

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 22, 2016

New and Refunding Issues

**Ratings: Moody’s Investors Service ‘Aa2’
Standard & Poor’s Rating Service ‘AA+’**

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”) (i) interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes; and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations; however, interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Finally, interest on the Bonds paid to the holders thereof is included as gross income for purposes of Iowa income taxation. The Bonds will NOT be designated as “qualified tax-exempt obligations”. See “TAX MATTERS” herein for a more detailed discussion.

CITY OF DES MOINES, IOWA

**\$13,925,000* Stormwater Management Utility Revenue Bonds, Series 2016C
\$9,720,000* Stormwater Management Utility Revenue Refunding Bonds, Series 2016D**

BIDS RECEIVED: Wednesday, August 31, 2016, 10:00 o’clock A.M., Central Time

AWARD: Wednesday, August 31, 2016, 4:00 o’clock P.M., Central Time

Dated: Date of Delivery (September 27, 2016)

Principal Due: June 1 as shown inside front cover

The \$13,925,000* Stormwater Management Utility Revenue Bonds, Series 2016C (the “Series 2016C Bonds”) and the \$9,720,000* Stormwater Management Utility Revenue Refunding Bonds, Series 2016D (the “Series 2016D”) (collectively the “Bonds”) are being issued pursuant to Division V of Chapter 384 of the Code of Iowa, and resolutions to be adopted by the City Council of the City of Des Moines, Iowa (the “City”). The Series 2016C Bonds are being issued to provide funds to pay the costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Stormwater Management Utility. In addition, the Series 2016C Bonds are being issued to current refund on September 30, 2016, \$8,745,000 of the Stormwater Management Utility Revenue Bonds, Series 2006D, dated December 19, 2006, maturing 2017 through 2023 (the “Series 2006D Bonds”). The Series 2016D Bonds are being issued to pay costs to crossover advance refund, on June 1, 2018, \$9,870,000 of the Stormwater Management Utility Revenue Capital Loan Notes, Series 2010F, dated October 26, 2010, maturing 2019 through 2030 (the “Series 2010F Notes”). The proceeds of the Series 2016D Bonds will be applied toward the expense of the refunding and to establish an escrow account (the “Escrow Account”) to be held by Bankers Trust Company, Des Moines, Iowa. The amount in the Escrow Account will be invested in non-callable direct obligations of the Department of Treasury of the United State of America on which the timely payment of principal and interest is fully guaranteed by the United State of America and which shall mature in such amounts and at such times to (i) pay interest falling due on the portion of the Series 2016D Bonds crossover advance refunding the Series 2010F Notes to and including June 1, 2018, (ii) prepay the principal amount of the Series 2010F Notes called for redemption on June 1, 2018. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, but are payable solely and only from net revenues of the City’s Stormwater Management Utility.

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. The Purchaser(s) will not receive certificates representing their interest in the Bonds purchased. The City Finance Director, as designated Paying Agent/Registrar (the “Registrar”), will pay principal on the Bonds payable annually on each June 1, beginning June 1, 2017 for the Series 2016C Bonds and June 1, 2019 for the Series 2016D Bonds, and interest on the Bonds, payable initially on December 1, 2016, 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 2016C BONDS</u>	<u>SERIES 2010D BONDS</u>
MINIMUM BID:	\$13,813,600	\$9,603,360
GOOD FAITH DEPOSIT:	Required of Purchaser Only	Required of Purchaser Only
TAX MATTERS:	Federal: Tax-Exempt State: Taxable See “TAX MATTERS” for more information.	Federal: Tax-Exempt State: Taxable See “TAX MATTERS” for more information.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as, and if issued 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 on or about September 27, 2016. 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 the identity of the underwriters, 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 Notes 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 Notes 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

\$13,925,000* Stormwater Management Utility Revenue Bonds, Series 2016C

MATURITY: The Series 2016C Bonds will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
2017	\$1,310,000
2018	1,485,000
2019	1,580,000
2020	1,605,000
2021	1,635,000
2022	1,670,000
2023	1,710,000
2024	340,000
2025	345,000
2026	350,000
2027	360,000
2028	370,000
2029	380,000
2030	385,000
2031	400,000

***PRINCIPAL**

ADJUSTMENT: Preliminary; subject to change. The aggregate principal amount of the Series 2016C 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 \$14,800,000. 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 2016C Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2016C Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of Series 2016C 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.

INTEREST: December 1, 2016 and semiannually thereafter.

REDEMPTION: The Series 2016C Bonds due after June 1, 2024 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to the date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed or redemption to the registered owners of the Series 2016C Bonds to be redeemed at the address shown on the registration books.

CITY OF DES MOINES, IOWA

\$9,720,000* Stormwater Management Utility Revenue Refunding Bonds, Series 2016D

MATURITY: The Series 2016D Bonds will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
2019	\$1,355,000
2020	680,000
2021	695,000
2022	710,000
2023	720,000
2024	735,000
2025	755,000
2026	770,000
2027	790,000
2028	810,000
2029	835,000
2030	865,000

***PRINCIPAL**

ADJUSTMENT: Preliminary; subject to change. The aggregate principal amount of the Series 2016D 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 \$10,900,000. 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 2016D Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2016D Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of Series 2016D 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.

INTEREST: December 1, 2016 and semiannually thereafter.

REDEMPTION: The Series 2016D Bonds due after June 1, 2024 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to the date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed or redemption to the registered owners of the Series 2016D Bonds to be redeemed at the address shown on the registration books.

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 for each series 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 “Municipal 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, 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 from 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 Municipal Advisor, payable entirely by the City, is contingent upon the sale of the issues.

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OFFICIAL BID FORMS

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
Linda Westergaard.....Council Member – Ward 2
Christine Hensley.....Council Member – Ward 3
Joe GattoCouncil Member – Ward 4

Administration

Scott Sanders, City Manager
Dan Ritter, Finance Director/Treasurer
Diane Rauh, City Clerk

City Attorney

Jeffrey D. Lester

Bond Counsel

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

Municipal 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 Administration Building, 400 East Court Avenue, in the City of Des Moines, Iowa (the "Issuer") before 10:00 o'clock A.M., on the 31st day of August, 2016. The bids will then be publicly opened and referred for action to the meeting of the City Council as stated below.

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

STORMWATER MANAGEMENT UTILITY REVENUE BONDS, SERIES 2016C, in the amount of \$13,925,000*, to be dated the date of delivery,

STORMWATER MANAGEMENT UTILITY REVENUE REFUNDING BONDS, SERIES 2016D, in the amount of \$9,720,000* to be dated the date of delivery,

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

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

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 Administration Building, 400 East Court Avenue, 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 Municipal Service Center, Council Chambers, 1551 East M.L. King Jr. Parkway, Des Moines, Iowa, at a meeting of the City Council on the above date at 4:00 o'clock P.M.

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 Administration Building, 400 East Court Avenue, Des Moines, Iowa 50309 (telephone: 515-283-4854) or the municipal advisor 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

TERMS OF OFFERING

CITY OF DES MOINES, IOWA

Bids for the purchase of the City of Des Moines, Iowa’s (the “City”) \$13,925,000* Stormwater Management Utility Revenue Bonds, Series 2016C (the “Series 2016C Bonds”) and \$9,720,000* Stormwater Management Utility Revenue Refunding Bonds, Series 2016D (the “Series 2016D Bonds”) (collectively the “Bonds”), will be received on Wednesday, August 31, 2016 before 10:00 o’clock A.M. Central Time after which time they will be tabulated. The City’s Council will consider award of the Bonds at 4:00 o’clock P.M. Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City’s Municipal Advisor, Public Financial Management, Inc. at 515-243-2600. In addition to the provisions of the official NOTICE OF BOND SALE for each series, this section sets forth the description of certain 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 2016C BONDS

STORMWATER MANAGEMENT UTILITY REVENUE BONDS, SERIES 2016C in the principal amount of \$13,925,000* to be dated the date of delivery (anticipated to be September 27, 2016) in the denomination of \$5,000 or multiples thereof, and to mature June 1, as follows:

<u>Year</u>	<u>Amount</u>
2017	\$1,310,000
2018	1,485,000
2019	1,580,000
2020	1,605,000
2021	1,635,000
2022	1,670,000
2023	1,710,000
2024	340,000
2025	345,000
2026	350,000
2027	360,000
2028	370,000
2029	380,000
2030	385,000
2031	400,000

ADJUSTMENT TO THE SERIES 2016C BOND MATURITY AMOUNTS

The aggregate principal amount of the Series 2016C 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 \$14,800,000. 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 2016C Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2016C Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of Series 2016C 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 2016D BONDS

STORMWATER MANAGEMENT UTILITY REVENUE REFUNDING BONDS, SERIES 2016D, in the principal amount of \$9,720,000* to be dated the date of delivery (September 27, 2016) in the denomination of \$5,000 or multiples thereof, and to mature June 1, as follows:

<u>Year</u>	<u>Amount</u>
2019	\$1,355,000
2020	680,000
2021	695,000
2022	710,000
2023	720,000
2024	735,000
2025	755,000
2026	770,000
2027	790,000
2028	810,000
2029	835,000
2030	865,000

ADJUSTMENT TO THE SERIES 2016D BOND MATURITY AMOUNTS

The aggregate principal amount of the Series 2016D 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 \$10,900,000. 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 2016D Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2016D Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of Series 2016D 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 the Bonds as serial bonds or term bonds, or both. The applicable bid must designate whether each of the principal amounts of each series 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, 2024 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.

INTEREST ON THE BONDS

Interest on the Bonds will be payable on December 1, 2016 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.

LIEN

The Bonds and the \$19,300,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2010F dated October 26, 2010 of which \$2,545,000 will be outstanding after the refunding, and the \$5,100,000 Stormwater Management Utility Revenue Refunding Capital Loan Notes, Series 2010G dated October 26, 2010 of which \$1,575,000 is outstanding, (collectively the "Stormwater Parity Obligations") will constitute a lien on the net revenues of the City's Stormwater Management Utility.

PARITY BONDS

The City reserves the right and privilege to issue additional revenue bonds payable from the same source and ranking on a parity with the Bonds and the Stormwater Parity Obligations as defined herein for the purpose of refunding any outstanding Bonds, Stormwater Parity Obligations or general obligation bonds outstanding, or to make extensions, additions, improvements or replacements to the Stormwater Management Utility payable from the net revenues of the Stormwater Management Utility, but only if there will have been procured and filed with the City Clerk, a statement from an independent auditor, independent financial consultant or a consulting engineer, not a regular employee of the City, reciting the opinion based upon necessary investigations that the net revenues of the Stormwater Management Utility for the preceding fiscal year (with adjustments as provided for in the resolutions for the Bonds) were equal to at least 1.25 times the maximum amount that will be required in any fiscal year prior to the longest maturity of any of the Bonds or Stormwater Parity Obligations for both principal of and interest on Bonds or Stormwater Parity Obligations then outstanding which are payable from the net earnings of the Stormwater Management Utility and the additional obligations then proposed to be issued.

