

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 25, 2021

New Issue

Rating: S&P Global Ratings '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"), interest on the Notes paid to the owners thereof is includible in gross income for purposes of present federal income taxation. The Notes will NOT be designated as "qualified tax-exempt obligations". Interest on the Notes is exempt from State of Iowa income tax purposes. See "TAX MATTERS" section herein for a more detailed discussion.

CITY OF DES MOINES, IOWA

\$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B

BIDS RECEIVED: Wednesday, February 3, 2021, 10:00 A.M., Central Time

AWARD: Wednesday, February 3, 2021, 4:30 P.M., Central Time

Dated: Date of Delivery (March 9, 2021)

Principal Due: June 1, as shown inside front cover

The \$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B (the "Notes") are being issued pursuant to Division III of Chapters 384 and 403 of the Code of Iowa and a resolution (the "Resolution") to be adopted by the City Council of the City of Des Moines, Iowa (the "City"). The Notes are being issued for the purpose to provide funds to pay the costs of aiding in the planning, undertaking and carrying out of urban renewal projects under the authority of Iowa Code Chapter 403 and the Urban Renewal Plan for the Metro Center Urban Renewal Area, as amended, including funding urban renewal projects designed to protect the interests of the City and preserve the availability of parking for use by the public, which includes acquiring a privately constructed parking garage and adjacent parcels, and/or providing financial assistance, including but not limited to providing long-term financing for such projects. The purchaser of the Notes agrees to enter into a loan agreement (the "Loan Agreement") with the City pursuant to the authority contained in Sections 384.24A and 384.25 of the Code of Iowa. The Notes are issued in evidence of the City's obligations under the Loan Agreement. The Notes and the interest thereon are general obligations of the City, and all taxable property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Notes without constitutional or statutory limitation as to rate or amount.

The Notes will be issued as fully registered Notes 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 Notes. Individual purchases may be made in book-entry-only form, in the principal amount of \$5,000 and integral multiples thereof. The purchaser will not receive certificates representing their interest in the Notes purchased. The City's Finance Director, as designated Paying Agent/Registrar (the "Registrar"), will pay principal on the Notes payable annually on each June 1, beginning June 1, 2022, and interest on the Notes, payable initially on December 1, 2021, 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 Notes 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 NOTES WILL MATURE AS LISTED ON THE INSIDE FRONT COVER

MINIMUM BID:	\$44,960,850
GOOD FAITH DEPOSIT:	Required of Purchaser Only
TAX MATTERS:	Federal: Taxable State: Tax-Exempt See "TAX MATTERS" for more information

The Notes are offered, subject to prior sale, withdrawal or modification, when, as, and if issued subject to the unqualified approving legal opinion of Ahlers & Cooney, P.C., Bond Counsel, Des Moines Iowa, to be furnished upon delivery of the Notes. It is expected the Notes in the definitive form will be available for delivery through the facilities of DTC on or about March 9, 2021. The Preliminary Official Statement in the form presented is deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, subject to revisions, corrections or modifications as determined to be appropriate, and is authorized to be distributed in connection with the offering of the Notes for sale.

* 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

\$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B

MATURITY: The Notes will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$2,955,000	2029	\$3,540,000
2023	3,205,000	2030	3,615,000
2024	3,255,000	2031	3,690,000
2025	3,305,000	2032	3,775,000
2026	3,360,000	2033	3,870,000
2027	3,410,000	2034	3,965,000
2028	3,470,000		

*** PRINCIPAL**

ADJUSTMENT: Preliminary; subject to change. The aggregate principal amount of the Notes, 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 \$47,000,000. 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 Notes is adjusted as described above. Any change in the principal amount of any maturity of the Notes will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

INTEREST: Interest on the Notes will be payable on December 1, 2021 and semiannually thereafter.

OPTIONAL

REDEMPTION: The Notes due after June 1, 2029 will be subject to call on said date or on any date thereafter 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 Notes 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 Notes to prospective bidders in the interest of receiving competitive bids in accordance with 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, omissions or inaccuracies must be submitted to PFM Financial Advisors LLC (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 Notes, the legislative body will authorize the preparation of a final Official Statement that includes the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the underwriter (the "Syndicate Manager") and syndicate members. Copies of the final Official Statement will be delivered to the Syndicate Manager within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesman or other person has been authorized by the City, the Municipal Advisor or the underwriter to give any information or to make any representations other than those contained in this Preliminary Official Statement or the final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, the Municipal Advisor or the underwriter. This Preliminary Official Statement or the final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement or the final Official Statement, nor any sale made thereafter shall, under any circumstances, create any implication there has been no change in the affairs of the City or in any other information contained herein, 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 issue.

CITY OF DES MOINES, IOWA

Mayor/City Council

T.M. Franklin Cownie Mayor
Connie Boesen..... Council Member – At Large
Carl Voss Council Member – At Large
Bill Gray Council Member – Ward 1
Linda Westergaard..... Council Member – Ward 2
Josh Mandelbaum Council Member – Ward 3
Joe Gatto Council Member – Ward 4

Administration

Scott Sanders, City Manager
Nickolas Schaul, Finance Director/Treasurer
P. Kay Cmelik, City Clerk

City Attorney

Jeffrey D. Lester

Bond Counsel

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

Municipal Advisor

PFM Financial Advisors LLC
Des Moines, Iowa

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TERMS OF OFFERING
CITY OF DES MOINES, IOWA

\$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B

Bids for the purchase of the City of Des Moines, Iowa’s (the “City”) \$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B (the “Notes”) will be received on Wednesday, February 3, 2021 before 10:00 A.M., Central Time, after which time they will be tabulated. The City’s Council will consider award of the Notes at 4:30 P.M., Central Time, on the same day. Questions regarding the sale of the Notes should be directed to the City’s Municipal Advisor, PFM Financial Advisors LLC (the “Municipal Advisor”), 801 Grand Avenue, Suite 3300, Des Moines, Iowa, 50309, telephone 515-724-5724. Information may also be obtained from the office of the City’s Finance Director/Treasurer, 400 Robert D. Ray Dr., Des Moines, Iowa 50309, telephone 515-283-4540.

This section sets forth the description of certain terms of the Notes as well as the TERMS OF OFFERING with which all bidders and bid proposals are required to comply, as follows:

DETAILS OF THE NOTES

TAXABLE GENERAL OBLIGATION URBAN RENEWAL CAPITAL LOAN NOTES, SERIES 2021B in the principal amount of \$45,415,000*, to be dated the date of delivery (anticipated to be March 9, 2021), in the denomination of \$5,000 or multiples thereof, and will mature June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$2,955,000	2029	\$3,540,000
2023	3,205,000	2030	3,615,000
2024	3,255,000	2031	3,690,000
2025	3,305,000	2032	3,775,000
2026	3,360,000	2033	3,870,000
2027	3,410,000	2034	3,965,000
2028	3,470,000		

* Preliminary; subject to change.

ADJUSTMENT TO THE NOTES MATURITY AMOUNTS

The aggregate principal amount of the Notes, 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 \$47,000,000. 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 Notes is adjusted as described above. Any change in the principal amount of any maturity of the Notes will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of note 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 ON THE NOTES

Interest on the Notes will be payable on December 1, 2021 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a Note 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.

OPTIONAL REDEMPTION FOR THE NOTES

The Notes due after June 1, 2029 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 Notes.

TERM-NOTE OPTION

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

GOOD FAITH DEPOSIT

A good faith deposit in the amount of \$454,150 (the "Deposit"), is required from the lowest bidder only of the Notes. The lowest bidder is required to submit such Deposit payable to the order of the City in the form of either (i) a cashier's check provided to the City or its Municipal Advisor, or (ii) a wire transfer as instructed by the City's Municipal Advisor, no later than 12:00 P.M., Central Time, on the day of the sale of the Notes. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a deposit and thereafter may award the sale of the Notes to the same. No interest on the Deposit will accrue to the successful bidder (the "Purchaser"). The Deposit will be applied to the purchase price of the Notes. In the event a Purchaser fails to honor its accepted bid proposal, the applicable deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the Notes for a price not less than \$44,960,850, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth under the "BIDDING PARAMETERS" section herein. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORM provided by the City. The Notes will be awarded to the bidder(s) offering the lowest interest rate to be determined on a true interest cost (the "TIC") basis assuming compliance with the "GOOD FAITH DEPOSIT" sections herein. 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 Notes, 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 Notes 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 Notes, (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

The bidder's proposal must conform to the following limitations:

1. Each annual maturity must bear a single rate of interest from the dated date of the Notes to the date of maturity.
2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. The initial price to the public for each maturity must be 98% or greater.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the TERMS OF OFFERING and OFFICIAL BID FORM provided by the City or through PARITY® competitive bidding system (the "Internet Bid System"). 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 Internet Bid System 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(s) who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the TERMS OF OFFERING and OFFICIAL BID FORM. 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 Finance Director/Treasurer, 400 Robert D. Ray Dr., Des Moines, Iowa 50309.

Electronic Internet Bidding: Electronic internet bids will be received at the office of the City's Municipal Advisor, PFM Financial Advisors LLC, 801 Grand Avenue, Suite 3300, 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 212-849-5021.

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

BOOK-ENTRY-ONLY ISSUANCE

The Notes will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Notes will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Notes 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 Notes. Individual purchases of the Notes 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 Notes. 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 Notes, will be required to deposit the bond certificates with DTC.

MUNICIPAL BOND INSURANCE AT PURCHASER'S OPTION

If the Notes 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 Notes, 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 Notes 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 Notes have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Notes. 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 Notes will be delivered to the Purchaser through DTC in New York, New York, against full payment in immediately available cash or federal funds. The Notes 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, the Purchaser may withdraw their bid and thereafter their interest in and liability for the Notes will cease. When the Notes are ready for delivery, the City will give the Purchaser 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 failed to comply with the offer of purchase.

