>Total Outstanding Principal*</u>	<u>Total Outstanding Principal & Interest*</u>	
2014-15	\$19,757,000	\$31,547,872		\$511,621	\$19,757,000	\$32,059,493	\$(298,707)
2015-16	20,471,000	31,008,277	\$1,255,000	1,866,905	21,726,000	32,875,182	(290,904)
2016-17	19,398,000	29,190,983	1,265,000	1,868,497	20,663,000	31,059,480	(281,623)
2017-18	18,702,000	27,736,382	1,275,000	1,866,100	19,977,000	29,602,482	(272,049)
2018-19	18,211,000	26,465,972	1,290,000	1,864,780	19,501,000	28,330,752	(261,855)
2019-20	17,595,000	25,066,652	1,315,000	1,869,269	18,910,000	26,935,921	(250,941)
2020-21	23,340,000	30,026,815	1,335,000	1,864,678	24,675,000	31,891,493	(232,590)
2021-22	33,265,000	39,040,933	1,365,000	1,866,243	34,630,000	40,907,176	(212,745)
2022-23	13,760,000	18,325,546	1,400,000	1,869,302	15,160,000	20,194,848	(191,458)
2023-24	12,740,000	16,705,083	<u>16,245,000</u>	16,678,742	28,985,000	33,383,825	(168,889)
2024-25	12,150,000	15,563,967			12,150,000	15,563,967	(144,607)
2025-26	11,440,000	14,313,402			11,440,000	14,313,402	(118,780)
2026-27	10,855,000	13,234,390			10,855,000	13,234,390	(91,513)
2027-28	10,175,000	12,077,168			10,175,000	12,077,168	(62,690)
2028-29	9,055,000	10,497,595			9,055,000	10,497,595	(32,194)
2029-30	7,920,000	8,950,900			7,920,000	8,950,900	
2030-31	6,830,000	7,519,312			6,830,000	7,519,312	
2031-32	5,065,000	5,449,900			5,065,000	5,449,900	
2032-33	<u>3,400,000</u>	3,553,000			<u>3,400,000</u>	3,553,000	
Total	\$274,129,000		\$26,745,000		\$300,874,000		

1) Beginning in FY 2013-14, the Federal government reduced the Build America Bond subsidy payment by 7.20% for the June 2014 interest payment and thereafter. It is assumed that the 7.20% reduction will continue throughout the life of the Build America Bonds.

* Preliminary; subject to change.

G.O. Debt Paid by TIF (Includes a portion of the Series 2014C Bonds and the Series 2014D Bonds)

Fiscal Year	<u>Current Outstanding</u>		<u>Series 2014C Bonds</u>		<u>Series 2014D Bonds</u>		<u>Total Outstanding</u>	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal*</u>	<u>Principal & Interest*</u>	<u>Principal*</u>	<u>Principal & Interest*</u>	<u>Total Outstanding Principal*</u>	<u>Total Outstanding Principal & Interest*</u>
2014-15	\$9,583,000	\$13,311,436		\$11,372		\$43,106	\$9,583,000	\$13,365,914
2015-16	9,614,000	13,000,959	\$80,000	93,601	\$235,000	286,555	9,929,000	13,381,115
2016-17	9,827,000	12,870,119	80,000	93,065	235,000	284,605	10,142,000	13,247,789
2017-18	9,788,000	12,466,259	80,000	92,281	240,000	286,479	10,108,000	12,845,019
2018-19	9,899,000	12,200,008	80,000	91,257	240,000	282,183	10,219,000	12,573,448
2019-20	8,215,000	10,124,620	80,000	89,985	245,000	282,263	8,540,000	10,496,868
2020-21	7,915,000	9,486,333	85,000	93,489	255,000	286,457	8,255,000	9,866,279
2021-22	7,835,000	9,079,894	85,000	91,678	260,000	284,776	8,180,000	9,456,348
2022-23	5,810,000	6,727,774	90,000	94,689	265,000	282,314	6,165,000	7,104,777
2023-24	3,870,000	4,546,131	<u>90,000</u>	92,403	<u>275,000</u>	283,993	4,235,000	4,922,527
2024-25	2,610,000	3,137,806					2,610,000	3,137,806
2025-26	2,710,000	3,141,381					2,710,000	3,141,381
2026-27	1,400,000	1,731,206					1,400,000	1,731,206
2027-28	1,430,000	1,714,931					1,430,000	1,714,931
2028-29	1,280,000	1,517,469					1,280,000	1,517,469
2029-30	1,325,000	1,508,069					1,325,000	1,508,069
2030-31	1,365,000	1,490,100					1,365,000	1,490,100
2031-32	<u>1,415,000</u>	1,478,675					<u>1,415,000</u>	1,478,675
Total	\$95,891,000		\$750,000		\$2,250,000		\$98,891,000	

* Preliminary; subject to change.

G.O. Debt Paid by Enterprise Funds

Fiscal Year	<u>Total Outstanding</u>	
	<u>Total Outstanding Principal</u>	<u>Total Outstanding Principal & Interest</u>
2014-15	\$2,360,000	\$3,237,400
2015-16	2,390,000	3,219,200
2016-17	2,425,000	3,205,400
2017-18	2,465,000	3,191,200
2018-19	3,910,000	4,581,100
2019-20	3,995,000	4,568,000
2020-21	1,115,000	1,587,800
2021-22	1,140,000	1,579,350
2022-23	1,175,000	1,580,150
2023-24	1,205,000	1,574,900
2024-25	1,240,000	1,573,750
2025-26	1,280,000	1,576,550
2026-27	1,320,000	1,578,150
2027-28	1,360,000	1,578,550
2028-29	1,405,000	1,582,750
2029-30	1,455,000	1,590,600
2030-31	1,505,000	1,596,950
2031-32	<u>1,560,000</u>	1,606,800
Total	\$33,305,000	

OTHER DEBT

Lease Debt Supported by Taxes

The City has lease debt payable from taxes as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
12/09	\$589,949	Supplement DLL5 (MLS5)	6/15	\$83,444
1/10	254,018	Supplement DLL D-1b	6/15	52,743
2/10	396,718	Supplement DLL D-1a	6/15	82,160
7/11	942,038	Supplement #1	6/18	572,717
8/12	1,880,000	Supplement #3	6/22	<u>1,692,423</u>
Total				\$2,483,487