GOOD FAITH DEPOSITS

A good faith deposit in the amount of \$139,250 for the Series 2016C Bonds ("the Series 2016C Deposit") and \$97,200 for the Series 2016D Bonds (the "Series 2016D Deposit") (collectively the "Deposits") are required from the lowest bidder(s) only of each bond issue. The lowest bidder(s) are required to submit such Deposits payable to the order of the City in the form of either (i) a cashier's check provided to the City or its Municipal Advisor or (ii) a wire transfer as instructed by the City's Municipal Advisor no later than 12:00 o'clock P.M. (noon) Central Time on the day of sale of the Bonds. If not so received, the bid of the lowest bidder(s) may be rejected and the City may direct the second lowest bidder to submit a deposit and thereafter may award the sale of the respective series of Bonds to the same. No interest on the Deposits will accrue to the successful bidder(s) (the "Purchaser(s)"). The Deposits will be applied to the purchase price of each respective series of Bonds. In the event a Purchaser(s) fails to honor its accepted bid proposal, any Deposit(s) 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 \$13,813,600 for the Series 2016C Bonds and \$9,603,360 for the Series 2016D 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. 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 the 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 Municipal Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Municipal Advisor's computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the respective series of 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 NOTICE OF BOND SALE and OFFICIAL BID FORMS provided by the City or through PARITY[®] competitive bidding system (the "Internet Bid System"). Neither the City nor its agents shall 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. The time as maintained by the Internet Bid System 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 Administration Building, 400 East Court Avenue, Des Moines, Iowa 50309.

Electronic Internet Bidding: Electronic internet bids will be received at the office of the City Finance Director/Treasurer, City of Des Moines Administration Building, 400 East Court Avenue, Des Moines, Iowa 50309. 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 prospective 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 NOTICE OF BOND SALE and OFFICIAL BID FORMS. 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 NOTICE OF BOND SALE, TERMS OF OFFERING and OFFICIAL BID FORMS shall control in the event of conflict with information provided by the Internet Bid System.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be issued by means of a book-entry only system with no physical distribution of bond 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, New York, 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, as a condition of delivery of the Bonds, will be required to deposit the bond 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. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, 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. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser 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.

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 the date of sale for any reason except failure of performance by the 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 will 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 at its option to determine that the Purchaser(s) failed to comply with the offer of purchase.

INFORMATION FROM PURCHASER

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 Preliminary Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and 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, to provide certain annual financial information and notices of the occurrence of certain material events (the “Undertakings”). A description of the Undertakings is set forth in APPENDIX D 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 of its obligations to purchase the Bonds.

Within the past five years, the City’s Annual Financial Information filings for Fiscal Year ending June 30, 2011 was posted three (3) days after the date specified in each Undertaking. Annual financial information filings for Fiscal Years ending June 30, 2012 and 2013 were not linked to certain CUSIPs. This was corrected upon discovery. Failure to file notices were not posted.

Breach of the Undertakings 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 Undertakings, 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 Undertakings may adversely affect the transferability and liquidity of the Bonds and their market price.

CUSIP NUMBERS

It is anticipated that 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 Municipal Advisor be responsible for the review 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
City of Des Moines
/s/ Dan Ritter, Finance Director/Treasurer
400 East Court Avenue
Des Moines, Iowa 50309

SCHEDULE OF BOND YEARS

\$13,925,000*

CITY OF DES MOINES, IOWA

Stormwater Management Utility Revenue Bonds, Series 2016C

Bonds Dated: September 27, 2016

Interest Due: December 1, 2016 and each June 1 and December 1 to maturity

Principal Due: June 1, 2017-2031

<u>Year</u>	<u>Principal*</u>	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2017	\$1,310,000	887.89	887.89
2018	1,485,000	2,491.50	3,379.39
2019	1,580,000	4,230.89	7,610.28
2020	1,605,000	5,902.83	13,513.11
2021	1,635,000	7,648.17	21,161.28
2022	1,670,000	9,481.89	30,643.17
2023	1,710,000	11,419.00	42,062.17
2024	340,000	2,610.44	44,672.61
2025	345,000	2,993.83	47,666.44
2026	350,000	3,387.22	51,053.67
2027	360,000	3,844.00	54,897.67
2028	370,000	4,320.78	59,218.44
2029	380,000	4,817.56	64,036.00
2030	385,000	5,265.94	69,301.94
2031	400,000	5,871.11	75,173.06

Average Maturity (dated date):

5.398 Years

* Preliminary; subject to change.

SCHEDULE OF BOND YEARS

\$9,720,000*

CITY OF DES MOINES, IOWA

Stormwater Management Utility Revenue Refunding Bonds, Series 2016D

Bonds Dated: September 27, 2016

Interest Due: December 1, 2016 and each June 1 and December 1 to maturity

Principal Due: June 1, 2019-2030

<u>Year</u>	<u>Principal*</u>	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2019	\$1,355,000	3,628.39	3,628.39
2020	680,000	2,500.89	6,129.28
2021	695,000	3,251.06	9,380.33
2022	710,000	4,031.22	13,411.56
2023	720,000	4,808.00	18,219.56
2024	735,000	5,643.17	23,862.72
2025	755,000	6,551.72	30,414.44
2026	770,000	7,451.89	37,866.33
2027	790,000	8,435.44	46,301.78
2028	810,000	9,459.00	55,760.78
2029	835,000	10,585.94	66,346.72
2030	865,000	11,831.28	78,178.00

Average Maturity (dated date): 8.043 Years

* Preliminary; subject to change.

**OFFICIAL STATEMENT
CITY OF DES MOINES, IOWA**

**\$13,925,000* Stormwater Management Utility Revenue Bonds, Series 2016C
\$9,720,000* Stormwater Management Utility Revenue Refunding Bonds, Series 2016D**

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Des Moines, Iowa (the “City”) and its issuance of \$13,925,000* Stormwater Management Utility Revenue Bonds, Series 2016C (the “Series 2016C Bonds”) and \$9,720,000* Stormwater Management Utility Revenue Refunding Bonds, Series 2016D (the “Series 2016D Bonds”) (collectively the “Bonds”). This Preliminary Official Statement has been executed on behalf of the City by its Finance Director/Treasurer and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be made to the City’s Municipal 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. Dan Ritter, Finance Director/Treasurer, City of Des Moines, 400 East Court Avenue, Des Moines, Iowa, 50309, or by telephoning 515-283-4854.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Division V of Chapter 384 of the Code of Iowa, and resolutions to be adopted by the City Council of the City. The Series 2016C Bonds are being issued to provide funds to pay the costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Stormwater Management Utility. In addition, the Series 2016C Bonds are being issued to current refund on September 30, 2016, \$8,745,000 of the Stormwater Management Utility Revenue Bonds, Series 2006D, dated December 19, 2006, maturing 2017 through 2023 (the “Series 2006D Bonds”).

<u>Issue to be Refunded by the Series 2016C Bonds</u>	<u>Call Date</u>	<u>Call Price</u>	<u>Maturities to be Refunded</u>	<u>Principal Amount</u>	<u>Coupon</u>
Series 2006D Bonds	09/30/2016	100%	6/1/2017	\$1,045,000	4.00%
			6/1/2018	1,080,000	4.00%
			6/1/2019	1,205,000	4.00%
			6/1/2020	1,260,000	4.00%
			6/1/2021	1,320,000	4.00%
			6/1/2022	1,385,000	4.00%
			6/1/2023	<u>1,450,000</u>	4.00%
				\$8,745,000	

The Series 2016D Notes are being issued to provide funds to crossover advance refund, on June 1, 2018, \$9,870,000 of the Stormwater Management Utility Revenue Capital Loan Notes, Series 2010F, dated October 26, 2010, maturing 2019 through 2030 (the “Series 2010F Notes”). The proceeds of the Series 2016D Bonds will be applied toward the expense of the refunding and to establish an escrow account (the “Escrow Account”) to be held by Bankers Trust Company, Des Moines, Iowa. The amount in the Escrow Account will be invested in non-callable direct obligations of the Department of Treasury of the United State of America on which the timely payment of principal and interest is fully guaranteed by the United State of America and which shall mature in such amounts and at such times to (i) pay interest falling due on the portion of the Series 2016D Bonds crossover advance refunding the Series 2010F Notes to and including June 1, 2018, (ii) prepay the principal amount of the Series 2010F Notes called for redemption on June 1, 2018.

* Preliminary; subject to change.

<u>Issue to be Refunded</u> <u>By the Series 2016D Bonds</u>	<u>Call Date</u>	<u>Call Price</u>	<u>Maturities to</u> <u>be Refunded</u>	<u>Principal</u> <u>Amount</u>	<u>Coupon</u>
Series 2010F Notes	6/01/2018	100%	6/1/2019	\$1,360,000	3.00%
			6/1/2020	625,000	3.00%
			6/1/2021	650,000	3.00%
			6/1/2022	675,000	4.00%
			6/1/2023	700,000	4.00%
			6/1/2024	730,000	4.00%
			6/1/2025	765,000	4.00%
			6/1/2026	795,000	4.00%
			6/1/2027	835,000	4.00%
			6/1/2028	870,000	4.00%
			6/1/2029	910,000	4.00%
			6/1/2030	<u>955,000</u>	4.00%
				\$9,870,000	

The estimated sources and uses of the Bonds are as follows:

<u>Sources of Funds</u>	<u>Series 2016C Bonds</u>	<u>Series 2016D Bonds</u>
Par Amount of Bonds	\$13,925,000.00 *	\$9,720,000.00 *
Existing Reserve Fund Release	<u>0.00</u>	<u>535,145.28</u>
Total Sources	\$13,925,000.00 *	\$10,255,145.28 *

<u>Uses of Funds</u>	<u>Series 2016C Bonds</u>	<u>Series 2016D Bonds</u>
Deposit to Project Fund	\$5,000,000.00	\$0.00
Redemption of Series 2006D Bonds	8,745,000.00	0.00
Deposit to Escrow Account	0.00	10,083,574.39
Underwriter's Discount	111,400.00	116,640.00
Cost of Issuance and Contingency	<u>68,600.00</u>	<u>54,930.89</u>
Total Uses	\$13,925,000.00 *	\$10,255,145.28 *

*Preliminary; subject to change.

OPTIONAL REDEMPTION

The Bonds due after June 1, 2024 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, 2016 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 close of business on the 15th day of the month next preceding the 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

This section contains a summary of security provisions for the Bonds. A detailed statement of security provisions is contained in the resolutions for the Bonds, which is available upon request of Public Financial Management, Inc.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, but are payable solely and only from a pledge of net revenues of the Stormwater Management Utility (the “System”). The Bonds and the \$19,300,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2010F, dated October 26, 2010, of which \$2,545,000 will be outstanding after the refunding; and the \$5,100,000 Stormwater Management Utility Revenue Refunding Capital Loan Notes, Series 2010G, dated October 26, 2010, of which \$1,575,000 is outstanding (collectively the “Stormwater Parity Obligations”) will constitute a lien on the net revenues of the City’s System. The City pledges a lien on the net revenues of the System for payment of principal and interest on the Bonds and all outstanding Stormwater Parity Obligations.