OFFICIAL STATEMENT

The City has authorized the preparation of this Preliminary Official Statement containing pertinent information relative to the Notes. The Preliminary Official Statement will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law or deemed appropriate by the City, and shall constitute a final Official Statement of the City with respect to the Notes, 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 Notes 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 the Notes 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 the Rule. The City shall treat the senior managing underwriter of the syndicate to which the Notes 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 Notes, 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 Notes for purposes of assuring the receipt by each such Participating Underwriter of the final Official Statement.

ELECTRONIC EXECUTED DOCUMENTS

The Purchaser consents to the receipt of electronic transcripts and acknowledges the City's intended use of electronically executed documents. Iowa Code chapter 554D establishes electronic signatures have the full weight and legal authority as manual signatures.

CONTINUING DISCLOSURE

The City will covenant in a Continuing Disclosure Certificate for the benefit of the owners and beneficial owners of the Notes to provide annually certain financial information and operating data relating to the City (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City not later than two hundred seventy (270) days after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2021, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See FORM OF CONTINUING DISCLOSURE CERTIFICATE included in APPENDIX D to this Preliminary Official Statement. The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which

such materials are to be filed, are summarized in the FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Purchaser in complying with section (b)(5) of the Rule.

Within the past five years, the City had provided certain subheadings to the required annual disclosure tables for the Fiscal Years ending June 30, 2015 and 2016 that were timely published within subsequent Official Statements; however, specific references to those Official Statements were not filed on EMMA. In addition, certain subheadings under the heading “City Indebtedness” presented in Official Statements were timely filed on EMMA and specific references were made to the City’s Comprehensive Annual Financial Report (“CAFR”); however, certain page number references to the CAFR were incorrect.

The corrections to certain subheading information and page number references noted above were filed and contained all information required to be filed as determined by provisions of the Rule.

Breach of the undertakings described above will not constitute a default or an “Event of Default” under the Notes or the Resolution for the Notes. A broker or dealer is to consider a known breach of the undertakings, however, before recommending the purchase or sale of the Notes 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 Notes and their market price.

CUSIP NUMBERS

It is anticipated the Committee on Uniform Security Identification Procedures (“CUSIP”) numbers will be printed on the Notes and the Purchaser 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 Notes shall not be cause for the Purchaser to refuse to accept delivery of said Notes.

BY ORDER OF THE CITY COUNCIL
City of Des Moines
/s/ Nickolas Schaul, Finance Director/Treasurer

SCHEDULE OF BOND YEARS

\$45,415,000*

CITY OF DES MOINES, IOWA

Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B

Notes Dated: March 9, 2021

Interest Due: December 1, 2021 and each June 1 and December 1 to maturity

Principal Due: June 1, 2022 - 2034

<u>Year</u>	<u>Principal</u> *	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2022	\$2,955,000	3,628.08	3,628.08
2023	3,205,000	7,140.03	10,768.11
2024	3,255,000	10,506.42	21,274.53
2025	3,305,000	13,972.81	35,247.33
2026	3,360,000	17,565.33	52,812.67
2027	3,410,000	21,236.72	74,049.39
2028	3,470,000	25,080.39	99,129.78
2029	3,540,000	29,126.33	128,256.11
2030	3,615,000	33,358.42	161,614.53
2031	3,690,000	37,740.50	199,355.03
2032	3,775,000	42,384.86	241,739.89
2033	3,870,000	47,321.50	289,061.39
2034	3,965,000	52,448.14	341,509.53

Average Maturity (dated date): 7.520 Years

* Preliminary; subject to change.

PRELIMINARY OFFICIAL STATEMENT

CITY OF DES MOINES, IOWA

\$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Des Moines, Iowa (the “City”) and its issuance of \$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B (the “Notes”). 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 Notes authorized therein. Inquiries may be made to the City’s Municipal Advisor, PFM Financial Advisors LLC (the “Municipal Advisor”), 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309, telephone 515-724-5724. Information may also be obtained from Nickolas Schaul, Finance Director/Treasurer, City of Des Moines, 400 Robert D. Ray Dr., Des Moines, Iowa, 50309, telephone 515-283-4540.

AUTHORITY AND PURPOSE

The Notes are being issued pursuant to Division III of Chapters 384 and 403 of the Code of Iowa and a resolution (the “Resolution”) to be adopted by the City Council of the City. The Notes evidence the obligations of the City under the Loan Agreement. The Notes are being issued for the purpose of providing funds to pay the costs of aiding in the planning, undertaking and carrying out of urban renewal projects under the authority of Iowa Code chapter 403 and the Urban Renewal Plan for the Metro Center Urban Renewal Area, as amended, including funding urban renewal projects designed to protect the interests of the City and preserve the availability of parking for use by the public, which includes acquiring a privately constructed parking garage and adjacent parcels, and/or providing financial assistance, including but not limited to providing long-term financing for such projects.

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

<u>Sources of Funds*</u>	
Par Amount of Notes	\$45,415,000.00
Other Sources	<u>1,650,000.00</u>
Total Sources	\$47,065,000.00
<u>Uses of Funds*</u>	
Deposit to Escrow Fund	\$46,500,000.00
Underwriter’s Discount	454,150.00
Cost of Issuance and Contingency	<u>110,850.00</u>
Total Uses	\$47,065,000.00

* Preliminary; subject to change.

INTEREST ON THE NOTES

Interest on the Notes will be payable on December 1, 2021 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a Note as shown on the records of ownership maintained by the Registrar as of the close of business on the 15th day of the month 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.

OPTIONAL REDEMPTION

The Notes due after June 1, 2029 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 Notes to be redeemed at the address shown on the registration books.

PAYMENT OF AND SECURITY FOR THE NOTES

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

Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation debt, “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.”

Nothing in the Resolution for the Notes prohibits or limits the ability of the City to use legally available moneys other than the proceeds of the general ad valorem property taxes levied, as described in the preceding paragraph, to pay all or any portion of the principal of or interest on the Notes. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Notes, the City may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Notes.

The Resolution for the Notes do not restrict the City’s ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Notes. For a further description of the City’s outstanding general obligation debt upon issuance of the Notes and the annual debt service on the Notes, see “DIRECT DEBT” under “CITY INDEBTEDNESS” included in “APPENDIX A” to this Preliminary Official Statement. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see “DEBT LIMIT” under “CITY INDEBTEDNESS” included in “APPENDIX A” to this Preliminary Official Statement.

BOOK-ENTRY-ONLY ISSUANCE

The information contained in the following paragraphs of this subsection “BOOK-ENTRY-ONLY ISSUANCE” 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.

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 will be issuing approximately \$39,325,000 General Obligation Refunding Capital Loan Notes, Series 2021A simultaneously with the Notes. In addition, the City anticipates issuing Sewer Revenue and Stormwater Management Utility Revenue Capital Loan Notes, respectively, within 90 days of the date of this preliminary official statement through the Iowa Finance Authority's Clean Water Loan Program.

LITIGATION

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

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 Notes 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 other than to review or prepare information describing the terms of the Notes and Iowa and Federal law pertinent to the validity of and the tax status of interest on the Notes, which can be found generally under the sections "AUTHORITY AND PURPOSE", "OPTIONAL REDEMPTION", "PAYMENT AND SECURITY FOR THE NOTES" and "TAX MATTERS" herein. Additionally, Bond Counsel has provided its Form of Legal Opinion and Continuing Disclosure Certificate, included in APPENDIX B and APPENDIX D, respectively, to this Preliminary Official Statement. Bond Counsel is not expressing any opinion as to the completeness or accuracy of the information contained in the Preliminary Official Statement. The FORM OF LEGAL OPINION 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 Notes, expresses the professional judgment of the attorneys rendering the opinions 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 note trustee or similar person to monitor or enforce the provisions of the Resolution for the Notes. The owners of the Notes 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 Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution for the Notes) may have to be enforced from year to year. The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Notes cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Notes. See “LEVIES AND TAX COLLECTIONS” included in APPENDIX A to this Preliminary Official Statement, for a description of property tax collection and enforcement.

In addition, the enforceability of the rights and remedies of owners of the Notes may be subject to limitations as set forth in Bond Counsel’s opinions. The opinions will state, in part, that the obligation of the City with respect to the Notes, 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.

TAX MATTERS

Taxability and Related Considerations: In the opinion of Bond Counsel, under existing law, interest on the Notes will be included in gross income of the owners thereof for federal income tax purposes. Ownership of the Notes 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 Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

State of Iowa Tax Exemption: In the opinion of Bond Counsel, the interest on the Notes is exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Chapter 422 of the Code of Iowa, as amended (the Iowa Code). Interest on the Notes is subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Chapter 422 of the Iowa Code, as amended.

Ownership of the Notes 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 Notes. Prospective purchasers of the Notes 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 Notes 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”).

Discount and Premium on Certain Notes: The initial public offering price of certain Notes (the “Discount Notes”) may be less than the amount payable on such Discount Notes at maturity. An amount equal to the difference between the initial public offering price of Discount Notes (assuming that a substantial amount of the Discount Notes 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 Notes. Purchasers of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes 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 Notes (“Premium Notes”) may be greater than the amount of such Premium Notes at maturity. An amount equal to the difference between the initial public offering price of Premium Notes (assuming

that a substantial amount of the Premium Notes 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 Notes. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Other Tax Advice: In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Notes. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues and with respect to the various state tax consequences of an investment in Notes.

Enforcement: Holders of the Notes shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Notes, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution for the Notes. There is no bond trustee or similar person to monitor or enforce the terms of the Resolution for the Notes. In the event of a default in the payment of principal or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution for the Notes) may have to be enforced from year to year. The enforceability of the rights and remedies of owners of the Notes may be subject to limitations as set forth in Bond Counsel's legal opinion.

The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Notes cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Notes. In addition, the enforceability of the rights and remedies of owners of the Notes may be subject to limitation as set forth in Bond Counsel's legal opinion. The opinions to be delivered concurrently with the delivery of the Notes will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and to the exercise of judicial discretion in appropriate cases.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Resolution for the Notes, including principal of and interest on the Notes.

Opinions: 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 Notes, 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.

Bond Counsel's opinions are 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 opinions of Bond Counsel and Bond Counsel's opinions are not binding on the Service. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).

NOTEHOLDER'S RISKS

An investment in the Notes is subject to certain risks. No person should purchase the Notes 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 Notes. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Notes are an appropriate investment.