Revenue Debt Supported by Stormwater Revenues

The City has revenue debt payable from the Stormwater Enterprise Fund as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
12/06D	\$16,750,000	Stormwater Improvements	6/23	\$10,735,000
1/09	190,292	Stormwater Note C1a	6/15	28,311
10/09	1,116,017	Stormwater Note D2	6/15	194,607
10/10F	19,300,000	Improvements/Refunding	6/30	14,825,000
10/10G	5,100,000	Refunding	6/18	<u>3,040,000</u>
Total				\$28,822,918

Revenue Debt Supported by Solid Waste Revenues

The City has revenue debt payable from the Solid Waste Enterprise Fund as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
8/08	\$72,029	Solid Waste Equipment Note	6/15	\$10,716
8/08	1,920,611	Solid Waste Equipment Note	6/15	274,373
9/09	637,569	Solid Waste Equipment Note	6/15	<u>95,087</u>
Total				\$380,176

Revenue Debt Supported by Sewer Revenues

The City has revenue debt payable from Sewer Enterprise Fund as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
11/04I	5,965,000	Sewer Improvements (SRF)	6/25	3,709,000
3/14B	16,240,000	Refunding & Improvements	6/23	<u>16,240,000</u>
Subtotal				\$19,949,000

The City has a governmental-lease purchase master agreement payable from the System as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
4/12	\$1,147,482	Three Vector Trucks	12/18	\$754,914

Des Moines Metropolitan Wastewater Reclamation Authority (“WRA”) Proposed Payment Obligations

WRA has authorized and is planning to issue the following State Revolving Fund Loans within the next 90 days. The amounts below represent the City’s share of the debt service payments of the proposed issues. Other participating communities of the WRA pay the remaining amount. Flow-based allocations are subject to change on an annual basis; as such the amount outstanding may be greater than the amount issued due to fluctuations in flow.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
TBD	\$3,296,867	Sewer Improvements (SRF)	6/34	\$3,296,867 ¹⁾
TBD	1,351,175	Sewer Improvements (SRF)	6/34	1,351,175 ²⁾
TBD	1,909,643	Sewer Improvements (SRF)	6/34	1,909,643 ³⁾
TBD	1,044,899	Sewer Improvements (SRF)	6/34	<u>1,044,899</u> ⁴⁾
Subtotal				\$7,602,584

- 1) The City’s share of the WRA’s proposed SRF Loan in the amount of \$6,100,000.
- 2) The City’s share of the WRA’s proposed SRF Loan in the amount of \$2,500,000.
- 3) The City’s flow-based share of the WRA’s proposed SRF Loan in the amount of \$5,300,000.
- 4) The City’s flow-based share of the WRA’s proposed SRF Loan in the amount of \$2,900,000.

Des Moines Metropolitan Wastewater Reclamation Authority (“WRA”) Existing Payment Obligations

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/30/14</u>
6/95	\$809,840	Sewer Revenue (SRF Loan No. 4)	6/15	\$44,843 ¹⁾
6/95	7,985,127	Sewer Revenue (SRF Loan No. 6)	6/16	1,152,207 ²⁾
6/96	4,382,792	Sewer Revenue (SRF Loan No. 7)	6/18	1,184,904 ³⁾
12/06	11,313,574	Sewer Improvements	6/36	9,814,167 ⁴⁾
6/08A	5,732,440	Sewer Improvements (SRF)	6/39	5,401,407 ⁵⁾
4/10A	3,074,450	Sewer Improvements (SRF)	6/40	2,860,141 ⁶⁾
6/10C-1	1,121,921	Sewer Improvements (SRF)	6/32	1,079,859 ⁷⁾
6/10C-2	12,060,645	Sewer Improvements (SRF)	6/32	10,684,551 ⁸⁾
5/11A	33,657,615	Sewer Improvements (SRF)	6/42	31,738,020 ⁹⁾
5/11C	3,347,063	Sewer Improvements (SRF)	6/41	3,309,087 ¹⁰⁾
12/11D	5,628,301	Sewer Improvements (SRF)	6/43	5,188,104 ¹¹⁾
5/12C	10,529,114	Sewer Improvements (SRF)	6/43	9,727,920 ¹²⁾
5/12D	4,094,656	Sewer Improvements (SRF)	6/42	3,702,220 ¹³⁾
11/12G	8,578,900	Sewer Improvements (SRF)	6/44	7,926,820 ¹⁴⁾
4/13A	4,349,345	Sewer Improvements (SRF)	6/43	4,161,079 ¹⁵⁾
6/13B	19,133,993	Refunding	6/34	18,119,632 ¹⁶⁾
2/14A	972,846	Sewer Improvements (SRF)	6/34	972,846 ¹⁷⁾
2/14B	216,188	Sewer Improvements (SRF)	6/33	215,648 ¹⁸⁾
2/14D	2,161,860	Sewer Improvements (SRF)	6/34	<u>2,161,860</u> ¹⁹⁾
Subtotal				\$119,445,315

The amounts below represent the City’s share of the debt service payments of the various issues. Other participating communities of the WRA pay the remaining amount. Flow-based allocations are subject to change on an annual basis; as such the amount outstanding may be greater than the amount issued due to fluctuations in flow.

- 1) The City’s share of the WRA’s SRF Loan No. 4 outstanding in the amount of \$218,000.
- 2) The City’s share of the WRA’s SRF Loan No. 6 outstanding in the amount of \$1,621,000.
- 3) The City’s share of the WRA’s SRF Loan No. 7 outstanding in the amount of \$1,667,000.
- 4) The City’s flow-based share of the WRA’s Series 2006 outstanding in the amount of \$33,275,000.
- 5) The City’s flow-based share of the WRA’s Series 2008A SRF loan outstanding in the amount of \$14,991,000.
- 6) The City’s flow-based share of the WRA’s Series 2010A SRF loan outstanding in the amount of \$7,938,000.
- 7) The City’s flow-based share of the WRA’s Series 2010C-1 SRF loan outstanding in the amount of \$1,998,000.
- 8) The City’s flow-based share of the WRA’s Series 2010C-2 SRF loan outstanding in the amount of \$19,769,000.
- 9) The City’s flow-based share of the WRA’s Series 2011A SRF loan outstanding in the amount of \$58,723,000.
- 10) The City’s flow-based share of the WRA’s Series 2011C SRF loan outstanding in the amount of \$9,184,000.
- 11) The City’s flow-based share of the WRA’s Series 2011D SRF loan outstanding in the amount of \$14,399,000.
- 12) The City’s flow-based share of the WRA’s Series 2012C SRF loan outstanding in the amount of \$17,999,000.
- 13) The City’s flow-based share of the WRA’s Series 2012D SRF loan outstanding in the amount of \$6,850,000.
- 14) The City’s flow-based share of the WRA’s Series 2012G SRF loan outstanding in the amount of \$22,000,000.
- 15) The City’s flow-based share of the WRA’s Series 2013A SRF loan outstanding in the amount of \$7,699,000.
- 16) The City’s flow-based share of the WRA’s Series 2013B outstanding in the amount of \$55,880,000.
- 17) The City’s flow-based share of the WRA’s Series 2014A SRF loan outstanding in the amount of \$1,800,000.
- 18) The City’s flow-based share of the WRA’s Series 2014B SRF loan outstanding in the amount of \$399,000.
- 19) The City’s flow-based share of the WRA’s Series 2014DSRF loan outstanding in the amount of \$6,000,000.