Under the City’s Municipal Code, stormwater management charges are imposed upon and collected from the owners of occupants of all lots, parcels of real estate and buildings that discharge stormwater or surface or subsurface waters to the City’s stormwater drainage system. Properties subject to the charges include single-family residential property, multiresidential property, unclassified residential property and non-residential property (which consists of commercial, industrial, governmental or institutional use property, including churches and hospitals, but excluding undeveloped property and property used exclusively for agricultural purposes). The charge for each such class of property is an established percentage or multiple of an “equivalent residential unit” rate set forth in the Municipal Code. The City pledges a first lien on the net revenues of the System for payment of principal and interest on the Bonds and Stormwater Parity Obligations after payment of operation and maintenance expenses.

Unpaid Stormwater Charges: As provided by Section 384.84, Subsection 1, City Code of Iowa, unpaid stormwater charges constitute a lien upon the premises served by the System upon certification by the City to the county treasurer that the rates or charges are past due. The lien has equal precedence with ordinary taxes, may be certified to the county treasurer and collected in the same manner as taxes, and is not divested by a judicial sale.

Rate Covenant: On or before the beginning of each fiscal year the City will adopt or continue in effect rates for all services rendered by the System determined to be sufficient to produce net revenues for the next succeeding fiscal year adequate to pay principal and interest requirements and create reserves as provided in the resolutions for the Bonds but not less than 110% of the principal and interest requirements of the fiscal year.

Reserve Fund: The City covenants to establish and maintain a reserve fund (“the Reserve Fund”) in an amount equal to the lesser of the 1) maximum annual amount of the principal and interest coming due on the Bonds and Stormwater Parity Obligations, 2) 10% of the stated principal amount of the Bonds and Stormwater Parity Obligations or 3) 125% of the average annual principal and interest coming due on the Bonds and Stormwater Parity Obligations. Upon issuance of the Bonds, the City will release approximately \$535,145 from the Reserve Fund. This release will bring the Reserve Fund to the required balance of approximately \$2,697,153.

Additional Parity Debt: The City will issue no other bonds or obligations having priority over the Bonds or Stormwater Parity Obligations with respect to the lien on the net revenues of the System, but reserves the right to issue additional bonds on parity to share equally and ratably in the net revenues of the System upon meeting the following conditions:

1. There will have been procured and filed with the clerk, a statement of an independent auditor or independent financial consultant, not a regular employee of the City, reciting the opinion based upon necessary investigations that the net revenues of the System for the preceding fiscal year (with adjustments as hereinafter provided) were equal to at least 1.10 times the maximum amount that will be required in any fiscal year prior to the longest maturity of any of the Bonds or Stormwater Parity Obligations for both principal of and interest on all Bonds or Stormwater Parity Obligations then outstanding which are payable from the net earnings of the System and the additional bonds then proposed to be issued. The net revenues may be adjusted so as to reflect any changes in the amount of such revenues, which would have resulted, had any revision of the schedules of rates or charges having been in effect during all of such preceding fiscal year.

2. The additional bonds must be payable as to principal on June 1 and as to interest on June 1 and December 1.
3. For purposes of the foregoing “preceding fiscal year” means the most recently completed fiscal year for which audited financial statements are available, but in no event a fiscal year which ended more than eighteen (18) months prior to the issuance of the additional bonds.

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 Standard & Poor’s rating: 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 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 issued \$42,825,000 General Obligation Bonds, Series 2016A and \$29,545,000 General Obligation Refunding Bonds, Series 2016B on August 3, 2016, which are scheduled to close on September 13, 2016. The City anticipates no additional borrowings within 90 days of the date of this Preliminary Official Statement.

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 "FORMS OF LEGAL OPINIONS" as set out in APPENDIX B to this Preliminary Official Statement, will be delivered at closing.

The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinion as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

There is no bond trustee or similar person to monitor or enforce the provisions of the resolutions for the Bonds. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the resolutions for the Bonds) may have to be enforced from year to year.

In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in the Bond Counsel's opinion. The opinion will state, in part, that the obligation of the City with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

TAX MATTERS

Federal Income Tax Exemption and State Taxability: Federal tax law contains a number of requirements and restrictions that apply to the 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 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 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes and the interest on the Bonds is not an item of tax preference for purpose 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 federal alternative minimum tax imposed on certain corporations.

Prospective purchasers of the Bonds should be aware that ownership of the 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 Bonds should consult their tax advisors as to collateral federal income tax consequences.

Interest on the Bonds is not exempt from present Iowa income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Not Qualified Tax-Exempt Obligations: The City will NOT designate the 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 Bonds: The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of Discount Bonds (assuming that a substantial amount of the Discount 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 Bonds. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount 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 Bonds (the "Premium Bonds") may be greater than the amount of such Bonds at maturity. An amount equal to the difference between the initial public offering price of Premium Bonds (assuming that a substantial amount of the Premium 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 Bonds. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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 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 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 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner(s) 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.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

The enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the City with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and to the exercise of judicial discretion in appropriate cases.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Enforcement: There is no Bond trustee or similar person to monitor or enforce the terms of the resolutions for issuance of the Bonds. In the event of a default in the payment of principal or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the resolutions for the Bonds) may have to be enforced from year to year.

The owners of the Bonds cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the City with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and to the exercise of judicial discretion in appropriate cases.

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.

BONDHOLDERS' RISKS

An investment in the Bonds is subject to certain risks. No person should purchase the Bonds unless such person understands the risks described below and is willing to bear those risks. There may be other risks not listed below which may adversely affect the value of the Bonds.

Nature of Obligation: The Bonds are not general obligations of the City but are payable solely and only from the net revenues of the City's Stormwater Management Utility. The Bonds are not payable by, and have no recourse to, the

power of taxation. The bondholders have no lien on or security interest in any of the physical assets of the City, including the Stormwater Management Utility.

Future revenues and expenses of the City, with respect to the Stormwater Management Utility, are subject to conditions which may change in the future to an extent that cannot be determined at this time. Future events may occur that upset the assumptions upon which projections of revenues and expenses are based on those assumptions may fail to materialize. Because no assurance can be made that actual events will correspond to such assumptions, no assurances can be made that the net revenues will be realized in amounts sufficient to pay the debt service on the Bonds.

Revenues and Expenses: Several factors not within the control of the City could affect the City's ability to generate sufficient net revenues to pay the debt service on the Bonds. These factors include, but are not limited to, inflation and adverse economic conditions, increases in operation and maintenance costs, unexpected repairs, replacements or improvements to the Stormwater Management Utility and the ability of the City to supply the services demanded and to maintain necessary rates for those services. Any one of the above factors, among others, individually or combined may cause the City to be unable to generate sufficient net revenues to pay debt service on the Bonds.

Secondary Market Not Established: There is no established secondary market for the Bonds, and there is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal Bonds traded in the secondary market, if any, are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operating performance of the entities operating the facilities subject to bonded indebtedness. From time to time it may be necessary to suspend indefinitely secondary market trading in selected issues of municipal Bonds as a result of the financial condition or market position, prevailing market conditions, lack of adequate current financial information about the entity, operating the subject facilities, or a material adverse change in the operations of that entity, whether or not the subject Bonds are in default as to principal and interest payments, and other factors which, may give rise to uncertainty concerning prudent secondary market practices.

Municipal bonds are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

RATINGS

The Bonds are rated 'Aa2' by Moody's Investors Service ("Moody's") and 'AA+' by Standard & Poor's ("S&P"). Currently, Moody's and S&P rate the City's outstanding Stormwater Management Utility Revenue debt 'Aa2' and 'AA+' respectively. Such ratings reflect only the view of the rating agencies and any explanation of the significance of such rating may only be obtained from the respective rating agency. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of the ratings may have an effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Public Financial Management, Inc., Des Moines, Iowa as Municipal Advisor in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Municipal 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 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will undertake, pursuant to the resolutions for the Bonds and the Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain material events (the "Undertakings"). A description of the 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 of its obligations to purchase the Bonds.

Within the past five years, the City’s Annual Financial Information filings for Fiscal Year ending June 30, 2011 was posted three (3) days after the date specified in each Undertaking. Annual Financial Information filings for Fiscal Years ending June 30, 2012 and 2013 were not linked to certain CUSIPs. This was corrected upon discovery. Failure to file notices were not posted.

Breach of the Undertakings 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 Undertakings, 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 Undertakings 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 to the best of my knowledge, information and belief, said Preliminary Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of \$13,925,000* Stormwater Management Utility Revenue Bonds, Series 2016C, and \$9,720,000* Stormwater Management Utility Revenue Refunding Bonds, Series 2016D.

CITY OF DES MOINES, IOWA
/s/ Dan Ritter, Finance Director/Treasurer

*Preliminary; subject to change.

DESCRIPTION OF THE STORMWATER MANAGEMENT UTILITY

STORMWATER MANAGEMENT UTILITY FACILITIES

The Des Moines City Council approved the establishment of the Stormwater Management Utility (the “System”) on July 5, 1994. The mission of the System was, and is, to provide comprehensive and efficient stormwater management to the citizens of the City of Des Moines (the “City”).

The City is responsible for stormwater management within its city limits. This includes planning, design, development of a capital improvements program, operation and maintenance activities, as well as establishing initiatives to facilitate compliance with federal and state regulatory requirements with regard to flood prevention, mitigation, and water pollution prevention and control-related activities.

A series of comprehensive studies have been completed through the years that have identified stormwater problems in various drainage basins across the City. Prior to the implementation of the System, traditional funding sources, such as general obligation bonding and special assessments, were used to implement needed improvements. The City, not unlike other communities, determined that ongoing stormwater needs would exceed its capacity to respond, and therefore, established the System.

Administration

The City Council is the governing body of the System, and the City Engineer serves as director. The City’s Finance Department provides financial planning, auditing, purchasing, vendor payments, and program operations review. The City’s Public Works Director and the Sewer Enterprise Operations Administrator, supervise the day-to-day operations. The City Council must also approve financial decisions relating to the System, including rate changes and the System’s capital and operating budget (incorporated as part of the City’s annual operating and capital budgets).

The System is managed by the following:

- a) **City Manager.** Mr. Scott Sanders was appointed as City Manager in September of 2014 and is responsible for the day-to-day operations of the City. Mr. Sanders supervises all City staff, serves as the primary advisor to the City Council, directs major economic development initiatives, and is the chief negotiator for the City. He joined the City of Des Moines in 2011 as Finance Director and most recently served as Assistant City Manager. He has a strong background in city management with an emphasis on finance, budgets and administration. Mr. Sanders received a Bachelor’s of Science degree in Computer Science and a Master’s degree in Community and Regional Planning from Iowa State University. He has worked as a Senior Managing Consultant at Public Financial Management, Inc.; as the Finance Director for the City of Council Bluffs; Iowa, and Assistant City Manager and Finance Director for the City of West Des Moines, Iowa.
- b) **City Engineer.** The City Engineer, Ms. Pamela S. Cooksey, P.E., is responsible for supervising and managing the Engineering Department and staff, including the Design and Construction Division. As the Chief Civil Engineer for the City she has overall responsibility for ensuring Capital Improvements Projects including stormwater and flood control projects are properly managed and constructed. The City Engineer reports directly to the City Manager. Ms. Cooksey has a B.S. degree in Civil Engineering from the University of Iowa at Iowa City, Iowa. She is a licensed engineer in the State of Iowa in the branch of Civil Engineering. Ms. Cooksey has been at the City for 13 years, 11 of those years as the Deputy City Engineer. Ms. Cooksey has been serving as the City Engineer since August 4, 2014. She has experience in development and construction of major public improvement projects, including the Southeast Connector and Riverwalk. Prior to working at the City, Ms. Cooksey was employed by the Federal Highway Administration where she held various engineering and management positions across the country. Ms. Cooksey is a member of the American Public Works Association (APWA).