Secondary Market Not Established: There is no established secondary market for the Notes, and there is no assurance a secondary market will develop for the purchase and sale of the Notes. Prices of municipal Notes 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 Notes 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 Notes are in default as to principal and interest payments, and other factors which, may give rise to uncertainty concerning prudent secondary market practices.

Municipal Notes 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.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE NOTES, IF ANY, COULD BE LIMITED.

Ratings Loss: S&P Global Ratings ("S&P") has assigned a rating of **AA+** to the Notes. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Notes.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Notes.

Matters Relating to Enforceability: Holders of the Notes shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Notes, including but not limited to, the right to a proceeding in the law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution for the Notes.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution for the Notes. The opinions, to be delivered concurrently with the delivery of the Notes, will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principals of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Resolution for the Notes, including principal of and interest on the Notes.

Forward-Looking Statements: This Preliminary Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Preliminary Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or

unanticipated events and circumstances may occur. Therefore, investors should be aware there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the City to pay debt service when due on the Notes.

Financial Condition of the City from Time to Time: No representation is made as to the future financial condition of the City. Certain risks discussed herein could adversely affect the financial condition and or operations of the City in future. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the “PAYMENT OF AND SECURITY FOR THE NOTES” herein.

Global Health Emergency Risk: The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus and on March 13, 2020, the President of the United States declared a national emergency. The current spread of COVID-19 is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the City, either directly or indirectly. Federal, State, and local officials are taking steps to curb the spread of the virus, including providing both discretionary and mandatory guidelines and orders regarding public gatherings, and imposing mandatory closings and/or operating limitations of some businesses. The spread of the virus could reduce sales tax collections, delay the receipt of property tax payments and negatively impact other collections dependent on local business activity. At this time, the City has attempted to quantify the impact to its budget and make the necessary adjustments to its budget to account for the disruption. The Notes are secured by an unlimited ad valorem property tax as described more fully in the “PAYMENT OF AND SECURITY OF THE NOTES” herein.

Redemption Prior to Maturity: In considering whether to make an investment in the Notes it should be noted the Notes are subject to optional redemption, as outlined herein, without Bondholder discretion or consent. See “OPTIONAL REDEMPTION” herein.

Changes in Property Taxation: The Notes are general obligations of the City secured by an unlimited ad valorem property tax as described more fully in the “PAYMENT OF AND SECURITY FOR THE NOTES” herein. Prior State Public Health Emergency Declarations relative to the 2020 COVID-19 pandemic have temporarily suspended the provisions that required the imposition of penalty and interest for delay in property tax payments and directed that no such penalty or interest could be imposed for the duration of the declarations and any future extension of the suspension. It is impossible to predict whether the declarations or any amendments to or extensions thereof would have a material effect on the City’s ability to collect property taxes necessary for the payment of principal and interest on the Notes.

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Such alterations could adversely affect the City’s financial condition. Historically, changes to property tax calculations and impositions are imposed on a prospective basis. However, there is no assurance future changes to property taxation by the Iowa General Assembly will not be applied retroactively. It is impossible to predict the outcome of future property taxation changes by the Iowa General Assembly or resulting impacts on the City’s financial condition. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the “PAYMENT OF AND SECURITY FOR THE NOTES” herein.

Cybersecurity: The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the City’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the City’s operations and financial condition.

The City cannot predict whether any insurance policies that may be maintained by the City would be sufficient in the event of a cyber breach. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the “PAYMENT OF AND SECURITY FOR THE NOTES” herein.

Pensions: Pursuant to GASB 68, the City reported a liability of \$56,960,238 within its Comprehensive Annual Financial Report (“CAFR”) as of June 30, 2020 for its proportionate share of the net pension liability related to IPERS, as defined

herein. 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, 2019, 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, 2019, the City's collective proportion was 0.977094% which was an increase of 0.000667% from its proportion measured as of June 30, 2018.

Additionally, the City reported a liability of \$120,934,295 with its CAFR as of June 30, 2020 for its proportionate share of the net pension liability related to MFPRSI, as defined herein. The net pension liability was measured as of June 30, 2019, 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. At June 30, 2019, the City's collective proportion was 18.4372%, which was an increase of 0.0871% from its proportion measured as of June 30, 2018. See "EMPLOYEES AND PENSIONS" under the "CITY" section included in APPENDIX A to this Preliminary Official Statement for more summary information related to the City's contributions, and APPENDIX C – June 30, 2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT for additional information related to the City's deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity. Changes to the City's pension contributions, or available sources to fund said contributions, may adversely affect the City's financial condition. The Notes are secured by an unlimited ad valorem property tax as described more fully in the "PAYMENT OF AND SECURITY FOR THE NOTES" herein.

Continuing Disclosure: A failure by the City to comply with continuing disclosure obligations (see "CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Notes. Any such failure must be disclosed in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), and may adversely affect the transferability and liquidity of the Notes and their market price.

Bankruptcy: The rights and remedies available to holders of the Notes may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The opinion of Bond Counsel to be delivered with respect to the Notes and the Resolution for the Notes, including the opinions of Bond Counsel, will be similarly qualified. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the owners of the Notes could be prohibited from taking any steps to enforce their rights under the Resolution for the Notes. In the event the City fails to comply with its covenants under the Resolution for the Notes or fails to make payments on the Notes, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Notes.

Suitability of Investment: The interest rate borne by the Notes is intended to compensate the investor for assuming the risk of investing in the Notes. Each prospective investor should carefully examine this Preliminary Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Notes are an appropriate investment for such investor.

Tax Levy Procedures: The Notes are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the City. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Notes for a particular fiscal year may cause bondholders to experience a delay in the receipt of distributions of principal of and/or interest on the Notes. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution for the Notes) may have to be enforced from year to year.

Federal Funds Orders and State Funds Legislation: Various federal executive orders, and Iowa Code Chapter 27A

(collectively “ICE Enforcement Initiatives”), impose requirements intended to ensure compliance with the federal immigration detention processes. The ICE Enforcement Initiatives impose various penalties for non-compliance, including the loss of state and/or federal funding under certain circumstances. The loss of state and/or federal funds in any significant amount would negatively impact the City’s overall financial position and could affect its rating. However, the Notes are secured by a debt service levy upon real property in the jurisdictional limits of the City and are not secured by state or federal funds. See “PAYMENT OF AND SECURITY FOR THE NOTES” herein.

DTC-Beneficial Owners: Beneficial Owners of the Notes may experience some delay in the receipt of distributions of principal of and interest on the Notes since such distributions will be forwarded by the Registrar to DTC and DTC will credit such distributions to the accounts of the Participants which will, thereafter, credit them to the accounts of the Beneficial Owner either directly or indirectly through Indirect Participants. Neither the City nor the Registrar will have any responsibility or obligation to assure any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Notes can be effected only through DTC Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge the Notes to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Notes, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “BOOK-ENTRY-ONLY ISSUANCE” herein.

Summary: The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto to make a judgment as to whether the Notes are an appropriate investment.

RATING

The Notes are rated ‘AA+’ by S&P. Currently, the City’s outstanding General Obligation long-term debt is rated ‘AA+’ by S&P and ‘Aa2’ by Moody’s Investors Service. The existing ratings on long-term debt reflect only the view of the rating agencies and any explanation of the significance of such ratings may only be obtained from the rating agencies. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an effect on the market price of the Notes.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, Des Moines, Iowa as Municipal Advisor (the “Municipal Advisor”) in connection with the preparation of the issuance of the Notes. 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. PFM Financial Advisors LLC 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

The City will covenant in a Continuing Disclosure Certificate for the benefit of the owners and beneficial owners of the Notes to provide annually certain financial information and operating data relating to the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City not later than two hundred seventy (270) days after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2021, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See FORM OF CONTINUING DISCLOSURE CERTIFICATE included in APPENDIX D to this Preliminary Official Statement. The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in the FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the underwriter in complying with section (b)(5) of the Rule.

Within the past five years, the City had provided certain subheadings to the required annual disclosure tables for the Fiscal Years ending June 30, 2015 and 2016 that were timely published within subsequent Official Statements; however, specific references to those Official Statements were not filed on EMMA. In addition, certain subheadings under the heading “City Indebtedness” presented in Official Statements were timely filed on EMMA and specific references were made to the City’s Comprehensive Annual Financial Report (“CAFR”); however, certain page number references to the CAFR were incorrect.

The corrections to certain subheading information and page number references noted above were filed and contained all information required to be filed as determined by provisions of the Rule.

Breach of the undertakings described above will not constitute a default or an “Event of Default” under the Notes or the Resolution for the Notes. A broker or dealer is to consider a known breach of the undertakings, however, before recommending the purchase or sale of the Notes 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 Notes and their market price.

FINANCIAL STATEMENTS

The City’s June 30, 2020 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, PFM Financial Advisors LLC.

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Notes. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City of Des Moines, Iowa, by PFM Financial Advisors LLC, Des Moines, Iowa, and to the best of my knowledge, information and belief, said Preliminary Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading regarding the issuance of \$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B.

CITY OF DES MOINES, IOWA
/s/ Nickolas Schaul, Finance Director/Treasurer

* Preliminary; subject to change.