Total Sewer Revenue Debt Outstanding: \$140,149,229
Total Sewer Revenue Debt Outstanding and Proposed \$147,751,813

INDIRECT GENERAL OBLIGATION DEBT

<u>Taxing District</u>	<u>1/1/2013 Taxable Valuation</u> ¹⁾	<u>Portion of Taxable Valuation within the City</u>	<u>Percent In City</u>	<u>G.O. Debt Outstanding</u> ²⁾	<u>City's Proportionate Share</u>
Polk County	\$20,922,162,763	\$7,200,627,853	34.42%	\$250,770,908	\$86,315,347
Warren County	1,916,277,024	14,028,795	0.73%	134,500	982
Carlisle CSD	299,418,398	64,930,797	21.69%	6,625,000	1,436,963
Des Moines Ind. CSD	7,191,476,982	6,875,228,485	95.60%	0	0
Indianola CSD	791,700,069	382,476	0.05%	37,850,000	18,925
Johnston CSD	2,035,596,241	139,859,661	6.87%	27,810,000	1,910,547
Norwalk CSD	505,654,026	3,105,422	0.61%	16,645,000	101,535
Saydel CSD	646,249,135	19,189,912	2.97%	7,585,000	225,275
Southeast Polk CSD	1,677,994,061	100,372,807	5.98%	44,725,000	2,674,555
West Des Moines CSD	4,275,650,297	11,587,088	0.27%	36,520,000	98,604
Urbandale Sanitary Sewer	2,399,174,684	1,767,000	0.07%	0	0
Urbandale-Windsor Heights Sanitary Sewer	385,067,482	19,537,839	5.07%	0	0
Des Moines Area Comm. College	39,094,550,025	7,214,656,648	18.45%	65,880,000	<u>12,154,860</u>
City's Share of Total Indirect G.O. Debt					\$104,937,593

1) Taxable Valuations include Ag Land, Ag Buildings, all Utilities and Taxable TIF Increment.

2) Includes general obligation bonds, PPEL notes, certificates of participation and new jobs training certificates outstanding as of July 1, 2014.

DEBT RATIOS

	<u>Debt</u>	<u>Debt/Actual Market Value (\$10,731,371,692) ¹⁾</u>	<u>Debt/204,220 ²⁾ Population</u>
Total General Obligation Debt	\$433,070,000	4.04%	\$2,120.61
Less: G.O. Debt Paid From Enterprise Funds	<u>(33,305,000)</u>	<u>(0.31%)</u>	<u>(163.08)</u>
Net G.O. Debt Paid by Taxes and Tax Increment	\$399,765,000	3.73%	\$1,957.52
Leases Paid by the Debt Service Levy	\$2,483,487	0.02%	\$12.16
City's share of Indirect G.O. debt	\$104,937,593	0.98%	\$513.85

1) Based on 1/1/2013 Actual Market Value; includes Ag Land, Ag Buildings, all Utilities and TIF Increment.

2) Based on the City's 2010 U.S. Census which was corrected on March 15, 2013 to 204,220.

LEVIES AND COLLECTIONS

<u>Fiscal Year</u>	<u>Levy</u>	<u>Collected During Collection Year</u>	<u>Percent Collected</u>
2009-10	\$132,206,542	\$131,836,241	99.72%
2010-11	134,377,724	133,294,886	99.19%
2011-12	137,113,954	136,542,499	99.58%
2012-13	141,463,006	140,707,997	99.47%
2013-14	144,870,703	----- In process of collection -----	

Collections include delinquent taxes from all prior years. Taxes in Iowa are delinquent each October 1 and April 1 and a late payment penalty of 1% per month of delinquency is enforced as of those dates. If delinquent taxes are not paid, the property may be offered at the regular tax sale on the third Monday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property and funds so received are applied to taxes. A property owner may redeem from the regular tax sale but, failing redemption within three years, the tax sale purchaser is entitled to a deed, which in general conveys the title free and clear of all liens except future tax installments.

Source: Polk & Warren County.

CITY TAX RATES

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>
Polk County ¹⁾	9.97134	10.05423	10.01509	10.07059	10.25715
City of Des Moines	16.57614	16.57614	16.58000	16.91982	16.92001
Des Moines Ind. CSD	17.64277	17.64347	18.34848	18.34845	18.34842
Des Moines Area Comm. College	0.56778	0.56008	0.59018	0.58466	0.69120
Des Moines Regional Transit Authority	0.46232	0.44430	0.44400	0.59400	0.67400
State of Iowa	0.00300	0.00340	0.00320	0.00330	0.00330
Total Tax Rate	45.22335	45.28162	45.98095	46.52082	46.89408

1) Polk County tax rate includes the following tax rates: Polk County-wide, Polk County Assessor, Polk County Ag. Extension and the Broadlawns Medical Center.

LEVY LIMITS

A city’s general fund tax levy is limited to \$8.10 per \$1,000 of taxable value, with provision for an additional \$0.27 per \$1,000 levy for an emergency fund which can be used for general fund purposes (Code of Iowa, Chapter 384, Division I). Cities may exceed the \$8.10 limitation upon authorization by a special levy election. Further, there are limited special purpose levies, which may be certified outside of the above-described levy limits (Code of Iowa, Section 384.12). The amount of the City’s general fund levy subject to the \$8.10 limitation is \$8.10 for fiscal year 2013-14. The City does levy costs for tort liability, other insurance expense and employee benefits in addition to the \$8.10 general fund limit as authorized by law. Currently, the City does not levy for an emergency fund. Debt service levies are not limited.