- c) **Public Works Director.** Mr. Jonathan Gano is the Director of Public Works for the City, a position he's held since early 2015. He is responsible for the City's wastewater utility, stormwater utility, flood control, snow removal, tree care, and residential trash and recycling. Before arriving in Iowa, Gano served in a variety of roles in the Public Works Department of the City of Springfield, Missouri with service over a 10 year period that culminated as the Assistant Director, responsible for infrastructure maintenance and operations. Prior to working in public works, Gano served as an engineer officer in the United States Army for eight years, where his duties took him to a variety of different states and countries. Gano holds a Master of Science degree in engineering management from the University of Missouri at Rolla and a Bachelor of Science degree in civil engineering from the United States Military Academy. He is a professional engineer registered in the state of Missouri since 2001.

Operation and Maintenance Program

The City's stormwater infrastructure includes approximately 472 miles of storm sewers integrated with an extensive network of inlet structures, open ditches, ravines, mini-sewers and detention basins, and 32 stormwater pumping stations. The infrastructure spans the entire 82 square miles of the City. With revenues provided by System user fees, the Public Works Department has been able to nearly triple operation and maintenance activities conducted from those of pre-utility levels. River levy maintenance and streambed restoration activities have expanded as well. The Public Works Department has also been able to undertake numerous small drainage improvement/construction projects throughout the City. The ability to perform construction of these smaller projects by City staff has saved the City from additional expense that would have been incurred from the usage of private contractors.

Capital Improvement Program

In the five years preceding the creation of the System, FY90-FY94, the City was only able to accomplish \$8.6 million in stormwater-related capital improvements. Of this total, \$4.8 million were funded through special assessments. After twenty full years (FY95-FY15) of operations, through the dedicated funding source provided by user fees, the System has been able to accomplish approximately \$100 million in capital improvement projects.

The current six-year System Capital Improvement Program (FY16-FY22) has programmed an additional \$97.5 million that will be spent on capital improvement projects, plus an additional \$32.6 million for a 50% share of sewer separation projects. Major storm water projects during this period include: Closes Creek Watershed Improvements, Flood Mitigation Improvements, Easter Lake Watershed Improvements, Hamilton Drainage Area Improvements, Leetown Creekway Improvements, and Levee Maintenance Improvements. The storm water's share of the major separation projects include: Lower Oak Park and Highland Park Sewer Separation, Near West Side Sewer Separation, River Bend and King Irving Sewer Separation, and the Western Ingersoll Run Sewer Separation projects.

Funding for the current six-year Capital Improvement Program will be provided from revenues derived from user fees, state and federal grants, and the issuance of revenue bonds.

Insurance for the System

The City's Risk Management function is a part of the Finance Department and places all insurance coverage required for the City, determines the appropriate levels of risk transfer to third parties, and coordinates the City's comprehensive risk management program among City departments.

The System's pumping stations are covered by the City's Blanket Property Insurance Policy issued through Travelers Insurance Companies. These facilities are covered at replacement value up to an aggregate per occurrence loss of \$250,000,000 less deductibles. Liability coverage for the System is provided through the City's Special Excess Liability Policy issued through Allied World. The per occurrence and aggregate limits of the policy are \$10,000,000, respectively. Automobile Liability Insurance is maintained through 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 coverage is provided through Safety National Casualty Corporation at statutory limits with a \$1,100,000 self-insured retention.

SALES HISTORY AND TOTAL STORMWATER MANAGEMENT UTILITY RECEIPTS

<u>Fiscal Year</u> <u>Ending</u>	<u>Average No.</u> <u>of Customers</u>	<u>Average Annual</u> <u>ERU Units</u>	<u>Storm Water</u> <u>Sewer Receipts</u>
2011	68,205	1,967,101	\$15,710,993
2012	68,263	1,962,662	16,726,722
2013	68,345	1,962,361	17,260,850
2014	68,562	1,968,604	18,965,744
2015	68,912	1,970,950	19,947,847

NUMBER OF STORMWATER MANAGEMENT UTILITY CUSTOMERS

<u>Fiscal Year</u> <u>Ending</u>	<u>Residential</u>	<u>Commercial/Industrial</u>	<u>Total Customers</u>
2011	60,703	7,502	68,205
2012	60,755	7,508	68,263
2013	60,828	7,517	68,345
2014	61,021	7,541	68,562
2015	61,333	7,579	68,912

LARGER STORMWATER MANAGEMENT UTILITY CUSTOMERS (FY16)

<u>Customer</u> <u>Name</u>	<u>Monthly ERUs</u> <u>Billed</u>	<u>Charge Per</u> <u>Month</u>	<u>Annual</u> <u>Charges</u>
DM International Airport	4,802	\$49,605	\$595,256
DM Public Schools	3,828	39,543	474,519
Iowa State Fair	2,426	25,061	300,727
City of Des Moines	1,265	13,067	156,809
State of Iowa	1,163	12,014	144,165
Iowa Air Guard	1,083	11,187	134,249
Drake University	991	10,237	122,844
Iowa Methodist Hospital	930	9,607	115,283
Mercy Medical Center	870	8,987	107,845
New Plan Realty Trust	800	8,264	99,168
HyVee Foods	794	8,202	98,424
Titan Tire	749	7,737	92,846
Polk County	734	7,582	90,987
Marcerich	576	5,950	71,401
Palamar Industrial	561	5,795	69,542

Top ten larger stormwater customers account for 10% of the total FY 2016 revenues and the top fifteen customers account for 11%.

STORMWATER MANAGEMENT UTILITY RATES AND CHARGES

Monthly stormwater management charges are imposed upon and collected from the owners or occupants of all lots, parcels of real estate and buildings that discharge stormwater, surface or subsurface waters to the City’s stormwater drainage systems, including single-family residential property, multifamily residential property, unclassified residential property and non-residential property, with the charge for each such class of property being an established percentage or multiple of an equivalent residential unit (“ERU”) rate set forth in the city ordinance.

<u>Effective Date</u>	<u>ERU Rate</u>
January 1, 2010	\$7.87
January 1, 2011	8.50
January 1, 2012	8.84
January 1, 2013	9.19
July 1, 2013	9.74
July 1, 2014	10.33
July 1, 2015	10.95

The following Stormwater Management Utility Rates and Charges were adopted by the City Council on March 21, 2016.

July 1, 2016	\$11.50
July 1, 2017	12.07
July 1, 2018	12.68

Single-Family Residential Rates

1,400 Sq. Ft or less	50% of ERU rate
1,401 Sq. Ft to 4,900 sq. Ft	100% of ERU rate
4,901 Sq. Ft or more	(# Sq. Ft/2,349) x ERU rate

Multi-Family Residential Rates

ERU rate multiplied by number of individual dwelling units

Unclassified Residential Rates

ERU rate multiplied by (total impervious area divided by 2,349), but not less than ERU rate

Non-Residential Rates

ERU rate multiplied by (total impervious area divided by 2,349), but not less than ERU rate

STORMWATER MANAGEMENT UTILITY REVENUES BY CLASSIFICATION

<u>Source of Revenue</u>	<u>Percentage</u>	<u>ERU Units</u>	<u>FY 2015 Revenue</u>
Commercial	51.0%	1,005,185	\$10,173,402
Residential	46.0%	906,637	9,176,010
Industrial	3.0%	59,128	598,435
Total	100.0%	1,970,950	\$19,947,847

STORMWATER MANAGEMENT UTILITY CASH FUNDS ON HAND (as of June 30, 2016)

Operating Account	\$20,420,848
Capital Account	8,120,443
Sinking Fund	323,722
Reserve Fund	3,232,298

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 09/27/16</u>
12/06D	\$16,750,000	Stormwater Improvements	6/16	\$0 ¹⁾
10/10F	19,300,000	Improvements/Refunding	6/18	2,545,000 ²⁾
10/10G	5,100,000	Refunding	6/18	1,575,000
9/16C	13,925,000*	Improvements/Refunding	6/31	13,925,000*
9/16D	9,720,000*	Refunding	6/30	<u>9,720,000*</u>
Total				\$27,765,000*

- 1) The 2017 through 2023 maturities will be refunded by Series 2016C Bonds on September 30, 2016.
- 2) The 2019 through 2030 maturities will be crossover advance refunded by Series 2016D Bonds on June 1, 2018.

* Preliminary; subject to change.

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Fiscal Year Stormwater Revenue Debt Service Payments (Includes the Series 2016C Bonds and Series 2016D Bonds)

Fiscal Year	<u>Current Outstanding</u>		<u>Series 2016C</u>		<u>Series 2016D</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>Principal*</u>	<u>Principal & Interest*</u>
2016-17	\$2,025,000	\$2,615,469	\$1,310,000	\$1,467,086		\$0 ¹⁾	\$3,335,000	\$4,085,471
2017-18	<u>2,095,000</u>	2,519,850	1,485,000	1,702,749		0 ¹⁾	3,580,000	4,222,599
2018-19			1,580,000	1,779,335	\$1,355,000	1,549,222	2,935,000	3,328,557
2019-20			1,605,000	1,782,689	680,000	855,659	2,285,000	2,638,348
2020-21			1,635,000	1,789,416	695,000	860,799	2,330,000	2,650,215
2021-22			1,670,000	1,798,910	710,000	864,957	2,380,000	2,663,867
2022-23			1,710,000	1,811,021	720,000	863,100	2,430,000	2,674,121
2023-24			340,000	410,583	735,000	865,284	1,075,000	1,275,867
2024-25			345,000	409,191	755,000	871,466	1,100,000	1,280,657
2025-26			350,000	407,291	770,000	871,366	1,120,000	1,278,657
2026-27			360,000	409,906	790,000	875,119	1,150,000	1,285,025
2027-28			370,000	411,338	810,000	876,317	1,180,000	1,287,655
2028-29			380,000	411,903	835,000	880,662	1,215,000	1,292,565
2029-30			385,000	406,909	<u>865,000</u>	888,701	1,250,000	1,295,610
2030-31			<u>400,000</u>	411,360			<u>400,000</u>	411,360
Total	\$4,120,000		\$13,925,000*		\$9,720,000*		\$27,765,000*	

1) FY 2016-17 and FY 2017-18 interest payments will be made by the Series 2016D Bonds Escrow Account.

* Preliminary; subject to change.

HISTORICAL STORMWATER CASHFLOW AND DEBT COVERAGE

The following table represents the financial performance of the System for Fiscal Year 2012-13 through Fiscal Year 2014-15 using information from the City's Comprehensive Annual Financial Reports ("CAFR"). Based on the Fiscal Year 2014-15 CAFR, the \$9,633,878 net revenue for debt service would provide 2.28 times coverage of the estimated \$4,222,599 maximum annual debt service. In addition, the table below provides a pro forma of the System's anticipated operating revenues and expenditures for Fiscal Year 2015-16 and Fiscal Year 2016-17. The projected financial performance cannot be guaranteed.