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APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF DES MOINES, IOWA

The \$45,415,000 Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B are general obligations of the City of Des Moines, Iowa (the "City") for which the City will pledge its power to levy direct ad valorem taxes against all taxable property within the City without limitation as to rate or amount to the repayment of the Notes.*

* 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 2019 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 2019, the taxable value rollback rate was 55.0743% of actual value for residential property; 81.4832% of actual value for agricultural property; 71.2500% of the actual value for multiresidential property; and 90% of actual value for commercial and industrial 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 (1/1/2019 Valuations for Taxes payable July 1, 2020 to June 30, 2021)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$9,257,339,458	\$5,055,884,305
Commercial	2,870,562,692	2,504,639,685
Industrial	229,819,820	203,572,020
Multiresidential	586,818,985	403,511,841
Railroad	22,751,525	20,476,373
Utilities w/o Gas & Electric	<u>24,481,725</u>	<u>24,481,725</u>
Gross valuation	\$12,991,774,205	\$8,212,565,949
Less military exemption	<u>(10,786,974)</u>	<u>(10,786,974)</u>
Net valuation	\$12,980,987,231 ¹⁾	\$8,201,778,975 ³⁾
TIF increment (used to compute debt service levies and constitutional debt limit)	\$966,764,829 ²⁾	\$966,764,829 ⁴⁾
Taxed separately:		
Ag. Land	\$8,545,910	\$6,963,472
Ag. Buildings	\$462,300	\$376,697
Gas & Electric Utilities	\$406,521,093	\$189,528,938

- 1) This represents the amounts reported by the Iowa Department of Management. The official State of Iowa submission of 100% Actual Value for assessment year 2019 for FY 2020-21 were reduced by \$28,970,270.
- 2) This represents the amounts reported by the Iowa Department of Management. The official State of Iowa submission of 100% Actual Value TIF Increment for assessment year 2019 for FY 2020-21 was reduced by \$5,477,658.
- 3) This represents the amounts reported by the Iowa Department of Management. The official State of Iowa submission of taxable valuations (with rollback) for assessment year 2019 for FY 2020-21 were reduced by \$22,282,317.
- 4) This represents the amount reported by the Iowa Department of Management. The official State of Iowa submission of TIF increment for assessment year 2019 for FY 2020-21 was reduced by \$3,952,284.

2019 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY ¹⁾

	<u>Taxable Valuation</u>	<u>Percent Total</u>
Residential	\$5,055,884,305	60.17%
Commercial, Industrial and all Utilities	2,922,222,368	34.78%
Multiresidential	403,511,841	4.80%
Railroad	<u>20,476,373</u>	<u>0.24%</u>
Total Gross Taxable Valuation	\$8,402,094,887 ²⁾	100.00%

- 1) Includes all Utilities but excludes Taxable TIF Increment, Ag. Land and Ag. Buildings.
- 2) This represents the amounts reported by the Iowa Department of Management. The official State of Iowa submission of taxable valuations (with rollback) for assessment year 2019 for FY 2020-21 were reduced by \$22,282,317.

TREND OF VALUATIONS

Assessment <u>Year</u>	Payable <u>Fiscal Year</u>	<u>100% Actual Valuation</u>	Taxable Valuation <u>(With Rollback)</u>	Taxable TIF Increment
2015	2016-17	\$11,396,334,334	\$6,840,954,151	\$684,785,234
2016	2017-18	11,547,884,851	6,967,479,518	738,158,185
2017	2018-19	12,678,892,381	7,486,189,752	867,277,745
2018	2019-20	12,944,246,265	7,798,033,783	839,346,269
2019	2020-21	14,363,281,363 ¹⁾	8,391,307,913 ²⁾	966,764,829 ³⁾

- 1) This represents the amounts reported by the Iowa Department of Management. The official State of Iowa submission of 100% Actual Value for assessment year 2019 for FY 2020-21 were reduced by \$34,447,928.
- 2) This represents the amounts reported by the Iowa Department of Management. The official State of Iowa submission of taxable valuations (with rollback) for assessment year 2019 for FY 2020-21 were reduced by \$22,282,317.
- 3) This represents the amount reported by the Iowa Department of Management. The official State of Iowa submission of TIF increment for assessment year 2019 for FY 2020-21 was reduced by \$3,952,284.

The 100% Actual Valuation, before rollback and after reduction of military exemption, include Ag. Land, Ag. Buildings, Taxable TIF Increment and Gas & Electric Utilities. The Taxable Valuation, 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 Valuation including the Taxable TIF Increment.

LARGER TAXPAYERS

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</u> ¹⁾	<u>Type of Property/Business</u>	1/1/2019 <u>Taxable Valuation</u>
Principal Life Insurance Co. ²⁾	Insurance Company	\$296,972,550
Mid-American Energy	Electric Company	188,114,416
Nationwide Mutual Life	Insurance Company	158,979,240
Wellmark, Inc.	Insurance Company	118,143,900
Wells Fargo Properties, Inc.	Banking Services	109,635,300
Employers Mutual Casualty Co.	Insurance Company	91,449,900
Linden Street Investments LLC	Commercial	82,260,000
Polk County/IEC Hotel Corp.	Commercial	37,748,216
Federal Home Loan Bank of DSM	Banking Services	37,152,000
SRE Bulldog Hotel Owner LLC	Commercial	31,140,000

- 1) This list represents larger taxpayers in this jurisdiction, not necessarily the top 10 taxpayers.
- 2) Principal Mutual Life Insurance Co. changed its name to Principal Life Insurance Co. in 1998 when the company converted from a mutual to publicly held company and, therefore, are being listed as one entity. The Polk County Auditor has them listed as separate entities.

Source: Polk and Warren Counties

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PROPERTY TAX LEGISLATION

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on standing appropriations or the future tax collections of the City. The Purchaser of the Notes should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Notes and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

During the 2019 legislative session, the Iowa General Assembly enacted Senate File 634 (the "2019 Act"). The 2019 Act modifies the process for hearing and approval of the total maximum property tax dollars under certain levies in the City's budget including levies for the General Fund, the Emergency Fund, Trust and Agency Funds for pensions, insurance, transit, civic centers, certain bridges, sanitary disposal, and emergency management. The 2019 Act also includes a provision that will require the affirmative vote of 2/3 of the City Council when the maximum property tax dollars under these levies exceed an amount determined under a prescribed formula.

The 2019 Act does not change the process for hearing and approval of the Debt Service Levy pledged for repayment of the Notes. It is too early to evaluate the affect the 2019 Act will have on the overall financial position of the City or its ability to fund essential services.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "2013 Act"). Among other things, the Act (i) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property 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 90%, (iii) created a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) and assigned a declining rollback percentage to such properties for each year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The 2013 Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. The appropriation does not replace losses to local governments resulting from the 2013 Act's provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3%, the gradual transition for multi-residential properties from the residential rollback percentage, or the reduction in the percentage of telecommunications property that is subject to taxation.

Notwithstanding any decrease in property tax revenues that may result from the 2013 Act or the 2019 Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation debt, "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."

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 2019 actual valuation currently applicable to the Fiscal Year 2020-21, is as follows:

2019 Actual Valuation of Property	\$14,363,281,363 ¹⁾
Legal Debt Limit of 5%	<u>0.05</u>
Legal Debt Limit	\$718,164,068
Less: General Obligation Debt Subject to Debt Limit	(534,296,600) *
Less: Lease Debt Paid by Taxes	(689,360) ²⁾
Less: Section 108 Loan	(1,072,444) ³⁾
Less: TIF Rebate Agreements	<u>(42,334,858) ⁴⁾</u>
Legal Debt Margin	\$139,770,806 *

- 1) Source: Iowa Department of Management and excludes revisions from Polk County Auditor’s Office.
- 2) Represents the principal outstanding on two lease obligations payable from the debt service levy.
- 3) Excludes the August 1, 2020 principal and interest payment. The City appropriated debt service payments totaling \$953,515 for FY 2020-21 and will appropriate \$979,519 for FY 2021-22. The City revised its Section 108 Loan on March 28, 2019 and the principal amount outstanding as of the date of this Preliminary Official Statement is \$6,852,000.
- 4) As reported by the City pursuant to development agreements for urban renewal projects under the authority of Iowa Code Chapter 403. The Iowa Supreme Court has not formally ruled on the question of whether contracts to rebate the tax increment generated by a particular development constitutes indebtedness of a City for constitutional debt limit purposes. The amount reported above includes rebate agreements that may not be debt and represents TIF rebate obligations payable in FY 2020-21 and FY 2021-22, less amounts already paid as of the date of this Preliminary Official Statement. Payment of portions of such amount (or future installments) may be dependent upon undertakings by the developers, some of which may not yet have occurred. The effect of any delayed development may be a deferral of the City’s obligation to make payments under the development agreements. The City actively pursues opportunities consistent with the development goals of its various urban renewal plans, which may be amended from time to time, and the City may enter into additional development agreements committing to additional rebate incentive in calendar year 2021 or thereafter. See “Tax Increment Rebate Agreements” sub-table under “OTHER DEBT” herein for more information on City obligations under the development agreements.

* Preliminary; subject to change.

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DIRECT DEBT

General Obligation Debt Paid by Property Taxes, Tax Increment, Sales Tax and Other (Includes the Notes and Series 2021A Notes)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 03/09/21</u>
8/13A	\$37,090,000	Various Purpose	6/21	\$395,000 ¹⁾
8/13B	21,050,000	Refunding	6/21	1,770,000 ²⁾
1/14A	38,830,000	Franchise Fee	6/21	595,000 ³⁾
7/14C	24,945,000	Various Purpose	6/24	19,330,000
7/14D	2,250,000	Various Purpose (Taxable)	6/24	1,055,000
9/14E	27,465,000	Refunding	6/27	14,845,000
8/15A	40,225,000	Various Purpose/Refunding	6/35	23,775,000
8/15B	19,655,000	Refunding	6/28	13,460,000
9/16A	42,825,000	Various Purpose	6/36	35,875,000
9/16B	29,545,000	Refunding	6/30	24,550,000
9/17A	39,780,000	Various Purpose	6/37	35,640,000
9/17B	8,915,000	Convention Center Hotel	6/37	8,915,000
3/18A	44,325,000	Refunding	6/25	29,415,000
8/18B	45,640,000	Various Purpose	6/38	41,890,000
7/19A	84,815,000	Various Purpose/Refunding	6/39	79,305,000
7/19B	2,405,000	Various Purpose (Taxable)	6/24	1,955,000
3/20A	18,840,000	Refunding	6/32	18,840,000
9/20D	71,100,000	Various Purpose	6/40	71,100,000
9/20E	5,090,000	Various Purpose (Taxable)	6/25	5,090,000
3/21A	39,325,000*	Refunding	6/33	39,325,000*
3/21B	45,415,000*	Various Purpose	6/34	<u>45,415,000*</u> ⁴⁾
Subtotal				\$512,540,000*

- 1) The 2022 through 2033 maturities will be current refunded by the Notes on June 1, 2021.
- 2) The 2022 through 2026 maturities will be current refunded by the Notes on June 1, 2021.
- 3) Reflects \$19,000,000 of the June 1, 2022 maturity redeemed to date pursuant to the extraordinary redemption provision and \$8,125,000 of the June 1, 2021 maturity redeemed to date pursuant to the optional redemption provision.
- 4) The Series 2021B Notes are being sold in conjunction with the Notes.