THE CITY

CITY GOVERNMENT

The City, incorporated as a town in 1851 and as a city in 1857, is the State of Iowa's capital, Polk County's seat and the most populous city in the State. The City operates under a council-manager-ward form of government. The Mayor and two other Council Members are elected at-large; four Council Members each represent a ward of the City.

Mr. Larry Hulse is the Interim City Manager and is responsible for the day-to-day management of the City. Mr. Hulse has a Bachelor of Science degree in Urban Planning from Iowa State University and a Master's Degree in Public Administration from Kansas State University. As City Manager, Mr. Hulse serves as the Chief Administrative Officer for the City, supervises all City departments and staff, serves as the primary advisor to the City Council, prepares the operating and capital improvements budgets for final approval, works with State and Federal legislative issues, meets with citizens and neighborhood organizations, directs major economic development initiatives, and is the chief negotiator for city government.

Mr. Scott Sanders is the Finance Director/Treasurer and is responsible for the financial affairs of the City. Mr. Sanders was appointed to the position in April 2011. Prior to joining the City, Mr. Sanders was the Finance Director at the cities of West Des Moines, Iowa and Council Bluffs, Iowa. Mr. Sanders holds a Bachelor of Science degree in Computer Science and a Master's Degree in Community and Regional Planning from Iowa State University.

CITY BUDGETING PROCESS

The City's budget policy states that the proposed budget will balance ongoing revenues and expenditures without the use of one-time revenues. Goals of the budget policy include development of a general fund unassigned balance that is no less than 10% of the general fund budget and reduced reliance on property tax revenues with development of significant new revenue sources. One-time surplus revenues will have a first priority of supporting capital investment in neighborhood economic development programs. The City approved a two-year budget for fiscal year 2010-11 and fiscal year 2011-12 in February of 2010. Resolving budget issues two years at a time allowed the City to take a one-year reprieve from potential budget cuts in the second year of the plan. The Mayor, City Council, and City Manager were pleased with the process and outcomes of the two-year budget plan so, in February of 2012 they adopted a new two-year budget plan for fiscal year 2012-13 and fiscal year 2013-14. In March of 2014 the City Council adopted a balanced budget for fiscal year 2014-15 and a plan of action that will balance fiscal year 2015-16.

In August of each year, preliminary budget materials are distributed to departments to begin compilation of the revised budget estimates for the current fiscal year and recommended budget estimates for the upcoming fiscal year. Staffing levels, materials and equipment are essential to every City activity. As a result, budget preparation involves reviewing those resources to ensure the quantity of each necessary to maintain the existing level of services. New requests are evaluated to determine what they would accomplish and how necessary the accomplishments are in terms of adequately providing for the well-being, safety and development of the community. The request must also include a level of performance and measure that can be used to determine the progress being made towards the service goal. For services funded from the general fund, any new requests must have no negative financial impact. Thus, either a new revenue source must be identified or existing resources reallocated. Departmental requests for capital outlays are submitted to the Research and Budget Office in the Finance Department for review and possible inclusion in the preparation of the budget. Meetings are held between the Research and Budget staff and departments to review budget recommendations and discuss the effectiveness of existing or proposed programs. Particular attention is directed towards proposals to improve productivity and efficiency. From these discussions, the Research and Budget staff may modify their recommended appropriation levels and revenue estimates and staffing levels. Those programs expected to be fully or partially self-supporting are examined to ensure that they, in fact, achieved that status.

Starting in September the City Council holds regularly scheduled budget workshops with the City Manager and departments to review various financial forecasts and strategies and establish priorities for the coming year. These workshops are held until the budget is adopted in late February.

The City Manager, with assistance from the Research and Budget Office, reviews the departments' budget requests and revenue forecasts to ensure that current expenditures do not exceed current revenues. If there are sufficient resources available, the City Manager may include either an increase to an existing service(s) or a new service(s) that addresses the priorities established in the council workshop process. The recommended budget is then presented to the City Council in January. Public hearings precede Council modifications and approval of the budget. Tax levies for the new fiscal year are certified to the State of Iowa by March 15.

GENERAL FUND – AVAILABLE FUND BALANCE

The City Council has established a goal to maintain a General Fund balance equal to approximately 10% of General Fund operating expenditures plus operating transfers out. The table below details the historical General Fund Balance available:

	2009	2010	2011	2012	2013
Available General Fund Balance	\$9,522,706	\$9,394,712	\$13,554,759	\$15,613,514	\$17,057,774
General Fund Operating Expenditures	\$134,529,654	\$134,458,199	\$135,664,207	\$146,386,068	\$150,587,947
Available General Fund Balance as a Percent of General Fund Expenditures	7.08%	6.99%	9.99%	10.67%	11.33%

EMPLOYEES AND PENSIONS

The City currently has 1,581 permanent full-time employees, 96 permanent part-time employees and 181 temporary employees. Of the City's 1,581 permanent full-time employees, 367 are police officers and 263 are full-time fire fighters. The following sections describe eight unions representing 1,458 City employees.

Central Iowa Public Employees Council (“CIPEC”): Employees from the Park and Recreation, Public Works, Aviation, and Engineering Departments. These employees’ duties are construction, maintenance, and operations. The total number of employees covered by this bargaining unit is 440. The current contract expires June 30, 2015.

American Federation of State, County, and Municipal Employees (“AFSCME”): Employees from the Housing Services Department. These employees’ duties are administration and maintenance. The total number of employees covered by this bargaining unit is 27. The current contract expires June 30, 2016.

Municipal Employees Association (“MEA”): Clerical and support staff throughout the City. The total number of employees covered by this bargaining unit is 348. The current contract expires June 30, 2015.

Des Moines Association of Professional Fire Fighters, Local 4: These employees are from the Fire Department and their responsibilities include fire suppression, emergency, and inspection. The total number of employees covered by this bargaining unit is 253. The current contract expires June 30, 2016.

Des Moines Police Bargaining Unit Association: These employees are from the Police Department and they are police officers and senior police officers. The total number of employees covered by this bargaining unit is 284. The current contract expires June 30, 2015.