	Audited Financial Statements			Budget	Budget
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Operating Revenues					
Sales to Customers	\$17,815,275	\$19,473,957	\$20,573,495	\$21,808,303	\$22,903,697
Miscellaneous Revenue	<u>749,462</u>	<u>150,492</u>	<u>222,006</u>	<u>586,849</u>	<u>586,849</u>
Total Operating Revenues	\$18,564,737	\$19,624,449	\$20,795,501	\$22,395,152	\$23,490,546
Operating Expenditures					
Personal Services	\$5,666,176	\$5,519,809	\$5,476,433	\$6,103,379	\$6,284,814
Contractual Services	2,152,728	2,189,648	2,537,964	2,600,089	2,751,227
Commodities	369,902	299,075	249,299	261,338	264,695
Other Charges	2,796,833	2,613,245	3,082,625	2,643,975	2,840,665
Depreciation	<u>1,969,045</u>	<u>2,307,248</u>	<u>2,943,002</u>	<u>2,943,002</u>	<u>2,943,002</u>
Total Operating Expense	\$12,954,684	\$12,929,025	\$14,289,323	\$14,551,783	\$15,084,403
Net Operating Revenue	\$5,610,053	\$6,695,424	\$6,506,178	\$7,843,369	\$8,406,143
Non-Operating Adjustments					
Interest on Reserves	\$135,351	\$148,483	\$184,698	\$182,695	\$144,060
Add Back: Depreciation	<u>1,969,045</u>	<u>2,307,248</u>	<u>2,943,002</u>	<u>2,943,002</u>	<u>2,943,002</u>
Net Revenue Available for Debt Service	\$7,714,449	\$9,151,155	\$9,633,878	\$10,969,066	\$11,493,206
Stormwater Parity Debt					
Series 2006D Revenue Bonds	\$1,416,713	\$1,402,213	\$1,401,963	\$1,405,400	\$115,628
Series 2010F Cap. Loan Notes	1,659,706	1,667,006	1,673,706	1,669,806	1,685,506
Series 2010G Ref. Cap. Loan Notes	796,750	803,050	808,950	809,450	817,250
Prop. Series 2016C Revenue Bonds	0	0	0	0	1,467,086
Prop. Series 2016D Revenue Ref. Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Parity Debt	\$3,873,169	\$3,872,269	\$3,884,619	\$3,884,656	\$4,085,470
Parity Debt Service Coverage					
Net Revenues / Parity Debt	1.99x	2.36x	2.48x	2.82x	2.81x
G.O. Debt Paid by Stormwater					
G.O. Notes, Series 2012E	\$563,174	\$750,950	\$751,950	\$747,750	\$743,450
Total Debt Service Coverage					
Net Revenues / Total Debt	1.74x	1.98x	2.08x	2.37x	2.38x
Cashflow After Debt Service	\$3,278,107	\$4,527,936	\$4,997,309	\$6,336,660	\$6,664,286

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF DES MOINES, IOWA

This section is included for informational purposes only. THE \$13,925,000 STORMWATER MANAGEMENT UTILITY REVENUE BONDS, SERIES 2016C AND THE \$9,720,000* STORMWATER MANAGEMENT UTILITY REVENUE REFUNDING BONDS, SERIES 2016D (THE "BONDS") ARE NOT GENERAL OBLIGATIONS OF THE CITY OF DES MOIENS, IOWA but are payable solely and only from net revenues of the Stormwater Management Utility. The Bonds are not a debt of nor a charge against the City of Des Moines, Iowa (the "City") within the meaning of any constitutional or statutory limitation or provision and are not payable in any manner by taxation, and the City shall not be liable by reason of the failure of the net revenues to be sufficient for the payment of the Bonds.*

** Preliminary; subject to change.*

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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 2015 final Actual Values were adjusted by the Polk and Warren County Auditors. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2015, the taxable value rollback rate was 55.6259% of actual value for residential property; 46.1068% of actual value for agricultural property; 86.2500% of the actual value for multiresidential property; and 90% of actual value for commercial, industrial, and railroad property. No adjustment was ordered for utility property because its assessed value did not increase enough to qualify for reduction. Utility property is limited to an 8% annual growth.

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, in order to continue to fund present services.

PROPERTY VALUATIONS (1/1/2015 Valuation Taxes payable July 1, 2016 to June 30, 2017)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$7,496,197,202	\$4,143,883,965
Commercial	2,210,104,676	1,930,685,585
Industrial	175,107,750	154,683,031
Multiresidential	417,656,158	358,427,973
Railroad	17,822,928	16,040,636
Utilities w/o Gas & Electric	<u>26,546,565</u>	<u>26,546,565</u>
Gross valuation	\$10,343,435,279	\$6,630,267,755
Less military exemption	<u>(13,193,874)</u>	<u>(13,193,874)</u>
Net valuation	\$10,330,241,405	\$6,617,073,881
TIF increment (used to compute debt service levies and constitutional debt limit)	\$684,785,234	\$684,785,234
Taxed separately:		
Ag. Land	\$12,162,080	\$5,607,544
Ag. Buildings	\$730,700	\$336,896
Gas & Electric Utilities	\$368,414,915	\$223,880,270

2015 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY ¹⁾

	<u>Taxable Valuation</u>	<u>Percent Total</u>
Residential	\$4,143,883,965	60.46%
Commercial, Industrial and all Utilities	2,335,795,451	34.08%
Multiresidential	358,427,973	5.23%
Railroad	<u>16,040,636</u>	<u>0.234%</u>
Total Gross Taxable Valuation	\$6,854,148,025	100.00%

1) Includes all Utilities but 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>
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	2014-15	10,731,371,692	6,531,043,284	678,072,609
2014	2015-16	10,857,757,125	6,531,346,569	667,920,863
2015	2016-17	11,396,334,334	6,840,954,151	684,785,234

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 TAXPAYERS ¹⁾

Set forth in the following table are the persons or entities which represent larger taxpayers within the boundaries of the City, as provided by the Polk and Warren County Auditor’s offices. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. With the exception of the electric and natural gas provider noted below (which is subject to an excise tax in accordance with Iowa Code chapter 437A), the City’s mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

<u>Taxpayer ¹⁾</u>	<u>Type of Property/Business</u>	<u>1/1/2015 Taxable Valuation</u>
Mid-American Energy	Electric Company	\$223,646,843
Nationwide Mutual Life	Insurance Company	141,132,798
Principal Mutual Life Insurance Co.	Insurance Company	109,490,040 ²⁾
Wellmark, Inc.	Insurance Company	101,137,500
Wells Fargo	Banking Services	86,583,330
Principal Life Insurance Co.	Insurance Company	85,202,901 ²⁾
Employers Mutual Casualty Co.	Insurance Company	47,825,883
Macerich Southridge Mall LLC	Commercial	33,534,810
Lexington TNI Des Moines LP	Commercial Realty	28,332,000
Hoxie’s Addition LC	Commercial	26,932,050

1) This list represents larger taxpayers in this jurisdiction, not necessarily the top 10 taxpayers.
 2) Principal Mutual Life Insurance Co. and Principal Life Insurance Co. were reported as one entity in the past but the Polk County Auditor has them listed as separate entities. Thus, we have reported them separately in the table above.

Source: Polk and Warren Counties.

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) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from 4% to 3%, (ii) assigned 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) created a new property tax classification for multiresidential 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) (“Multiresidential Property”) that began in the 2015 assessment year, and assigned a declining rollback percentage of 3.75% to such properties for each subsequent year until the 2021 assessment year (the rollback percentage for Multiresidential Properties is equal to the residential rollback percentage in the 2022 assessment year and thereafter) and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The Act included 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 from 4% to 3%, the gradual transition for Multiresidential Property from the commercial rollback percentage (100% of Actual Valuation) to the residential rollback percentage (currently 55.6259% of Actual Valuation), 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. The City did receive \$2.7 million in replacement tax funds in Fiscal Year 2014-15, \$5.6 million in Fiscal Year 2015-16 and has budgeted \$5.2 million, or 3.31% of budgeted general fund expenditures, in Fiscal Year 2016-17.

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 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 2015 actual valuation currently applicable to the Fiscal Year 2016-17, is as follows:

2015 Actual Valuation of Property	\$11,409,528,208
Less: Military Exemption	<u>(13,193,874)</u>
Subtotal	\$11,396,334,334
Legal Debt Limit of 5%	<u>0.05</u>
Legal Debt Limit	\$569,816,717
Less: General Obligation Debt Subject to Debt Limit	(428,240,000)
Less: Lease Debt Paid by Taxes	(2,683,170) ¹⁾
Less: Section 108 Loan	(464,766) ²⁾
Less: TIF Rebate Agreements	<u>(14,115,352) ³⁾</u>
Legal Debt Margin	\$124,313,429

- 1) Amount represents the principal outstanding on three lease notes payable from the debt service levy.
- 2) Amount represents the portion of the \$8.42 million Section 108 Loan outstanding that is subject to the FY 2016-17 debt limit.
- 3) Amount represents TIF rebate agreements and obligations that are subject to the FY 2016-17 debt limit.

DIRECT DEBT

General Obligation Debt Paid by Property Taxes (Includes a portion of the Series 2016A Bonds and Series 2016B Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 09/13/16</u>
6/09C	\$16,045,000	Refunding	6/19	\$4,256,000
6/09E	19,605,000	Various Purpose (Taxable)	6/17	655,000 ¹⁾
6/09G	3,115,000	Various Purpose (Taxable)	6/19	1,095,000
1/10A	15,320,000	Refunding	6/24	7,670,000
6/10D	20,790,000	Various Purpose	6/18	1,860,000 ²⁾
12/10H	52,395,000	Refunding	6/25	37,645,000
6/11A	32,365,000	Various Purpose/Refunding	6/31	22,845,000
6/12A	19,965,000	Various Purpose	6/32	18,470,000
6/12C	2,745,000	Various Purpose (Taxable)	6/17	575,000
8/13A	27,880,000	Various Purpose	6/33	23,600,000
8/13B	14,200,000	Refunding	6/26	12,290,000
1/14A	38,830,000	Franchise Fee	6/22	30,805,000 ³⁾
7/14C	24,280,000	Various Purpose	6/24	23,350,000
9/14E	12,685,000	Refunding	6/27	12,685,000
8/15A	33,550,000	Various Purpose/Refunding	6/35	31,545,000
8/15B	16,485,000	Refunding (Taxable)	6/28	16,485,000
9/16A	35,690,000	Various Purpose	6/36	35,690,000
9/16B	28,830,000	Refunding	6/30	<u>28,830,000</u>
Subtotal				\$310,351,000

- 1) The 2018 through 2029 maturities will be crossover advance refunded by Series 2016B Bonds on June 1, 2017.
- 2) The 2019 through 2030 maturities will be crossover advance refunded by Series 2016B Bonds on June 1, 2018.
- 3) Reflects \$5,135,000 of June 1, 2022 maturity redeemed to date under extraordinary redemption provision.