* Preliminary; subject to change.

General Obligation Annual Appropriation Debt Paid by Tax Increment

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 03/09/21</u>	<u>Annual Approp. Subject to Debt Limit</u>
9/17C	\$4,785,000	Convention Center Hotel	6/25	\$3,720,000	\$1,801,600 ¹⁾

- 1) The City appropriated debt service payments totaling \$938,800 for FY 2020-21 and will appropriate \$937,200 for FY 2021-22. The City has paid the December 1, 2020 interest payment in the amount of \$74,400.

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 03/09/21</u>
3/20A	\$6,295,000	Stormwater Refunding	6/32	\$6,295,000
9/20D	13,660,000	Solid Waste	6/40	<u>13,660,000</u>
Subtotal				\$19,955,000

Summary of General Obligation Debt Outstanding

General Obligation Debt Paid by Property Taxes, Tax Increment, Sales Tax and Other	\$512,540,000*
General Obligation Debt Paid by Tax Increment (Annual Appropriation)	1,801,600
General Obligation Debt Paid by Enterprise Funds	<u>19,955,000</u>
Total General Obligation Debt Subject to Debt Limit	\$534,296,600*
Total General Obligation Debt (including Series 2017C Bonds Subject to Annual Appropriation)	\$536,215,000*

* Preliminary; subject to change.

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Fiscal Year General Obligation Debt Service Payments Paid by Property Taxes, Tax Increment, Sales Tax and Other (Includes the Notes and Series 2021A Notes)

Fiscal Year	<u>Current Outstanding</u>		<u>Series 2021A</u>		<u>Notes</u>		<u>Total Outstanding</u>	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal*</u>	<u>Interest*</u>	<u>Principal*</u>	<u>Interest*</u>	<u>Principal*</u>	<u>Principal & Interest*</u>
2020-21	\$40,790,000	\$50,156,666 ¹⁾	\$0	\$0	\$0	\$0	\$40,790,000	\$50,156,666 ¹⁾
2021-22	37,190,000	51,378,730	2,375,000	3,340,647	2,955,000	4,061,928	42,520,000	58,781,305
2022-23	34,810,000	47,160,140	2,600,000	3,339,000	3,205,000	4,060,768	40,615,000	54,559,908
2023-24	45,995,000	56,730,363	2,650,000	3,337,000	3,255,000	4,061,090	51,900,000	64,128,453
2024-25	28,570,000	37,289,031	2,695,000	3,329,000	3,305,000	4,060,638	34,570,000	44,678,669
2025-26	25,535,000	33,096,456	3,550,000	4,130,100	3,360,000	4,064,410	32,445,000	41,290,966
2026-27	25,650,000	32,127,369	2,140,000	2,649,100	3,410,000	4,060,650	31,200,000	38,837,119
2027-28	24,500,000	30,009,419	2,890,000	3,356,300	3,470,000	4,062,680	30,860,000	37,428,399
2028-29	22,420,000	27,077,419	4,070,000	4,478,500	3,540,000	4,063,280	30,030,000	35,619,199
2029-30	19,845,000	23,765,894	4,305,000	4,632,100	3,615,000	4,063,940	27,765,000	32,461,934
2030-31	18,290,000	21,572,475	4,530,000	4,771,000	3,690,000	4,059,410	26,510,000	30,402,885
2031-32	17,100,000	19,857,881	4,465,000	4,615,400	3,775,000	4,059,540	25,340,000	28,532,821
2032-33	16,220,000	18,548,400	<u>3,055,000</u>	3,116,100	3,870,000	4,063,940	23,145,000	25,728,440
2033-34	16,735,000	18,637,913			<u>3,965,000</u>	4,064,125	20,700,000	22,702,038
2034-35	15,850,000	17,303,056					15,850,000	17,303,056
2035-36	12,995,000	14,017,169					12,995,000	14,017,169
2036-37	10,655,000	11,316,531					10,655,000	11,316,531
2037-38	7,440,000	7,800,819					7,440,000	7,800,819
2038-39	4,480,000	4,638,063					4,480,000	4,638,063
2039-40	<u>2,730,000</u>	2,781,188					<u>2,730,000</u>	2,781,188
Total	\$427,800,000		\$39,325,000*		\$45,415,000*		\$512,540,000*	

1) Excludes the December 1, 2020 interest payment in the amount of \$7,767,989 and \$771,733 paid on December 28, 2020 for the Series 2014A Bonds.

* Preliminary; subject to change.

Fiscal Year General Obligation Annual Appropriation Debt Service Payments Paid by Tax Increment

Fiscal Year	<u>Total Outstanding</u>	
	<u>Principal</u>	<u>Principal & Interest</u>
2020-21	\$790,000	\$864,400 ¹⁾
2021-22	820,000	937,200
2022-23	855,000	939,400
2023-24	890,000	940,200
2024-25	<u>365,000</u>	379,600
Total	\$3,720,000	

1) Excludes the December 1, 2020 interest payment in the amount of \$74,400.

Fiscal Year General Obligation Debt Service Payments Paid by Enterprise Funds

Fiscal Year	<u>Total Outstanding</u>	
	<u>Principal</u>	<u>Principal & Interest</u>
2020-21	\$1,030,000	\$1,445,170 ¹⁾
2021-22	1,005,000	1,633,731
2022-23	1,035,000	1,613,481
2023-24	1,065,000	1,591,731
2024-25	1,090,000	1,563,481
2025-26	1,130,000	1,548,981
2026-27	1,160,000	1,522,481
2027-28	1,195,000	1,499,481
2028-29	1,235,000	1,479,731
2029-30	1,275,000	1,470,331
2030-31	1,295,000	1,451,831
2031-32	1,330,000	1,454,331
2032-33	690,000	792,794
2033-34	710,000	803,306
2034-35	730,000	812,656
2035-36	750,000	820,794
2036-37	770,000	828,606
2037-38	795,000	840,131
2038-39	820,000	851,219
2039-40	<u>845,000</u>	860,844
Total	\$19,955,000	

1) Excludes the December 1, 2020 interest payment in the amount of \$182,927.

OTHER DEBT

Tax Increment Rebate Agreements

<u>TIF Rebate Agreement</u>	<u>Est. Final Payment Date</u>	<u>Total Appropriated Obligation As of 03/09/21</u>
Allied Grant Payments - 1100 Locust St	FY 2031	\$3,158,829 ¹⁾
Wells-Fargo - 800 Walnut	FY 2024	1,125,000 ¹⁾
Wells-Fargo II - 801 Walnut	FY 2029	481,842 ¹⁾
Masonic Temple - Downtown Preservation Partners	FY 2025	31,000 ¹⁾
Court Avenue Partners Housing - 302 to 310 Court Wellmark	FY 2026 FY 2022	94,066 ¹⁾ 3,521,088 ¹⁾
Equitable - Liberty Parking Garage	FY 2023	182,165 ¹⁾
Starbucks - Fleur Drive Phase 1	FY 2023	10,392 ¹⁾
Village Place - 521 E. Locust St	FY 2030	105,000 ¹⁾
Court Ave Partners II - 410 Court Ave	FY 2027	86,122 ¹⁾
Davis Brown Tower (LB Properties) - 215 10th St	FY 2025	986,757 ¹⁾
Hy Vee - Fleur Drive Phase 2	FY 2025	170,333 ¹⁾
Merle Hay Mall Phase 1	FY 2030	573,902 ¹⁾
E5W - ST Development	FY 2021	0 ²⁾
1717 Ingersoll	FY 2021	0 ²⁾
Chamberlain Bldg - 1408 Locust St	FY 2023	25,000 ¹⁾
Simpson Law Firm - 604 Locust	FY 2021	0 ²⁾
Wilkins Building - 713 Walnut St	FY 2034	444,493 ¹⁾
Waterfront Lodging - 200 Water St	FY 2031	653,623 ¹⁾
Central Wire and Iron	FY 2022	25,815 ³⁾
Randolph Apartments - 202 4th St	FY 2025	410,000 ¹⁾
Ballyard Lofts - 350 SW 2nd St	FY 2024	75,000 ¹⁾
Iowa Machine Shed Co - 401 East Grand Ave	FY 2038	328,074 ¹⁾
Hy-Vee/Knapp - 420 Court Ave	FY 2033	265,744 ¹⁾
3801 Merle Hay Road	FY 2028	52,322 ¹⁾
Locust Street Investments - 1420 to 1430 Locust	FY 2026	42,756 ¹⁾
Advance Rumely Building - 130 E. 3rd Cityville	FY 2031 FY 2031	255,102 ¹⁾ 137,061 ¹⁾
Principal Financial Campus	FY 2031	3,299,908 ¹⁾
Macerich Southridge Mall, LLC Phase 1	FY 2035	573,563 ¹⁾
American Republic Insurance - 601 6th St	FY 2032	489,253 ¹⁾
Miesblock - 665 Grand Ave	FY 2040	400,000 ¹⁾
201, LLC - 201 East Locust St	FY 2032	400,000 ¹⁾
Marel Meat Processing - 401 SW 7th	FY 2027	53,300 ¹⁾
505 E Grand LLC - Raygun Building	FY 2028	104,723 ¹⁾
East Village Tower Partners - The Lyon	FY 2027	89,250 ¹⁾

- 1) These TIF rebate agreements are subject to annual appropriation. Payments have been appropriated for FY 2020-21 and will be appropriated FY 2021-22, excluding any payments that have already been made as of the date of this Preliminary Official Statement.
- 2) These TIF rebate agreements are subject to annual appropriation. Payments have been appropriated for FY 2020-21, excluding any payments that have already been made as of the date of this Preliminary Official Statement. No payments have been appropriated for FY 2021-22.
- 3) These TIF rebate agreements are subject to annual appropriation. No payments have been appropriated for FY 2020-21. Payments will be appropriated for FY 2021-22.