Professional Employees Lodge No. 254, Unit 10: These employees are from the Des Moines Public Library and they include building equipment and maintenance workers, clerks, and couriers. The total number of employees covered by this bargaining unit is 28. Their contract expires June 30, 2015.

Professional Employees Lodge No. 254, Unit 11: These employees are from the Des Moines Public Library and they include professional librarians and library assistants. The total number of employees covered by this bargaining unit is 43. Their contract expires June 30, 2015

Gold Braid Organization: Certain Police Captains, Lieutenants, and Sergeants in the Police Department established a new union. The total number of employees covered is 35. The current contract expires June 30, 2015.

The City contributes to two employee retirement systems, the Iowa Public Employees’ Retirement System (“IPERS”) and the Municipal Fire and Police Retirement System of Iowa (“MFPRSI”). The State of Iowa administers IPERS and a nine-member board of trustees governs the MFPRSI. Though separate and apart from state government, the board is authorized by state legislature, which also establishes by statute the pension and disability benefits and the system’s funding mechanism. All full-time employees must participate in either IPERS or MFPRSI.

Iowa Public Employees’ Retirement System (“IPERS”): The City contributes to IPERS, which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute, to plan members and beneficiaries. IPERS is authorized to adjust the total contribution rate up or down each year, by no more than 1.0 percentage point, based upon the actuarially required contribution rate. Employees will pay 40 percent of the contribution rate and employers will pay 60 percent.

	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>
IPERS City Contribution	\$4,847,268	\$5,605,331	\$5,590,585

Municipal Fire and Police Retirement System of Iowa (“MFPRSI”): The City contributes to MFPRSI, which is a cost-sharing multiple-employer defined benefit pension plan. MFPRSI provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statute, and vest after four years of credited service.

MFPRSI plan members are required to contribute a percentage of their annual covered salary, and the City is required to contribute at an actuarially determined rate of annual covered payroll. The contribution requirements of plan members and the City are established, and may be amended by state statute. The City contributed the required amount to MFPRSI for each year as follows:

	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>
MFPRSI City Contribution	\$8,772,090	\$11,548,981	\$11,874,300

Deferred Compensation: The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457, and Section 401(a). The Section 457 plan, available to all City employees, and the Section 401(a) plan available only to the SPM employment group, permits them to defer a portion of their salary until future years. The deferred compensation is available to employees at termination, retirement, death, or unforeseeable emergency, loan or via in – services contributions at age 70 ½.

OTHER POST EMPLOYMENT BENEFITS

Post-Retirement Health and Dental Care Benefits: Post-retirement health and dental benefits are available to all full-time employees of the City who retire at the normal retirement age. The group health insurance plan provided to full time City employees allows retirees to continue medical coverage if such election is made within 30 days subsequent to retirement. Although retirees pay 100% of the “cost of coverage”, the pre-age 65 group of retirees is grouped with the active employees when determining the cost of coverage. The computation creates a small implicit rate subsidy that would not exist if the cost of the coverage for this group (pre-age 65 retirees) was computed separately and paid 100% by that group. As of June 30, 2013, 195 retirees were covered under the city’s current group health plan.

Beginning with the fiscal year that commenced on July 1, 2007, the City is required by the Government Accounting Standards Boards Statement No. 45 (“GASB 45”), Accounting by Employers for Other Postemployment Benefits (“OPEB”), to report an actuarially determined cost of post-employment benefits, other than pension, such as health and life insurance for current and future retirees. The City contracted for an actuarial determination of the City’s implicit liability under GASB 45, which computed the City’s Actuarial Accrued Liability (“AAL”) at \$15.9 million as of July 1, 2011. The City’s Annual Required Contribution (“ARC”) for FY 2013 was at \$1.72 million with an offsetting pay-as-you-go funding of \$781,005 and a Net OPEB Obligation (“NOO”) of \$5.065 million. This liability was allocated across all appropriate funds. There has been no substantial change in the health plan design, single digit health premium increases, and reductions in authorized permanent employees. Therefore, the City’s AAL for June 30, 2014 and thereafter should be somewhat stable over time.

For further information, please refer to Note 15 of the City’s June 30, 2013 Comprehensive Annual Financial Report included as Appendix B to this Official Statement.

RISK MANAGEMENT

Risk management information is collected on the City’s loss experience and efforts are directed at maintaining a comprehensive risk management program. The program identifies exposures, educates employees and management about the risks, and implements risk reduction and control programs. The risk identification and control efforts, as well as the educational process, are ongoing. Property insurance for the City is provided by Travelers Property Casualty Insurance Company in the aggregate amount of \$250,000,000 with loss of business income and extra expense coverage of up to \$9,000,000. Excess liability coverage is maintained through Star Indemnity & Liability Company in the amount of \$10,000,000 per occurrence, with a \$2,000,000 self-insured retention. For certain enterprise fund operations (including Storm Water), automobile liability insurance is maintained through St. Paul Travelers Insurance Company with a per occurrence limit of \$2,000,000 with a \$5,000 deductible. This covers the excess liability self-insured retention. Workers compensation insurance is maintained through Safety National Casualty Corporation at statutory limits with a \$1,000,000 self-insured retention.

Chapter 384 of the Code of Iowa provides that a city may establish a Debt Service Fund, and shall certify taxes to be levied for the Debt Service Fund in the amount necessary to pay judgments against the city, except those authorized by State law to be paid from other funds. As a result, the City self-insures the first \$2 million per occurrence of liability on its General Fund operations, and is able to provide this coverage through its taxing process.

The City’s tort liability claims and related administration expenses are accounted for in the General Fund Tort Account. Health benefit claims and related administration expenses are accounted for in an internal service fund. The current portion of worker’s compensation claims is recorded in the same fund as the recipient’s payroll. The City has excess or stop-loss coverage as follow:

	<u>Losses in excess of</u>	
	<u>Per Incident</u>	<u>Per Year</u>
Workers’ Compensation	\$1,000,000	Up to Statutory Limits
Tort Liability	\$2,000,000	Variable

There have been only three instances in which a claim has exceeded the City’s self-insured retention. Liabilities are reported when it is probable that a loss will occur, and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering recent claim settlement trends, including frequency and amount of payouts and other economic and social factors.