**General Obligation Debt Paid by Tax Increment
(Includes a portion of the Series 2016A Bonds and Series 2016B Bonds)**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 09/13/16</u>
6/09B	\$2,870,000	Refunding	6/21	\$1,340,000
6/09C	15,210,000	Refunding	6/19	1,949,000
6/09F	3,055,000	Various Purpose	6/17	415,000
1/10B	13,440,000	Refunding	6/24	10,120,000
6/10D	4,540,000	Various Purpose	6/18	1,425,000 ¹⁾
12/10H	12,965,000	Refunding	6/23	8,685,000
6/11A	13,155,000	Various Purpose/Refunding	6/26	8,545,000
6/12B	6,895,000	Various Purpose	6/28	6,150,000
6/12C	1,530,000	Various Purpose (Taxable)	6/22	980,000
8/13A	9,210,000	Various Purpose	6/32	8,545,000
8/13B	6,850,000	Refunding	6/26	5,935,000
7/14C	665,000	Various Purpose	6/24	595,000
7/14D	2,250,000	Various Purpose (Taxable)	6/24	2,015,000
9/14E	14,780,000	Refunding	6/27	14,245,000
8/15A	6,675,000	Various Purpose/Refunding	6/35	5,945,000
8/15B	3,170,000	Refunding	6/23	3,170,000
8/15C	1,890,000	Refunding (Taxable)	6/19	1,425,000
9/16A	7,135,000	Various Purpose	6/36	7,135,000
9/16B	715,000	Refunding	6/19	<u>715,000</u>
Subtotal				\$89,334,000

1) The 2019 maturity will be crossover advance refunded by Series 2016B Bonds on June 1, 2018.

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 09/13/16</u>
9/12D	\$13,210,000	Sanitary Sewer Improvements	6/32	\$11,815,000
9/12E	10,825,000	Stormwater Improvements	6/32	9,115,000
9/12F	13,030,000	Parking Refunding (Taxable)	6/20	<u>7,625,000</u>
Subtotal				\$28,555,000

Summary of General Obligation Debt Outstanding

General Obligation Debt Paid by Property Taxes	\$310,351,000
General Obligation Debt Paid by Tax Increment	89,334,000
General Obligation Debt Paid by Enterprise Funds	<u>28,555,000</u>
Total General Obligation Debt Subject to Debt Limit	\$428,240,000

OTHER DEBT

Lease Debt Supported by Property Taxes

The City has lease debt payable from property taxes as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 09/27/16</u>
7/11	\$942,038	Supplement #1	6/18	\$299,811
8/12	1,880,000	Supplement #3	6/22	1,221,199
8/14	1,200,000	Supplement #4	6/24	<u>1,021,557</u>
Total				\$2,542,567

Revenue Debt Supported by Parking Revenues

The City will have lease purchase debt payable from the Parking 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 09/27/16</u>
12/17	\$22,540,744	City Hall Parking Garage	6/37	\$0 ¹⁾

1) The City has entered into a Lease Purchase Agreement with West Bank in connection with the construction of a parking garage anticipated to be completed no later than December 2017. The commencement date of the Lease Purchase Agreement is anticipated to be no later than December 2017.

Revenue Debt Supported by Sewer Revenues

The City has revenue debt payable from the 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 09/27/16</u>
11/04I	\$5,965,000	Sewer Improvements (SRF)	6/25	\$3,121,000
3/14B	16,240,000	Refunding & Improvements	6/23	<u>11,975,000</u>
Total				\$15,096,000

The City has a governmental lease-purchase master agreement payable from the 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 09/27/16</u>
4/12	\$1,147,482	Three Vector Trucks	12/18	\$431,256

Des Moines Metropolitan Wastewater Reclamation Authority Existing Payment Obligations

The City is a member of the Des Moines Metropolitan Wastewater Reclamation Authority (“WRA”) and has entered into a financing agreement with the WRA to provide for the City’s share of capital contribution for the construction and ongoing expansion of a metropolitan waste water system. The City is responsible for a portion of the WRA sewer revenue debt payable from the revenues of their Sewer System; its responsibilities pursuant to the WRA Financing Agreement stand as nearly as practicable on a parity and equality of rank with the City’s direct sewer revenue bonds and parity obligations.

The City’s portion of outstanding WRA debt is as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 09/27/16</u>
6/96	\$4,382,792	Sewer Revenue (SRF Loan # 7)	6/18	\$616,974 ¹⁾
6/08A	5,732,440	Sewer Improvements (SRF)	6/39	4,788,888 ²⁾
4/10A	3,074,450	Sewer Improvements (SRF)	6/40	2,548,526 ³⁾
6/10C-1	1,121,921	Sewer Improvements (SRF)	6/32	1,012,790 ⁴⁾
6/10C-2	12,060,645	Sewer Improvements (SRF)	6/32	9,094,309 ⁵⁾
5/11A	33,657,615	Sewer Improvements (SRF)	6/42	28,438,301 ⁶⁾
5/11C	3,347,063	Sewer Improvements (SRF)	6/41	2,956,818 ⁷⁾
12/11D	5,628,301	Sewer Improvements (SRF)	6/43	5,003,352 ⁸⁾
5/12C	10,529,114	Sewer Improvements (SRF)	6/43	8,738,108 ⁹⁾
5/12D	4,094,656	Sewer Improvements (SRF)	6/42	3,316,939 ¹⁰⁾
11/12G	8,578,900	Sewer Improvements (SRF)	6/44	7,983,849 ¹¹⁾
4/13A	4,349,345	Sewer Improvements (SRF)	6/43	3,765,997 ¹²⁾
6/13B	19,133,993	Refunding	6/34	15,870,330 ¹³⁾
2/14A	972,846	Sewer Improvements (SRF)	6/34	837,734 ¹⁴⁾
2/14D	2,161,860	Sewer Improvements (SRF)	6/34	1,940,317 ¹⁵⁾
1/15A	3,180,104	Sewer Improvements (SRF)	6/35	3,016,354 ¹⁶⁾
1/15B	182,087	Sewer Improvements (SRF)	6/34	172,012 ¹⁷⁾
5/15E	8,963,127	Refunding	6/36	8,823,855 ¹⁸⁾
2/16A	3,838,557	Sewer Improvements (SRF)	6/35	<u>3,838,557</u> ¹⁹⁾
Total				\$112,764,010

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 #7 outstanding in the amount of \$868,000.
- 2) The City’s flow-based share of the WRA’s Series 2008A SRF loan outstanding in the amount of \$14,157,000.
- 3) The City’s flow-based share of the WRA’s Series 2010A SRF loan outstanding in the amount of \$7,534,000.
- 4) The City’s flow-based share of the WRA’s Series 2010C-1 SRF loan outstanding in the amount of \$1,996,000.
- 5) The City’s flow-based share of the WRA’s Series 2010C-2 SRF loan outstanding in the amount of \$17,923,000.
- 6) The City’s flow-based share of the WRA’s Series 2011A SRF loan outstanding in the amount of \$56,046,000.
- 7) The City’s flow-based share of the WRA’s Series 2011C SRF loan outstanding in the amount of \$8,741,000.
- 8) The City’s flow-based share of the WRA’s Series 2011D SRF loan outstanding in the amount of \$14,791,000.
- 9) The City’s flow-based share of the WRA’s Series 2012C SRF loan outstanding in the amount of \$17,221,000.
- 10) The City’s flow-based share of the WRA’s Series 2012D SRF loan outstanding in the amount of \$6,537,000.
- 11) The City’s flow-based share of the WRA’s Series 2012G SRF loan outstanding in the amount of \$23,602,000.
- 12) The City’s flow-based share of the WRA’s Series 2013A SRF loan outstanding in the amount of \$7,422,000.
- 13) The City’s flow-based share of the WRA’s Series 2013B Bonds outstanding in the amount of \$52,405,000.
- 14) The City’s flow-based share of the WRA’s Series 2014A SRF loan outstanding in the amount of \$1,651,000.
- 15) The City’s flow-based share of the WRA’s Series 2014D SRF loan outstanding in the amount of \$5,736,000.
- 16) The City’s flow-based share of the WRA’s Series 2015A SRF loan outstanding in the amount of \$8,917,000.
- 17) The City’s flow-based share of the WRA’s Series 2015B SRF loan outstanding in the amount of \$339,000.
- 18) The City’s flow-based share of the WRA’s Series 2015E Bonds outstanding in the amount of \$31,865,000.
- 19) The City’s flow-based share of the WRA’s Series 2016A Bonds outstanding in the amount of \$7,565,000.

Des Moines Metropolitan Wastewater Reclamation Authority 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 09/27/16</u>
TBD	\$6,088,920	Sewer Improvements (SRF)	TBD	\$6,088,920 ¹⁾
TBD	13,280,100	Sewer Improvements (SRF)	TBD	13,280,100 ²⁾
TBD	4,426,700	Sewer Improvements (SRF)	TBD	<u>4,426,700</u> ³⁾
Total				\$23,795,720

- 1) The City’s flow-based share of the WRA’s proposed SRF Loan in the amount of \$12,000,000.
- 2) The City’s flow-based share of the WRA’s proposed SRF Loan in the amount of \$30,000,000.
- 3) The City’s flow-based share of the WRA’s proposed SRF Loan in the amount of \$10,000,000.

Total WRA Sewer Revenue Debt Outstanding	\$112,764,010
Total WRA Sewer Revenue Debt Outstanding and Proposed	\$136,559,730

INDIRECT GENERAL OBLIGATION DEBT

<u>Taxing District</u>	<u>1/1/2015 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	\$22,662,536,006	\$7,517,774,628	33.17%	\$292,180,000	\$96,916,106
Warren County	2,055,583,783	13,909,197	0.68%	185,676	1,263
Carlisle CSD	318,917,531	70,669,302	22.16%	3,105,000	688,068
Des Moines ISD	7,487,146,657	7,159,830,910	95.63%	0	0
Indianola CSD	837,567,924	387,054	0.05%	43,275,000	21,638
Johnston CSD	2,247,010,252	152,625,624	6.79%	59,100,000	4,012,890
Norwalk CSD	569,612,955	2,994,822	0.53%	13,980,000	74,094
Saydel CSD	717,880,656	21,285,927	2.97%	6,425,000	190,823
Southeast Polk CSD	1,852,026,527	111,935,447	6.04%	30,605,000	1,848,542
West Des Moines CSD	4,529,501,971	11,954,739	0.26%	26,705,000	69,433
Urbandale Sanitary Sewer	2,655,198,191	1,881,000	0.07%	0	0
Urbandale-Windsor Heights Sanitary Sewer	404,348,881	21,219,999	5.25%	0	0
Des Moines Area CC	42,301,482,075	7,531,683,825	17.80%	82,960,000	<u>14,766,880</u>
City’s Share of Total Overlapping Debt					\$118,589,737

- 1) Taxable Valuation excludes military exemption and includes Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
- 2) Includes general obligation bonds, PPEL notes, certificates of participation and new jobs training certificates.

DEBT RATIOS

	<u>Debt</u>	Debt/Actual Market Value (\$11,396,334,334) ¹⁾	Debt/204,220 Population ²⁾
Total General Obligation Debt	\$428,240,000	3.76%	\$2,096.95
Less: G.O. Debt Paid From Enterprise Funds	<u>(28,555,000)</u>	<u>(0.25%)</u>	<u>(139.82)</u>
Net G.O. Debt Paid by Taxes and Tax Increment	\$399,685,000	3.51%	\$1,957.13
Leases Paid by the Debt Service Levy	\$2,683,170	0.02%	\$13.14
City's Share of Total Overlapping Debt	\$118,589,737	1.04%	\$580.70

- 1) Based on 1/1/2015 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>
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	143,393,249	98.98%
2014-15	140,885,839	140,132,430	99.47%
2015-16	141,841,078	----- 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 and Warren County.