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<u>TIF Rebate Agreement</u>	<u>Est. Final Payment Date</u>	<u>Total Appropriated Obligation As of 03/09/21</u>
PDM Precast, Inc - 220 SE 6th	FY 2042	\$558,368 ¹⁾
Dilley Manufacturing - 215 East 3rd St	FY 2033	103,997 ¹⁾
Panera Bread	FY 2028	31,314 ¹⁾
Helena Industries, Inc	FY 2028	37,275 ¹⁾
Electrical Power Products	FY 2036	952,907 ¹⁾
Grays Station	FY 2038	642,375 ¹⁾
Forest Ave Village	FY 2029	187,277 ¹⁾
EMC - 219 8th St	FY 2034	725,218 ¹⁾
College Hill - 921 6th Ave	FY 2034	166,000 ¹⁾
7&Grand Ramp Developer, LLC	FY 2022	197,835 ¹⁾
R&T Lofts - 717 Locust and 421 8th	FY 2029	555,000 ¹⁾
219 East Grand, LLC	FY 2034	176,755 ¹⁾
Bronson Partners - 1417 Walnut Street	FY 2028	48,670 ¹⁾
MV - Southridge Senior Lofts	FY 2033	60,388 ¹⁾
Merle Hay Mall Phase 3	FY 2031	600,000 ¹⁾
Krause Gateway Center - 1459 Grand Ave	FY 2040	5,541,641 ¹⁾
317 and 322 E Court LLC	FY 2035	62,792 ¹⁾
Hotel Fort Des Moines	FY 2040	818,973 ¹⁾
H. Glass Partners, LLC - 212 E. 3rd St	FY 2034	55,977 ¹⁾
The Fifth - 5th and Walnut Residential	FY 2042	8,820,000 ¹⁾
District at 6 th	FY 2031	700,000 ¹⁾
Thompson Properties, LC	FY 2030	39,179 ¹⁾
Fort Des Moines	FY 2035	254,129 ¹⁾
TWG -Southridge Apartments	FY 2035	633,641 ¹⁾
Federal Home Loan Bank	FY 2035	537,142 ¹⁾
Connolly Lofts	FY 2031	125,000 ²⁾
440 E Grand - RE3	FY 2035	37,539 ¹⁾
418 E Grand Phase 1	FY 2041	83,750 ³⁾
Griffin - 319 7th St	FY 2040	51,233 ²⁾
101 East Grand Parking	FY 2036	356,000 ¹⁾
Rowat	FY 2036	320,000 ³⁾
Fairfield Inn – 207 Crocker	FY 2029	<u>203,000</u> ³⁾
Total Rebate Agreements		<u>\$42,334,858</u>

- 1) These TIF rebate agreements are subject to annual appropriation. Payments have been appropriated for FY 2020-21 and will be appropriated for FY 2021-22, excluding any payments that have already been made as of the date of this Preliminary Official Statement.
- 2) These TIF rebate agreements are subject to annual appropriation. Payments have been appropriated for FY 2020-21, excluding any payments that have already been made as of the date of this Preliminary Official Statement. No payments have been appropriated for FY 2021-22.
- 3) These TIF rebate agreements are subject to annual appropriation. No payments have been appropriated for FY 2020-21. Payments will be appropriated for FY 2021-22.

Lease Debt Paid 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 03/09/21</u>
8/12	\$1,880,000	Supplement #3	6/22	\$253,915
8/14	1,200,000	Supplement #4	6/24	<u>435,445</u>
Total				\$689,360

Revenue Obligations Payable from State Sales Tax and Hotel and Motel Tax Revenues

The City has issued Urban Renewal Revenue Capital Loan Notes payable from a senior lien on State Sales Tax and Hotel and Motel Tax Revenues as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 03/09/21</u>
3/18	\$4,000,000	Convention Center Hotel	6/24	\$3,440,000

The City will utilize the State sales tax revenues and State hotel and motel tax revenues that will be remitted to the City’s reinvestment project fund created pursuant to Iowa Code section 15J.7. The City has been allocated a maximum amount of \$36,487,400 by the Iowa Economic Development Board. The City will receive newly generated taxes from new retail establishments, including the Hilton Convention Center Hotel, within the reinvestment district. Quarterly remittance of taxes began on April 1, 2018 and continue through April 1, 2038.

Contingent Revenue Obligation Payable from State Sales Tax and Hotel and Motel Tax Revenues

The City has agreed to a loan guarantee of the Senior Lien Iowa Reinvestment Act Revenue Bonds issued by the Iowa Events Center Hotel Corporation as follows:

<u>Date of Issue</u>	<u>Guaranteed Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 03/09/21</u>
3/18	\$8,500,000	Convention Center Hotel	6/38	\$8,500,000

The City is obligated to pay the annual debt service payments of the Senior Lien Iowa Reinvestment Act Revenue Bonds issued by the Iowa Events Center Hotel Corporation in the event of a shortfall of the State sales tax revenues and State hotel and motel tax revenues that will be remitted to the City’s reinvestment project fund created pursuant to Iowa Code section 15J.7. Pursuant to Sections 403.12 and 384.24(3) (q) of the Code of Iowa, the City has held a public hearing on the issuance of \$10,000,000 General Obligation Bonds providing the City with the authority to issue general obligation bonds to defease the Senior Lien Iowa Reinvestment Act Revenue Bonds in the event that the guarantee is implemented.

Revenue Debt Paid by Parking Revenues

The City has 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 03/09/21</u>
10/17	\$22,540,774	City Hall Parking Garage	6/37	\$22,540,774

Revenue Debt Paid by Stormwater Revenues

The City has senior lien revenue debt payable from the Stormwater Management Utility as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 03/09/21</u>
9/16C	\$12,715,000	Improvements/Refunding	6/31	\$7,600,000
9/16D	8,830,000	Refunding	6/30	7,130,000
8/18C	43,620,000	Improvements	6/38	41,130,000
9/20F	22,485,000	Improvements	6/40	<u>22,485,000</u>
Total				\$78,345,000

The City has subordinate lien revenue debt payable from the Stormwater Management Utility as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 03/09/21</u>
10/18F	\$6,668,000	Improvements (SRF Loan)	6/39	\$6,402,000 ¹⁾
10/18G	9,250,000	Improvements (SRF Loan)	6/40	9,250,000 ²⁾
5/20C	10,000,000	Improvements (SRF Loan)	6/41	<u>10,000,000³⁾</u>
Total				\$25,652,000

- 1) Based on preliminary debt service schedule established prior to final project draws and inclusive of sponsored project amendment in May 2020. The City has drawn \$6,199,820 as of December 8, 2020.
- 2) Based on preliminary debt service schedule established prior to final project draws. The City has drawn \$9,245,000 as of December 8, 2020.
- 3) Based on preliminary debt service schedule established prior to final project draws and inclusive of sponsored project amendment in May 2020. The City has drawn \$3,767,112 as of December 8, 2020.

Revenue Debt Paid 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 03/09/21</u>
3/14B	\$16,240,000	Improvements/Refunding	6/23	\$3,400,000
10/18D	6,668,000	Improvements (SRF Loan)	6/39	6,402,000 ¹⁾
10/18E	10,000,000	Improvements (SRF Loan)	6/40	10,000,000 ²⁾
5/20B	10,000,000	Improvements (SRF Loan)	6/41	<u>10,000,000³⁾</u>
Total				\$29,802,000

- 1) Based on preliminary debt service schedule established prior to final project draws and inclusive of sponsored project amendment in May 2020. The City has drawn \$6,199,820 as of December 8, 2020.
- 2) Based on preliminary debt service schedule established prior to final project draws and inclusive of sponsored project amendment in May 2020. The City has drawn \$9,990,000 as of December 8, 2020.
- 3) Based on preliminary debt service schedule established prior to final project draws and inclusive of sponsored project amendment in May 2020. The City has drawn \$3,767,112 as of December 8, 2020.

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 wastewater 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 parity and equality of rank with the City’s direct sewer revenue bonds and parity obligations.

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.

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 03/09/21</u>
6/08A	\$5,732,440	Sewer Improvements (SRF)	6/39	\$4,111,735 ¹⁾
4/10A	3,074,450	Sewer Improvements (SRF)	6/40	2,215,242 ²⁾
6/10C-1	1,121,921	Sewer Improvements (SRF)	6/32	996,259 ³⁾
6/10C-2	12,060,645	Sewer Improvements (SRF)	6/32	7,004,821 ⁴⁾
5/11A	33,657,615	Sewer Improvements (SRF)	6/42	25,081,019 ⁵⁾
5/11C	3,347,063	Sewer Improvements (SRF)	6/41	2,590,007 ⁶⁾
12/11D	5,628,301	Sewer Improvements (SRF)	6/43	4,401,811 ⁷⁾
5/12C	10,529,114	Sewer Improvements (SRF)	6/43	7,756,016 ⁸⁾
5/12D	4,094,656	Sewer Improvements (SRF)	6/42	2,925,260 ⁹⁾
11/12G	8,578,900	Sewer Improvements (SRF)	6/44	7,026,160 ¹⁰⁾
4/13A	4,349,345	Sewer Improvements (SRF)	6/43	3,330,866 ¹¹⁾
6/13B	19,133,993	Refunding	6/34	13,132,438 ¹²⁾
2/14A	972,846	Sewer Improvements (SRF)	6/34	666,673 ¹³⁾
2/14D	2,161,860	Sewer Improvements (SRF)	6/34	1,544,401 ¹⁴⁾
1/15A	3,180,104	Sewer Improvements (SRF)	6/35	2,393,622 ¹⁵⁾
1/15B	182,087	Sewer Improvements (SRF)	6/34	137,036 ¹⁶⁾
5/15E	8,963,127	Refunding	6/36	7,433,500 ¹⁷⁾
2/16A	3,838,557	Sewer Improvements (SRF)	6/35	3,100,806 ¹⁸⁾
2/16F	15,971,200	Sewer Improvements (SRF)	6/48	15,033,449 ¹⁹⁾
12/17A	19,328,700	Sewer Improvements (SRF)	6/49	18,704,862 ²⁰⁾
5/18A	2,123,856	Sewer Improvements (SRF)	6/40	2,100,546 ²¹⁾
12/18D-1	4,999,700	Sewer Improvements (SRF)	6/39	5,476,424 ²²⁾
12/18D-2	3,999,760	Sewer Improvements (SRF)	6/39	4,141,076 ²³⁾
12/18E	5,649,661	Sewer Improvements (SRF)	6/40	5,651,469 ²⁴⁾
12/18F	2,999,820	Sewer Improvements (SRF)	6/39	2,877,248 ²⁵⁾
12/19A	6,001,473	Sewer Improvements (SRF)	6/39	5,726,989 ²⁶⁾
12/20B	5,601,456	Sewer Improvements (SRF)	6/42	<u>5,601,456</u> ²⁷⁾
Total				\$161,161,191