GENERAL INFORMATION

LOCATION AND TRANSPORTATION

The City is located near the center of Iowa and serves as the state of Iowa's (the "State") capital. The City also serves as the political, economic, and cultural capital of the State. The City is a center of insurance, printing, retail and wholesale trade as well as industry, providing a diverse economic base. Highways serving the area include Interstates 35, 235 and 80. In addition to rail service and motor carrier transportation, air travel is available through the Des Moines International Airport located just south of downtown Des Moines.

GENERAL SERVICES AND ATTRACTIONS

The City provides its citizens a full range of services including the municipal functions of police and fire protection; sanitation services; park and recreational programs and activities; construction and maintenance of infrastructure, including streets, roads and bridges; enforcement of building code regulations; traffic control and parking; operation and maintenance of an international airport; housing and other community improvements and social services; economic development; and six libraries.

The City currently maintains 70 parks, covering approximately 3,210 acres, 5 cemeteries, and road medians and boulevards. Recreation facilities include playgrounds, tennis courts, softball and soccer complexes, bike trails, swimming pools, community centers and three golf courses. The City is also home to the Principal Park baseball stadium (formerly Sec Taylor Stadium), which serves the Iowa Cubs AAA baseball team.

Municipal water, sanitary sewer and storm sewer services are provided to essentially all developed areas of the City. The Des Moines Water Works is under the direction of a five-member Board of Trustees, which oversees the management and operation of Des Moines Water Works including setting water rates. The Water Works Trustees are appointed by the Mayor, subject to the approval of the City Council, and serve six-year terms. The Des Moines Water Works utilizes water from the Raccoon River and the Des Moines River as its primary sources for water supply. Also, the Water Works owns the 1.5 billion-gallon Maffitt Reservoir and 5 billion gallons of storage capacity in the Saylorville Reservoir, which may be used to release water into the rivers at periods of low-river flow. The Water Works distribution system consists of over 1,000 miles of pipe, with two standpipes, an elevated storage tank and a ground storage tank providing total storage capacity of approximately 15 million gallons.

The City, as Operating Contractor to the Des Moines Metropolitan Wastewater Reclamation Authority ("WRA"), is responsible for the design, construction, and operation of wastewater reclamation facility, conveyance and flow equalization facilities. The WRA, which includes the City, twelve surrounding communities, two counties and three sanitary sewer districts, was formed to implement wastewater conveyance and treatment facilities improvements mandated by federal law. Each WRA participant institutes user charges to cover the cost of operation of WRA facilities as well as debt payments related to the construction of improvements.

MAJOR EMPLOYERS

A representative list of larger employers in the Des Moines Metropolitan Area is as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Wells Fargo	Financial Services	13,500 ¹⁾
State of Iowa	State Government	8,800 ²⁾
Mercy Hospital Medical Center	Healthcare (Hospitals and Clinics)	7,100
Principal Financial Group	Insurance	6,131
UnityPoint Health ³⁾	Healthcare	5,505
Nationwide/Allied Insurance	Insurance	5,000
Des Moines Public Schools	Education	4,642
John Deere Companies	Farm Equipment & Consumer Financial Services	3,100 ⁴⁾
DuPont Pioneer	Seed Manufacturing	2,849
Hy-Vee Food Stores	Retail Food Stores	2,100
YMCA of Greater Des Moines	Non-profit Youth Development & Fitness Centers	1,868
City of Des Moines	Government	1,858 ⁵⁾
Kum & Go	Convenience Store Chain	1,820
Marsh	Insurance	1,800
Bridgestone Americas Tire ⁶⁾	Tire Manufacturer	1,600
United Parcel Service (UPS)	Package Shipping	1,600
Wellmark Inc.	Insurance Provider	1,550
HP Enterprise Services	Global Technology Services	1,500
Casey's General Store, Inc.	Retail General Store	1,400
EMC Insurance Companies	Insurance	1,126
Polk County	County Government	1,120
Prairie Meadows	Entertainment Facility	1,003
Meredith Corporation	Publishing	1,000
FBL Financial Services, Inc.	Financial Services	955
CDS Global	Magazine & Direct Marketing Services	950
Athene Holdings Ltd. ⁷⁾	Financial Services	950
MidAmerican Energy Company	Utility	929
Dahl's Foods	Retail Food Stores	900
Drake University	Higher Education	900
American Enterprise Mutual Holding	Insurance	900

1) Includes both Wells Fargo Banks and Wells Fargo Financial.

2) Total is for the Greater Des Moines metropolitan statistical area which includes Dallas, Guthrie, Madison, Polk and Warren counties.

3) Formerly Iowa Health System.

4) Includes both John Deere Des Moines Works and John Deere Credit Company.

5) Includes full-time, part-time and seasonal employees.

6) Formerly Firestone International.

7) Formerly Aviva USA

Source: The Greater Des Moines Partnership as of June 2013. The list is updated frequently as changes are identified and is not to be construed as a complete profile.

RETAIL SALES AND BUYING INCOME

The following table lists the City's total effective buying income ("EBI"), median household EBI, total retail sales and per household retail sales for the survey years 2009 through 2013.

<u>Survey Year</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>	<u>Total Retail Sales (\$000)</u>	<u>Retail Sales Per Household</u>
2009	\$3,508,283	\$35,624	\$2,424,234	\$27,707
2010	3,582,582	36,476	2,281,796	28,229
2011	3,496,025	34,502	2,527,017	30,887
2012	3,501,377	34,529	2,323,964	28,362
2013	3,835,865	35,598	3,437,869	40,969

Note: The Iowa median household EBI for 2013 was \$39,920.

2013 Effective Buying Income Groups

	<u>Less than \$15,000-\$34,999</u>	<u>\$35,000-\$74,999</u>	<u>\$75,000 and Over</u>
City	49.2%	37.4%	13.4%
Polk County	37.8%	39.4%	22.8%
Warren County	31.9%	42.6%	25.5%
State of Iowa	43.6%	39.3%	17.1%

Source: Claritas, Inc. 2013 report.

AVERAGE ANNUAL LABOR FORCE DATA

	<u>Total Civilian Labor Force</u>		<u>Unemployment Rate</u>	
	<u>Des Moines Metro Area</u>	<u>State of Iowa</u>	<u>Des Moines Metro Area</u>	<u>State of Iowa</u>
2010	316,300	1,671,000	6.2%	6.3%
2011	314,300	1,665,900	5.9%	5.8%
2012	316,500	1,662,900	5.2%	5.2%
2013	323,300	1,671,300	4.6%	4.6%
2014 (through April)	330,200	1,687,000	4.7%	4.4%

Source: Iowa Workforce Development

CITY BUILDING PERMITS

City officials report the following construction activity as of April 30, 2014. Permits for the City are reported on a fiscal year basis.