CITY TAX RATES

	FY 2011-12 \$/\$1,000	FY 2012-13 \$/\$1,000	FY 2013-14 \$/\$1,000	FY 2014-15 \$/\$1,000	FY 2015-16 \$/\$1,000
Polk County ¹⁾	10.01509	10.07059	10.25715	10.60460	10.84198
City of Des Moines	16.58000	16.91982	16.92001	16.92000	16.92000
Des Moines Ind. CSD	18.34848	18.34845	18.34842	18.14592	18.42809
Des Moines Area Comm. College	0.59018	0.58466	0.69120	0.65724	0.67574
Des Moines Regional Transit Authority	0.44400	0.59400	0.67400	0.73900	0.80400
State of Iowa	0.00320	0.00330	0.00330	0.00330	0.00330
Total Tax Rate	45.98095	46.52082	46.89408	47.07006	47.67311

- 1) Polk County tax rate include the following tax rates: Polk County-wide, Polk County Assessor, Polk County Ag. Extension and 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 2015-16. 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. Scott Sanders was appointed as City Manager in September of 2014 and is responsible for the day-to-day operations of the City. Mr. Sanders supervises all City staff, serves as the primary advisor to the City Council, directs major economic development initiatives, and is the chief negotiator for the City. He joined the City of Des Moines in 2011 as Finance Director and most recently served as Assistant City Manager. He has a strong background in city management with an emphasis on finance, budgets and administration. Mr. Sanders received a Bachelor's of Science degree in Computer Science and a Master's degree in Community and Regional Planning from Iowa State University. He has worked as a Senior Managing Consultant at Public Financial Management, Inc.; as the Finance Director for the City of Council Bluffs; Iowa, and Assistant City Manager and Finance Director for the City of West Des Moines, Iowa.

Mr. Dan Ritter is the Finance Director/Treasurer and is responsible for the financial affairs of the City. Mr. Ritter has been with the City's Finance Department since 1989. Prior to his current assignment, he served as the Research and Budget Officer for the City. Mr. Ritter earned a Bachelor's of Science degree in Economics and Political Science and a Master of Science degree in Urban and Regional Planning from the University of Wisconsin.

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 15% 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 2015 the City Council adopted a balanced budget for Fiscal Year 2015-16. In addition, the City Council adopted a balanced budget for Fiscal Year 2016-17 on February of 2016. The City Council will meet in August of 2016 to review the City's Strategic Plan (GuideDSM), and develop an implementation plan for the year ahead. Once that review process is complete, the City Council will schedule budget workshops and community conversations to begin developing the budget for Fiscal Year 2017-18.

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 the fall, 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.

In May 2016, Federal officials notified Prairie Meadows Racetrack and Casino (the “Casino”) that the Internal Revenue Service (the “Service”) is revoking the Casino’s non-profit status. Officials at the Casino filed a formal appeal with the Service on June 8, 2016, but at this time the outcome of the appeal is unknown. Pursuant to an agreement between the City, the Casino and Polk County, Iowa the City receives a portion of gaming revenues generated by the Casino through December 31, 2018. The City budget anticipates \$5.815 million in Fiscal Year 2016-17 from the revenue-sharing agreement and applies those monies towards street and bridge maintenance and reconstruction projects. Due to the uncertain status of the Casino’s appeal, at this time the City is unable to assess the financial impact of the Casino’s change in non-profit status. Regardless of the outcome of the appeal, the City is committed to developing balanced budgets for Fiscal Year 2017-18 and beyond as described above.

GENERAL FUND – AVAILABLE FUND BALANCE

On January 2016, the City Council updated their goal to maintain a General Fund balance equal to approximately 15% of General Fund operating expenditures plus operating transfers out. Previously, the goal was 10%. The table below details the historical General Fund Balance available:

	2011	2012	2013	2014	2015
Available General Fund Balance	\$13,554,759	\$15,613,514	\$17,057,774	\$20,525,072	\$25,362,143
General Fund Operating Expenditures	\$133,890,628	\$141,528,033	\$142,002,433	\$144,427,918	\$147,316,892
Available General Fund Balance as a Percent of General Fund Expenditures	9.99%	10.67%	11.33%	14.21%	17.2%

EMPLOYEES AND PENSIONS

The City participates in two statewide 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 MFPRSI 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: The City has 1,524 budgeted full-time, and approximately 370 part-time/seasonal employees, of which all full-time employees, except for the City Manager, sworn Firefighters and Police Officers, are enrolled in the IPERS pension plan administered by the State of Iowa. The City contributes to IPERS, which is a cost-sharing multiple-employer, contributory defined benefit public employee retirement system administered by IPERS. 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 percentage point, based upon the actuarially required contribution rate. The City’s contributions to IPERS for the Fiscal Years ended June 30, 2013, 2014 and 2015 as shown below equal the required contributions for each year.

	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
IPERS City Contribution	\$5,590,585	\$5,782,471	\$5,903,769

The IPERS Comprehensive Annual Financial Report (“CAFR”) is available on the IPERS website, <https://www.ipers.org/financial-and-investment>, or by contacting IPERS at 7401 Register Drive P.O. Box 9117, Des Moines, IA 50321.

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor’s website or links to other Internet sites accessed through the IPERS website.

For additional information, refer to Note 7 Employee Retirement Systems Subsection A, beginning on page 72 of the City’s June 30, 2015 CAFR contained as APPENDIX B of this Official Statement.

Pursuant to Governmental Accounting Standards Board (“GASB”) Statement No. 68, the City reported a liability of \$39,219,101 within its CAFR as of June 30, 2015 for its proportionate share of the net pension liability. The net pension liability is the amount by which the total actuarial liability exceeds the pension plan’s net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City’s collective proportion was 0.79497% which was an increase of 0.0160% from its proportion measured as of June 30, 2013.

Municipal Fire and Police Retirement System of Iowa: 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 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
MFPRSI City Contribution	\$11,874,300	\$13,965,557	\$14,626,300

The MFPRSI Independent Auditors Report is available on the MFPRSI website, <http://www.mfprsi.org/about-mfprsi/publications/>, or by contacting MFPRSI at 7155 Lake Drive, Suite 201, West Des Moines, IA 50266.

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from MFPRSI discussed above or included on the MFPRSI websites, including, but not limited to, updates of such information on the State Auditor’s website or links to other Internet sites accessed through the MFPRSI websites.

Pursuant to GASB Statement No. 68, the City reported a liability of \$85,200,836 within its CAFR as of June 30, 2015 for its proportionate share of the net pension liability. The net pension liability is the amount by which the total actuarial liability exceeds the pension plan’s net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. As of June 30, 2014, the City’s proportion was 18.2046% which was a decrease of 0.2176% from its proportion measured as of June 30, 2013.

For additional information, refer to Note 7 Employee Retirement Systems Subsection B, beginning on page 77 of the City’s June 30, 2015 CAFR contained as APPENDIX B of this Official Statement.

OTHER POST EMPLOYMENT 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 an 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, 2015, 199 retirees were covered under the City’s current group health plan.

The City’s annual other post employment benefits (“OPEB”) cost is calculated based on the annual required contribution (“ARC”) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the Fiscal Year ended June 30, 2015, the amount actually contributed to the plan and changes in the City’s net OPEB obligation:

Annual required contribution, ARC	\$1,875,607
Interest on net OPEB obligation	216,287
Adjustment to annual required contribution	<u>(310,929)</u>
Annual OPEB cost	1,780,965
Contributions and payments made	<u>748,280</u>
Increase in net OPEB obligation	1,032,685
Net OPEB obligation, beginning of year	<u>\$6,167,615</u>
Net OPEB obligation, end of year	<u>\$7,200,300</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the Fiscal Year ended June 30, 2015, the City contributed \$748,280 to the plan. The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 and the two preceding years are summarized as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2013	\$1,716,663	45.5%	\$5,064,689
2014	1,874,343	41.2%	6,167,615
2015	1,780,965	42.0%	7,200,300

As of July 1, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$16,451,197 and the actuarial value of assets is none, resulting in an unfunded actuarial accrued liability (“UAAL”) of (\$16,451,197). The covered payroll (annual payroll of active employees covered by the plan) was approximately \$99,836,624 and the ratio of the UAAL to the covered payroll was 16.5%.

For additional information, refer to Note 15 Post Employment Benefits, beginning on page 93 of the City’s June 30, 2015 CAFR contained as APPENDIX B of this Official Statement.

UNION CONTRACTS

The City has eight unions representing 1,435 employees. The following are brief descriptions of the unions and their contracts.

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 451. The current contract expires June 30, 2018.

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 24. The current contract expires June 30, 2018.

Municipal Employees Association (“MEA”): Clerical and support staff throughout the City. The total number of employees covered by this bargaining unit is 321. The current contract expires June 30, 2018.

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 263. The current contract expires June 30, 2019.

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 267. The current contract expires June 30, 2018.

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 26. Their contract expires June 30, 2017.

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 45. Their contract expires June 30, 2017.

Gold Braid Organization: Certain Police Captains, Lieutenants, and Sergeants in the Police Department established a union. The total number of employees covered is 38. The current contract expires June 30, 2018.

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 with a loss limit of \$250,000,000 and loss of business income and extra expense coverage of up to \$7,500,000. Excess liability coverage is maintained through Allied World in the amount of \$10,000,000 per occurrence, with a \$2,000,000 self-insured retention. For certain enterprise fund operations automobile liability insurance is maintained through Travelers Insurance Company with a per occurrence limit of \$2,000,000 and a \$5,000 deductible. This policy is designed to cover the excess liability policy’s \$2,000,000 self-insured retention. Workers compensation insurance is maintained for all employees through Safety National Casualty Corporation at statutory limits with a \$1,100,000 self-insured retention.

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 workers’ 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	\$1,100,000	Up to Statutory Limits
Tort Liability	\$2,000,000	Variable

Since 2006, there has been one instance in which a work comp claim has exceeded the City’s current \$1,100,000 self-insured retention. No claims have exceeded the \$2,000,000 self-insured retention on the Liability policy. 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.

For additional information, refer to Note 16 Commitments and Contingent Liabilities Subsection C. Self-insurance, beginning on page 95 of the City’s June 30, 2015 CAFR contained as APPENDIX B of this Official Statement.

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; housing and other community improvements and social services; economic development; and six libraries. Operation and maintenance of an international airport is performed by Airport Authority under I.C. Chapter 330A pursuant to long-term lease.

The City currently maintains 76 parks, covering approximately 4,286 acres, 7 cemeteries, and road medians and boulevards. Recreation facilities include playgrounds, tennis courts, softball and soccer complexes, multi-use recreation trails, swimming pools, community centers and 3 golf courses. The City also owns 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 a separate entity 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.