- 1) The City’s flow-based share of the WRA’s Series 2008A SRF loan outstanding in the amount of \$12,332,000.
- 2) The City’s flow-based share of the WRA’s Series 2010A SRF loan outstanding in the amount of \$6,644,000.
- 3) The City’s flow-based share of the WRA’s Series 2010C-1 SRF loan outstanding in the amount of \$1,992,000.
- 4) The City’s flow-based share of the WRA’s Series 2010C-2 SRF loan outstanding in the amount of \$14,006,000.
- 5) The City’s flow-based share of the WRA’s Series 2011A SRF loan outstanding in the amount of \$50,149,000.
- 6) The City’s flow-based share of the WRA’s Series 2011C SRF loan outstanding in the amount of \$7,768,000.
- 7) The City’s flow-based share of the WRA’s Series 2011D SRF loan outstanding in the amount of \$13,202,000.
- 8) The City’s flow-based share of the WRA’s Series 2012C SRF loan outstanding in the amount of \$15,508,000.
- 9) The City’s flow-based share of the WRA’s Series 2012D SRF loan outstanding in the amount of \$5,849,000.
- 10) The City’s flow-based share of the WRA’s Series 2012G SRF loan outstanding in the amount of \$21,073,000.

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- 11) The City’s flow-based share of the WRA’s Series 2013A SRF loan outstanding in the amount of \$6,660,000.
- 12) The City’s flow-based share of the WRA’s Series 2013B Notes outstanding in the amount of \$44,540,000.
- 13) The City’s flow-based share of the WRA’s Series 2014A SRF loan outstanding in the amount of \$1,333,000.
- 14) The City’s flow-based share of the WRA’s Series 2014D SRF loan outstanding in the amount of \$4,632,000.
- 15) The City’s flow-based share of the WRA’s Series 2015A SRF loan outstanding in the amount of \$7,179,000.
- 16) The City’s flow-based share of the WRA’s Series 2015B SRF loan outstanding in the amount of \$274,000.
- 17) The City’s flow-based share of the WRA’s Series 2015E Notes outstanding in the amount of \$27,235,000.
- 18) The City’s flow-based share of the WRA’s Series 2016A SRF loan outstanding in the amount of \$6,200,000.
- 19) The City’s flow-based share of the WRA’s Series 2016F Notes outstanding in the amount of \$38,293,000.
- 20) The City’s flow-based share of the WRA’s Series 2017A SRF loan outstanding in the amount of \$37,400,000.
- 21) The City’s flow-based share of the WRA’s Series 2018A SRF loan outstanding in the amount of \$4,200,000.
- 22) The City’s flow-based share of the WRA’s Series 2018D-1 SRF loan outstanding in the amount of \$10,950,000.
- 23) The City’s flow-based share of the WRA’s Series 2018D-2 SRF loan outstanding in the amount of \$8,281,000.
- 24) The City’s flow-based share of the WRA’s Series 2018E SRF loan outstanding in the amount of \$11,300,000.
- 25) The City’s flow-based share of the WRA’s Series 2018F SRF loan outstanding in the amount of \$5,753,000.
- 26) The City’s flow-based share of the WRA’s Series 2019A SRF loan outstanding in the amount of \$11,451,000.
- 27) The City’s flow-based share of the WRA’s Series 2020B SRF loan outstanding in the amount of \$11,200,000.

Des Moines Metropolitan Wastewater Reclamation Authority Proposed Payment Obligations

WRA has authorized, and is planning to issue, the following State Revolving Fund Loans during the calendar year. 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 Proposed As of 03/09/21</u>
TBD	\$10,187,648	Sewer Improvements (SRF)	TBD	\$10,187,648 ¹⁾

- 1) The City’s flow-based share of the WRA’s proposed SRF Loan in the amount of \$20,370,000.

Total WRA Sewer Revenue Debt Outstanding	\$161,161,191
Total WRA Sewer Revenue Debt Outstanding and Proposed	\$171,348,839

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INDIRECT GENERAL OBLIGATION DEBT

<u>Taxing District</u>	<u>1/1/2019 Taxable Valuation</u> ¹⁾	<u>Portion of Taxable Valuation within the City</u> ¹⁾	<u>Percent In City</u>	<u>G.O. Debt Outstanding</u> ²⁾	<u>City's Proportionate Share</u>
Polk County	\$29,146,964,565	\$9,348,595,129	32.07%	\$253,531,000	\$81,307,392
Warren County	2,684,749,959	16,817,782	0.63%	37,924,286	238,923
Carlisle CSD	403,834,934	87,272,480	21.61%	19,770,000	4,272,297
Des Moines ISD	9,295,844,351	8,910,628,034	95.86%	0	0
Indianola CSD	1,000,848,887	448,800	0.04%	32,720,000	13,088
Johnston CSD	2,825,945,089	175,262,336	6.20%	30,740,000	1,905,880
Norwalk CSD	891,822,404	3,265,467	0.37%	55,030,000	203,611
Saydel CSD	1,019,126,867	25,871,264	2.54%	12,120,000	307,848
Southeast Polk CSD	2,438,532,359	148,653,053	6.10%	89,980,000	5,488,780
West Des Moines CSD	5,378,077,168	14,011,477	0.26%	55,470,000	144,222
Urbandale Sanitary Sewer	3,295,733,099	2,070,000	0.06%	1,355,000	813
Urbandale-Windsor Heights Sanitary Sewer	472,267,779	25,347,067	5.37%	0	0
Des Moines Area CC	54,207,834,621	9,365,412,911	17.28%	111,200,000 ³⁾	<u>19,215,360</u>
City's Share of Total Overlapping Debt					\$113,098,214

- 1) Taxable Valuation excludes military exemption and includes Ag. Land & Buildings, Taxable TIF Increment and all Utilities. Excludes revisions from Polk County Auditor's Office.
- 2) Includes general obligation bonds, PEEL notes, certificates of participation and new jobs training certificates. Estimated as of December 10, 2020 based on publicly available information. The City undertakes no responsibility for and makes no representations as to the accuracy or completeness of the information related to the indebtedness of overlapping entities.
- 3) Includes Taxable New Jobs Training Certificates, Series 51-A in the amount of \$4,425,000 and Taxable New Jobs Training Certificates, Series 51-B in the amount of \$3,075,000 anticipated to close on January 5, 2021.

DEBT RATIOS

	<u>Debt</u>	<u>Debt/Actual Market Value (\$14,363,281,363) ¹⁾</u>	<u>Debt/204,220 Population ²⁾</u>
Total General Obligation Debt	\$532,495,000* ³⁾	3.71%*	\$2,607.46*
Less: G.O. Debt Paid From Enterprise Funds	<u>(19,955,000)*</u>		
Net G.O. Debt Paid by Taxes and Tax Increment	\$512,540,000*	3.57%*	\$2,509.74*
G.O. Debt Subject to Annual Appropriation	\$1,801,600 ⁴⁾	0.01%	\$8.82
Leases Paid by the Debt Service Levy	\$689,360	0.00%	\$3.38
City's Share of Total Overlapping Debt	\$113,098,214	0.79%	\$553.81

- 1) Based on January 1, 2019 Actual Market Value; includes Ag Land, Ag Buildings, all Utilities and TIF Increment. Excludes revisions from Polk County Auditor's Office.
- 2) Based on the City's 2010 U.S. Census which was corrected on March 15, 2013 to 204,220.
- 3) Excludes the Series 2017C Bonds which are subject to annual appropriation.
- 4) Represents the appropriated FY 2020-21 and FY 2021-22 debt service payments, less the December 1, 2020 payment on the Series 2017C Bonds.

* Preliminary; subject to change.

LEVIES AND TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Levy</u>	<u>Collected During Collection Year</u>	<u>Percent Collected</u>
2016-17	\$147,212,670	\$147,085,820	99.91%
2017-18	152,727,364	152,474,951	99.83%
2018-19	169,780,673	169,170,042	99.64%
2019-20	168,913,525	166,052,827	98.31%
2020-21	183,856,033	-----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. Purchaser 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 County and Warren County

CITY TAX RATES

	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>
	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>	<u>\$/1,000</u>
Polk County ¹⁾	10.39630	10.39541	10.37554	10.37537	10.26623
City of Des Moines	16.92000	17.04000	17.24000	16.64000	16.61156
Des Moines Ind. CSD	18.50586	18.56349	18.60074	18.60686	18.61192
Des Moines Area Comm. College	0.72334	0.67458	0.69468	0.65249	0.63533
Des Moines Regional Transit Authority	0.82400	0.82400	0.91475	0.93975	0.94475
State of Iowa	<u>0.00330</u>	<u>0.00310</u>	<u>0.00290</u>	<u>0.00280</u>	<u>0.00270</u>
Total Tax Rate	47.37280	47.50058	47.82861	47.21727	47.07249

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

Source: Iowa Department of Management

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 2020-21. The City does levy costs for liability, property and self-insurance 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 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. Nickolas J Schaul is the Finance Director/Treasurer and is responsible for the financial affairs of the City, effective January of 2020. Mr. Schaul has been the Assistant Finance Director since July 2017. Prior to working for the City, he served as Budget/Management Analyst for the City of Iowa City, Iowa from 2013 to 2017, and the Internal Auditor from 2007 to 2013. Prior to his work with the City of Iowa City, Iowa he worked as an Auditor for the Auditor of State – State of Iowa from 2005 to 2007. Mr. Schaul earned a Bachelor of Science Degree in Accounting from the University of Northern Iowa.