	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>
<u>Single Family Homes:</u>					
No. of new homes:	120	103	112	104	126
Valuation:	\$23,936,127	\$19,419,500	\$21,699,297	\$19,255,306	\$25,037,019
<u>Multiple Family Dwellings:</u>					
No. of new buildings:	6	38	42	66	34
Valuation:	\$24,223,931	\$39,870,702	\$21,949,714	\$33,263,332	\$59,744,426
<u>Residential Homes - Additions & Alterations:</u>					
No. of permits issued:	1,510	1,335	1,901	1,732	1,377
Valuation:	\$48,383,656	\$29,955,413	\$54,006,600	\$68,187,520	\$45,605,392
<u>Commercial/Industrial/Other:</u>					
No. of new buildings/additions:	77	102	93	148	82
Valuation:	\$84,515,041	\$81,287,882	\$94,217,853	\$98,353,689	\$81,453,517
<u>Commercial/Industrial/Other: Remodels & Alterations:</u>					
No. of permits:	272	304	370	373	244
Valuation:	\$69,014,813	\$114,950,777	\$72,989,311	\$71,131,713	\$99,252,474
<u>Demolitions:</u>					
No. of permits:	239	184	226	200	127
Valuation:	\$0	\$0	\$0	\$0	\$0
Total Permits:	2,224	2,066	2,744	2,623	1,990
Total Valuations:	\$250,073,568	\$285,484,274	\$264,862,775	\$290,191,560	\$311,092,828

U.S. CENSUS DATA

City Population

1970 U.S. Census	201,404
1980 U.S. Census	191,007
1990 U.S. Census	193,189
2000 U.S. Census	198,682
2010 U.S. Census	203,433
2010 U.S. Census (Corrected)	204,220 ¹⁾

1) The City's 2010 population was corrected by the U.S. Census Bureau as of March 27, 2014.

Source: U.S. Census Bureau website.

EDUCATION

The Des Moines Independent Community School District provides education in the City. The District has had the following certified enrollment for the last five school years. Listed below is also the projected enrollment for school year 2014-15.

<u>School Year</u>	<u>Total Enrollment</u>
2009-10	30,783
2010-11	30,954
2011-12	30,975
2012-13	31,546
2013-14	32,062
2014-15	32,413

A small portion of the Des Moines residents are served by five other community school districts. Those districts are Carlisle, Johnston, Saydel, Southeast Polk and West Des Moines Community School Districts. Higher educational facilities serving the Des Moines area include the four-year private institutions of Drake University, Des Moines University (formerly University of Osteopathic Medicine and Health Services) and Grand View College. Two-year degree programs are offered at Des Moines Area Community College, American Institute of Business (AIB) and Hamilton College.

FINANCIAL SERVICES

Residents of the Des Moines metropolitan area are serviced by numerous regional banking institutions. Collective total deposits for banks located within Polk County as of December 31, 2013 exceeding \$6.9 billion. Total deposits as of December 31, 2013 for a sampling of banks headquartered within the Des Moines metropolitan area are listed as follows:

<u>Bank</u>	<u>Deposits</u>
Bankers Trust Company, N.A.	\$2,350,444,000
Principal Bank	1,949,757,000
West Bank	1,170,547,000

Source: Federal Deposit Insurance Corporation (FDIC) web site.

FINANCIAL STATEMENTS

The City's June 30, 2013 Comprehensive Annual Financial Report as prepared by a certified public accountant is reproduced as APPENDIX B. The City's certified public accountant has not consented to distribution of the Comprehensive Annual Financial Report and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the City's prior Comprehensive Annual Financial Reports may be obtained from the City's Financial Advisor, Public Financial Management, Inc.

APPENDIX A

FORM OF LEGAL OPINIONS

(This page has been left blank intentionally.)

AHLERS & COONEY, P.C.

100 COURT AVENUE, SUITE 600
DES MOINES, IOWA 50309-2231
FAX: 515-243-2149
WWW.AHLERSLAW.COM

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Des Moines, Iowa (the "Issuer"), relating to the issuance of General Obligation Bonds, Series 2014C, by said City, dated the date of delivery, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$27,495,000* ("Series 2014C Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

We have not been engaged to or undertaken to review the accuracy, completeness or sufficiency of the preliminary Official Statement dated _____, 2014, the final Official Statement dated _____, 2014, or any other offering material relating to the Series 2014C Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing issuance of the Series 2014C Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Series 2014C Bonds.
2. The Series 2014C Bonds are valid and binding general obligations of the Issuer.

* Preliminary, subject to change

3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Series 2014C Bonds. Taxes have been levied by the Resolution for the payment of the Series 2014C Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Series 2014C Bonds to the extent the necessary funds are not provided from other sources.

4. Interest on the Series 2014C Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2014C Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2014C Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2014C Bonds.

The rights of the owners of the Series 2014C Bonds and the enforceability of the Series 2014C Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

AHLERS & COONEY, P.C.

100 COURT AVENUE, SUITE 600
DES MOINES, IOWA 50309-2231
FAX: 515-243-2149
WWW.AHLERSLAW.COM

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Des Moines, Iowa (the "Issuer"), relating to the issuance of Taxable General Obligation Urban Renewal Bonds, Series 2014D, by said City, dated the date of delivery, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$2,250,000* ("Series 2014D Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

We have not been engaged to or undertaken to review the accuracy, completeness or sufficiency of the preliminary Official Statement dated _____, 2014, the final Official Statement dated _____, 2014, or any other offering material relating to the Series 2014D Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing issuance of the Series 2014D Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Series 2014D Bonds.
2. The Series 2014D Bonds are valid and binding general obligations of the Issuer.

* Preliminary, subject to change

3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Series 2014D Bonds. Taxes have been levied by the Resolution for the payment of the Series 2014D Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Series 2014D Bonds to the extent the necessary funds are not provided from other sources.

4. The interest on the Series 2014D Bonds is not excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended. THE HOLDERS OF THE SERIES 2014D BONDS SHOULD TREAT THE INTEREST THEREON AS SUBJECT TO FEDERAL INCOME TAXATION. We express no other opinion regarding any other federal or state income tax consequences caused by the receipt or accrual of interest on the Series 2014D Bonds.