LARGER 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	14,500 ¹⁾
State of Iowa	State Government	7,630 ²⁾
Hy-Vee Food Stores	Retail Food Stores	7,500
UnityPoint Health	Healthcare	7,500
Mercy Hospital Medical Center	Healthcare (Hospitals and Clinics)	7,055
Principal Financial Group	Insurance	6,400
Des Moines Public Schools	Education	5,215 ³⁾
Nationwide/Allied Insurance	Insurance	4,282
John Deere Companies	Farm Equipment & Consumer Financial Services	3,089 ⁴⁾
DuPont Pioneer	Seed Manufacturing	2,338
City of Des Moines	Government	1,894 ⁵⁾
Kum & Go	Convenience Store Chain	1,820
Casey's General Store, Inc.	Retail General Store	1,739
Wellmark Inc.	Insurance Provider	1,707
United Parcel Service (UPS)	Package Shipping	1,600
Bridgestone Americas Tire	Tire Manufacturer	1,400
YMCA of Greater Des Moines	Non-profit Youth Development & Fitness Centers	1,400
Athene USA Corp	Financial Services	1,300
Prairie Meadows	Entertainment Facility	1,300
Polk County	County Government	1,280 ⁵⁾
Drake University	Higher Education	1,250
EMC Insurance Companies	Insurance	1,216
Mercer Consumer	Insurance	1,200
Farm Bureau Financial Group, Inc.	Financial Services/Insurance	1,160
MidAmerican Energy Company	Utility	993
CDS Global	Magazine & Direct Marketing Services	960
Universal Pediatrics	Home Care Services	952
Meredith Corporation	Publishing	900
American Enterprise Mutual Holding	Insurance	900
Meredith Corporation	Media and Marketing	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) Total does not include substitute teachers.

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

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

Source: Telephone interviews conducted June 2016 and The Greater Des Moines Partnership. 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 2011 through 2015.

<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>
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
2014	3,879,532	37,584	1,957,431	23,239
2015	4,043,705	38,942	2,264,948	26,468

Note: The Iowa median household EBI for 2015 was \$45,457.

2015 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	44.6%	38.3%	17.0%
Polk County	33.8%	39.2%	27.0%
Warren County	29.2%	39.7%	31.1%
State of Iowa	37.4%	39.3%	23.3%

Source: Claritas, Inc. 2015 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>
2012	332,100	1,649,200	5.0%	5.1%
2013	330,900	1,672,400	4.7%	4.7%
2014	338,900	1,697,700	4.1%	4.2%
2015	339,500	1,701,300	3.5%	3.7%
2016 (through May)	339,960	1,705,900	3.7%	4.1%

Source: Iowa Workforce Development

BUILDING PERMITS

City officials report the following construction activity as of June 28, 2016. Permits for the City are reported on a fiscal year basis.

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
<u>Single Family Homes:</u>					
No. of new homes:	112	104	141	148	130
Valuation:	\$21,699,297	\$19,255,306	\$27,519,594	\$32,999,900	\$29,054,161
<u>Multiple Family Dwellings:</u>					
No. of new buildings:	42	66	36	36	66
Valuation:	\$21,949,714	\$33,263,332	\$63,197,407	\$42,894,612	\$153,831,158
<u>Residential Homes - Additions & Alterations:</u>					
No. of permits issued:	1,901	1,732	1,839	2,134	1,656
Valuation:	\$54,006,600	\$68,187,520	\$53,981,434	\$93,367,205	\$96,405,725
<u>Commercial/Industrial/Other:</u>					
No. of new buildings/additions:	93	148	114	105	73
Valuation:	\$94,217,853	\$98,353,689	\$95,867,389	\$108,324,197	\$355,310,994
<u>Commercial/Industrial/Other: Remodels & Alterations:</u>					
No. of permits:	370	373	305	351	298
Valuation:	\$72,989,311	\$71,131,713	\$127,859,195	\$169,437,683	\$89,451,940
<u>Demolitions:</u>					
No. of permits:	226	200	159	195	152
Valuation:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Permits:	2,744	2,623	2,594	2,969	2,375
Total Valuations:	\$264,862,775	\$290,191,560	\$368,425,019	\$477,023,597	\$724,053,978

U.S. CENSUS DATA

City Population

1990 U.S. Census	193,189
2000 U.S. Census	198,682
2010 U.S. Census (Corrected)	204,220 ¹⁾
2015 U.S. Census (Estimate)	210,330 ²⁾

1) The City's 2010 population was corrected by the U.S. Census Bureau on March 15 2013.

2) Estimated by the U.S. Census Bureau.

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.

<u>School Year</u>	<u>Certified Enrollment</u>
2012-13	31,546
2013-14	32,062
2014-15	32,413
2015-16	32,396
2016-17	32,582

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 University. Two-year degree programs are offered at Des Moines Area Community College, Vatterott College and Kaplan University (formerly 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 March 31, 2016 exceeding \$7.9 billion. Total deposits as of March 31, 2016 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.	\$2,838,028,000
Principal Bank	2,075,315,000
West Bank	1,453,199,000
Iowa State Bank	301,778,000
Midwest Heritage Bank	199,549,000

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

FINANCIAL STATEMENTS

The City's June 30, 2015 Comprehensive Annual Financial Report as prepared by a certified public accountant is reproduced as APPENDIX C. 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 Municipal Advisor, Public Financial Management, Inc.

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APPENDIX B

FORMS OF LEGAL OPINIONS

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[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, State of Iowa (the "Issuer"), relating to the issuance of Stormwater Management Utility Revenue Bonds, Series 2016C, by said City, dated _____, 2016, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$_____ (the "Bonds").

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

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 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 Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Resolution creates a valid lien on the Net Revenues of the Stormwater Management Utility pledged by the Resolution for the security of the Bonds.

The lien of the Bonds ranks on a parity as to the pledge of Net Revenues with respect to other Outstanding Obligations and Additional Obligations. The right to issue Additional Obligations is reserved upon conditions set forth in the Resolution.

3. The Bonds have been duly authorized, issued and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

4. Interest on the 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

[draft]

City of Des Moines, State of Iowa

\$_____ Stormwater Management Utility Revenue Bonds, Series 2016C

Page 2

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 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 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the 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,

[date]

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, State of Iowa (the "Issuer"), relating to the issuance of Stormwater Management Utility Revenue Refunding Bonds, Series 2016D, by said City, dated _____, 2016, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$_____ (the "Bonds").

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

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 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 Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Resolution creates a valid lien on the Net Revenues of the Stormwater Management Utility pledged by the Resolution for the security of the Bonds.

The lien of the Bonds ranks on a parity as to the pledge of Net Revenues with respect to other Outstanding Obligations and Additional Obligations. The right to issue Additional Obligations is reserved upon conditions set forth in the Resolution.

3. The Bonds have been duly authorized, issued and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

4. Interest on the 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

[draft]

City of Des Moines, State of Iowa

\$_____ Stormwater Management Utility Revenue Refunding

Bonds, Series 2016D

Page 2

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 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 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the 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 C

JUNE 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Des Moines, State of Iowa (the "Issuer"), in connection with the issuance of \$_____ Stormwater Management Utility Revenue Bonds, Series 2016C and \$_____ Stormwater Management Utility Revenue Refunding Bonds, Series 2016D (the "Bonds") dated _____, 2016. The Bonds are being issued pursuant to Resolutions of the Issuer approved on _____, 2016 (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 Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually 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.

"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, 1300 I Street NW, Suite 1000, Washington, DC 20005.

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

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated _____, 2016.

"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 Financial Information.

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 information for the 2015/2016 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing 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 Financial Information filing and later than the date required above for the filing of the Annual Financial Information 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 the Annual Financial Information 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 Annual Financial Information 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 Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing 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 Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information 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:

- Sales History and Total Stormwater Management Utility Receipts ;
- Number of Stormwater Management Utility Customers;
- Larger Stormwater Management Utility Customers;
- Stormwater Management Utility Revenues by Classification

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:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. 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;
- vii. Modifications to rights of Holders of the Bonds, if material;
- viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- ix. Defeasances of the Bonds;
- x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- xi. Rating changes on the Bonds;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. 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
- xiv. 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.

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 Financial Information filing, 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.

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 Financial Information filing 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 Financial Information filing 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 Financial Information filing 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.

Date: _____ day of _____, 2016.

CITY OF DES MOINES, STATE OF IOWA

By: _____
Mayor

ATTEST:

By: _____
City Clerk

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: City of Des Moines, Iowa.

Name of Bond Issue: \$_____ Stormwater Management Utility Revenue Refunding Bonds, Series 2016D

Dated Date of Issue: _____, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information 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 Financial Information will be filed by _____.

Dated: _____ day of _____, 20____.

CITY OF DES MOINES, STATE OF IOWA

By: _____
Its: _____

OFFICIAL BID FORM

TO: City Council of
City of Des Moines, Iowa

Date: August 31, 2016
10:00 AM, CT

RE: \$13,925,000* Stormwater Management Utility Revenue Bonds, Series 2016C (the "Series 2016C Bonds")

For all or none of the Series 2016C Bonds, in accordance with the TERMS OF OFFERING, we will pay you not less than \$_____ (minimum of \$13,813,600) plus accrued interest to date of delivery for fully registered bonds bearing interest rates and maturing in the stated years as follows:

<u>Coupon</u>	<u>Maturity</u>	<u>Reoffering</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Reoffering</u>
_____	2017	_____	_____	2025	_____
_____	2018	_____	_____	2026	_____
_____	2019	_____	_____	2027	_____
_____	2020	_____	_____	2028	_____
_____	2021	_____	_____	2029	_____
_____	2022	_____	_____	2030	_____
_____	2023	_____	_____	2031	_____
_____	2024	_____	_____		_____

* Preliminary; subject to change. The aggregate principal amount of the Series 2016C 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 \$14,800,000. 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 2016C Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2016C Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of Series 2016C 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 2016C 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 July 25, 2016. In the event of failure to deliver the Series 2016C 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 September 27, 2016)

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 31st day of August, 2016.

Attest: _____
Title: _____

By: _____
Title: _____

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OFFICIAL BID FORM

TO: City Council of
City of Des Moines, Iowa

Date: August 31, 2016
10:00 AM, CT

RE: \$9,720,000* Stormwater Management Utility Revenue and Refunding Bonds, Series 2016D (the "Series 2016D Bonds")

For all or none of the Series 2016D Bonds, in accordance with the TERMS OF OFFERING, we will pay you not less than \$_____ (minimum of \$9,603,360) plus accrued interest to date of delivery for fully registered bonds bearing interest rates and maturing in the stated years as follows:

<u>Coupon</u>	<u>Maturity</u>	<u>Reoffering</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Reoffering</u>
_____	2019	_____	_____	2025	_____
_____	2020	_____	_____	2026	_____
_____	2021	_____	_____	2027	_____
_____	2022	_____	_____	2028	_____
_____	2023	_____	_____	2029	_____
_____	2024	_____	_____	2030	_____

* Preliminary; subject to change. The aggregate principal amount of the Series 2016D 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 \$10,900,000. 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 2016D Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2016D Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of Series 2016D 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 2016D 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 July 25, 2016. In the event of failure to deliver the Series 2016D 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 September 27, 2016)

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 31st day of August, 2016.

Attest: _____
Title: _____

By: _____
Title: _____