5. Interest on the Series 2014D Bonds is exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Chapter 422 of the Code of Iowa, as amended (the "Iowa Code"); it should be noted, however, that interest on the Series 2014D Bonds is required to be included in adjusted current earnings to be used in computing the "state alternative minimum taxable income" of corporations and financial institutions for purposes of Sections 422.33 and 422.60 of the Iowa Code. Interest on the Series 2014D Bonds is subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Chapter 422 of the Iowa Code. We express no opinion regarding other State tax consequences arising with respect to the Series 2014D Bonds.

The rights of the owners of the Series 2014D Bonds and the enforceability of the Series 2014D Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX B

JUNE 30, 2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

(This page has been left blank intentionally.)

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(This page has been left blank intentionally.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Des Moines, Iowa (the "Issuer"), in connection with the issuance of \$27,495,000* General Obligation Bonds, Series 2014C and \$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D (together, the "Bonds") dated the date of delivery (July 30, 2014). The Bonds are being issued pursuant to a Resolution of the Issuer approved on July 14, 2014 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

* Preliminary, subject to change

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

SECTION 3. Provision of Annual Reports.

- (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the Issuer's fiscal year (presently June 30th), commencing with the report for the 2013/2014 fiscal year, provide to the National Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Report may be submitted as a single document or as separate documents comprising a package. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).
- (b) If the Issuer is unable to provide to the National Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

- (c) The Dissemination Agent shall:
 - (i) each year file the Annual Report with the National Repository; and
 - (ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

- (a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (b) The City's comprehensive annual financial report ("CAFR") for the prior fiscal year, prepared in accordance with the prevailing Certificate of Achievement program requirements of the Government Finance Officers Association ("GFOA"); provided, however, that the City does not undertake, as a part hereof, to submit its CAFR to the GFOA in any future year for such purposes, nor does the City make any representation as to whether any future CAFR will receive said Certificate of Achievement.
- (c) To the extent such information is not included in the materials submitted under subparagraphs (a) and (b) of this Section 4, a table or schedule, prepared as of the end of the prior fiscal year, containing information of the type set forth in the final Official Statement with respect to the Bonds under the following headings:

- (1) City Property Values;
- (2) City Indebtedness;
- (3) City Tax Rates,
- (4) Levies and Collections;
- (5) Major Employers;
- (6) Average Annual Labor Force Data; and
- (7) City Building Permits.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:
 - (1) Principal and interest payment delinquencies;
 - (2) Non-payment related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
 - (7) Modifications to rights of Holders of the Bonds, if material;

- (8) Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
 - (9) Defeasances of the Bonds;
 - (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) Rating changes on the Bonds;
 - (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
 - (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.
- (c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the

Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In

addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated this _____ day of _____, 2014.

CITY OF DES MOINES, IOWA

By: _____
Mayor

ATTEST:

By: _____
City Clerk

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Des Moines, Iowa.

Name of Bond Issue: \$27,495,000* General Obligation Bonds, Series 2014C
\$2,250,000* Taxable General Obligation Urban Renewal Bonds,
Taxable Series 2014D

Dated Date of Issue: July 30, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____ day of _____, _____.

CITY OF DES MOINES, IOWA

By: _____
Its: _____

(This page has been left blank intentionally.)

OFFICIAL BID FORM

TO: City Council of
City of Des Moines, Iowa

Sale Date: June 25, 2014
10:00 o'clock A.M., Central Time

RE: \$27,495,000* General Obligation Bonds, Series 2014C (the "Series 2014C Bonds")

For all or none of the above Series 2014C Bonds, in accordance with the TERMS OF OFFERING, we will pay you \$_____ (not less than \$27,220,050) plus accrued interest to date of delivery for fully registered Series 2014C Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due 2016	_____	% due 2019	_____	% due 2022
_____	% due 2017	_____	% due 2020	_____	% due 2023
_____	% due 2018	_____	% due 2021	_____	% due 2024

Preliminary; subject to change. The aggregate principal amount of the Series 2014C Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City of its designees after the determination of the successful bidder. The City may increase or decrease each maturity in increments of \$5,000 but the total amount to be issued will not exceed \$27,800,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Series 2014C Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2014C Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

We hereby designate that the following Series 2014C Bonds to be aggregated into term bonds maturing on June 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Aggregate Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____

In making this offer we accept all of the terms and conditions of the TERMS OF OFFERING published in the Preliminary Official Statement dated June 9, 2014. In the event of failure to deliver these Series 2014C Bonds in accordance with the TERMS OF OFFERING as printed in the Preliminary Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$_____

TRUE INTEREST COST: _____% (Calculated to the dated date of July 30, 2014)

Account Manager: _____ By: _____

Account Members:

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Des Moines, Iowa this 25th day of June, 2014.

Attest: _____ By: _____

Title: _____ Title: _____

(This page has been left blank intentionally.)

OFFICIAL BID FORM

TO: City Council of
City of Des Moines, Iowa

Sale Date: June 25, 2014
10:00 o'clock A.M., Central Time

RE: \$2,250,000* Taxable General Obligation Urban Renewal Bonds, Series 2014D (the "Series 2014D Bonds")

For all or none of the above Series 2014D Bonds, in accordance with the TERMS OF OFFERING, we will pay you \$_____ (not less than \$2,230,875) plus accrued interest to date of delivery for fully registered Series 2014D Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due 2016	_____	% due 2019	_____	% due 2022
_____	% due 2017	_____	% due 2020	_____	% due 2023
_____	% due 2018	_____	% due 2021	_____	% due 2024

Preliminary; subject to change. The aggregate principal amount of the Series 2014D Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of \$5,000 but the total amount to be issued will not exceed \$2,250,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Series 2014D Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2014D Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

We hereby designate that the following Series 2014D Bonds to be aggregated into term bonds maturing on June 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Aggregate Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____

In making this offer we accept all of the terms and conditions of the TERMS OF OFFERING published in the Preliminary Official Statement dated June 9, 2014. In the event of failure to deliver these Series 2014D Bonds in accordance with the TERMS OF OFFERING as printed in the Preliminary Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ _____

TRUE INTEREST COST: _____% (Calculated to the dated date of July 30, 2014)

Account Manager: _____ By: _____

Account Members:

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Des Moines, Iowa this 25th day of June, 2014.

Attest: _____ By: _____

Title: _____ Title: _____