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 priority of supporting capital investment in neighborhood economic development programs. In October 2015, the City Council approved a Governance Guide and Strategic Plan ("GuideDSM") that developed a vision for the City as well as top priorities that would help guide decisions regarding the operating and capital budgets. Each year City staff and the City Council meet to review GuideDSM and develop an implementation plan for the year ahead.

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 March. Concurrent citizen engagement workshops are held to inform citizens of city services and provide them the opportunity to offer feedback through polling, small group discussions and social media discussions. 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 City Council modifications and approval of the budget. The Fiscal Year 2020-21 budget was adopted by City Council on April 27, 2020. Tax levies for the new fiscal year (beginning with Fiscal Year 2021-22 and beyond) are certified to the State of Iowa by March 31 of each year.

Pursuant to an agreement between the City, Prairie Meadows Racetrack and Casino (the “Casino”) and Polk County, Iowa, the City receives a portion of gaming revenues generated by the Casino through December 31, 2026. The City budget anticipates \$6 million in Fiscal Year 2020-21 from the revenue-sharing agreement and applies those monies towards street and bridge maintenance and reconstruction projects.

GENERAL FUND – AVAILABLE FUND BALANCE

Within its adopted Debt Management Program, the City Council has established a goal to maintain the City’s General Fund unassigned fund balance at no less than 15% of annual expenditures on every June 30th. The table below details the historical General Fund Balance available:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Available General Fund Balance	\$28,308,731	\$27,775,452	\$32,604,828	\$44,374,483	\$38,735,708
General Fund Operating Expenditures	\$153,095,032	\$156,217,142	\$163,169,757	\$181,372,659	\$171,931,839
Available General Fund Balance as a Percent of General Fund Expenditures	18.49%	17.78%	19.98%	24.47%	22.53%

EMPLOYEES AND PENSIONS

The City currently has 1,614 budgeted full-time employees and approximately 237 part-time/seasonal employees. 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: IPERS membership is mandatory for employees of the City, except those covered by another retirement system. The City contributes to IPERS, which is a cost-sharing, multiple-employer, contributory defined benefit public employee retirement system. 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 past three fiscal years, as shown below, equal the required contributions for each year.

	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>
IPERS City Contribution	\$6,559,917	\$7,070,797	\$7,254,857

Pursuant to Governmental Accounting Standards Board (“GASB”) Statement No. 68, the City reported a liability of \$56,960,238 within its CAFR as of June 30, 2020 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, 2019, 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, 2019, the City’s collective proportion was 0.977094% which was an increase of 0.000667% from its proportion measured as of June 30, 2018.

The IPERS Comprehensive Annual Financial Report 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. However, the information presented in such financial reports or on such websites is not incorporated into this Preliminary Official Statement by any references.

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 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 on the City’s IPERS pension plan, refer to Note 7, Employee Retirement Systems, Subsection A, beginning on page 72 of the City’s June 30, 2020 CAFR contained as APPENDIX C of this Preliminary Official Statement.

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. MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa.

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’s contributions to MFPRSI for the past three fiscal years, as shown below, equal the required contributions for each year.

	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>
MFPRSI City Contribution	\$13,859,111	\$14,555,612	\$14,232,013

Pursuant to GASB Statement No. 68, the City reported a liability of \$120,934,295 within its CAFR as of June 30, 2020 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, 2019, 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. At June 30, 2019, the City’s proportion was 18.4372% which was a decrease of 0.0871% from its proportion measured as of June 30, 2018.

The MFPRSI Financial Statements are 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. However, the information presented in such financial reports or on such websites is not incorporated into this Preliminary Official Statement by any references.

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 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 MFPRSI website.

For additional information on the City’s MFPRSI pension plan, refer to Note 7, Employee Retirement Systems, Subsection B, beginning on page 77 of the City’s June 30, 2020 CAFR contained as APPENDIX C of this Preliminary Official Statement.

OTHER POST-EMPLOYMENT BENEFITS

Plan Description: The City sponsors an agent multi-employer health care plan that provides medical, prescription drugs and dental benefits to all active and retired employees and their eligible dependents. Employees who have attained age 55 and retire from active employment are eligible for retiree benefits. Eligible retirees and their dependents receive medical and prescription coverage through a fully-insured plan with Wellmark Blue Cross/Blue Shield and dental benefits through a self-insured plan. These are the same plans that are available for active employees.

Funding Policy: The City establishes and amends the contribution requirements. The current funding policy of the City is to pay health insurance premiums as they occur. This arrangement does not qualify as other postemployment benefits (“OPEB”) plan assets under GASB Statement No. 75 for current GASB reporting.

Contributions of the full premium are required for both retiree and dependent coverage. The contributions for each insured group is assumed to be the expected, composite per capita cost for the group. This composite is then disaggregated into an age-specific starting costs curve based on the average age of the group and for assumptions for age-based morbidity. The average age of the pre-65 retiree group is 61. Retiree expenses are then offset by monthly contributions. The City does not issue a publicly available financial report for the Plan. As of the Fiscal Year ended June 30, 2020, 1,601 active employees and 182 retired employees were utilizing these benefits.

Changes in the Total OPEB Liability: The City’s total OPEB liability as of the Fiscal Year ended June 30, 2020 was \$22,869,853. This balance was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Balance as of June 30, 2019	\$21,797,344
Service cost	1,454,823
Interest	798,010
Changes in assumptions	(993,390)
Difference between expected and actual experience	855,763
Benefit payments	<u>(1,042,697)</u>
Balance as of June 30, 2020	\$22,869,853

The covered payroll (annual payroll of active employees covered by the plan) was approximately \$129,018,849 and the ratio of the total OPEB liability to the covered payroll was 17.73%.

For additional information on the City’s OPEB, refer to Note 15, Other Postemployment Benefits, beginning on page 94 of the City’s June 30, 2020 CAFR contained as APPENDIX C of this Preliminary Official Statement.

UNION CONTRACTS

The City has 8 unions representing 1,390 employees as of December 7, 2020. 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 397. The current contract expires June 30, 2021.

American Federation of State, County, and Municipal Employees (“AFSCME”): Employees from the Housing Services Department. These employees’ duties are administration and maintenance. The total number of employees covered by this bargaining unit is 27. The current contract expires June 30, 2025.

Municipal Employees Association (“MEA”): Clerical and support staff throughout the City. The total number of employees covered by this bargaining unit is 301. The current contract expires June 30, 2023.

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 267. The current contract expires June 30, 2023.

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 289. The current contract expires June 30, 2021.

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, 2022.

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 47. Their contract expires June 30, 2022.

Gold Braid Organization: Certain Police Captains, Lieutenants, and Sergeants in the Police Department established a union. The total number of employees covered is 36. The current contract expires June 30, 2021.

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 Alliant Insurance Services, Inc. with a loss limit of \$500,000,000 and loss of business income with extra expense coverage of up to \$100,000,000, with various levels of deductibles. 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. Workers' compensation insurance is maintained for all employees through Safety National Casualty Corporation at statutory limits with a \$1,250,000 self-insured retention. Additionally, the Municipal Housing Agency purchases first dollar workers compensation coverage.

For certain enterprise fund operations (stormwater, solid waste, sanitary and municipal housing), 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. The Municipal Housing Agency purchases its own blanket property insurance policy.

The City has purchased cyber liability insurance coverage over data security and general cyber-crimes. This coverage includes access to incident response experts as well as coverage for costs related to recovering data and bringing systems back online.

The City's tort liability claims and related administration expenses are accounted for in the appropriate fund related to the claim. Claims and related administration expenses are accounted for in the General Fund. Health benefit insurance 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 is recorded.

Within the past ten years, there has only been one workers' compensation claim that has been initiated, which exceeded the City's current \$1,250,000 self-insured coverage. Within the past ten years, the City has had no claim for which it utilized its excess liability insurance policy. However, in 2017, the City settled a liability claim for \$2,100,000 of which the maximum \$2,000,000 was paid out by the enterprise operation's insurance with the remaining \$100,000 being paid by the City. Liabilities are reported when it is probable that a loss will occur, and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering recent claim settlement trends, including frequency and amount of payouts and other economic and social factors.

GENERAL INFORMATION

LOCATION AND TRANSPORTATION

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

GENERAL SERVICES AND ATTRACTIONS

The City provides its citizens a full range of services including the municipal functions of police and fire protection; sanitation services; park and recreational programs and activities; construction and maintenance of infrastructure, including streets, roads and bridges; enforcement of building code regulations; traffic control and parking; housing and other community improvements and social services; economic development; and six libraries. Operation and maintenance of an international airport is performed by, and all airport facilities have been transferred to the Des Moines Airport Authority under Iowa Code Chapter 330A pursuant to long-term lease and asset transfer agreement.

The City currently maintains 75 parks covering approximately 4,286 acres, road medians and boulevards, and seven cemeteries. Recreation facilities include playgrounds, tennis courts, softball and soccer complexes, multi-use recreation trails, swimming pools, community centers and three 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 Bank	Financial Services	13,500
UnityPoint Health Partners	Healthcare	8,026
State of Iowa	State Government	7,700 ¹⁾
Principal Financial Group	Insurance	6,500
Hy-Vee Food Stores	Retail Food Stores	6,400
Des Moines Public Schools	Education	5,200 ²⁾
Nationwide/Allied Insurance	Insurance	4,525
MercyOne	Healthcare (Hospitals and Clinics)	4,276
John Deere Companies	Farm Equipment & Consumer Financial Services	3,500 ³⁾
Corteva Agriscience ⁴⁾	Seed Manufacturing	2,500
Kum & Go	Convenience Store Chain	2,000
City of Des Moines	Government	1,836 ⁵⁾
United Parcel Service (UPS)	Package Shipping	1,721
Wellmark Inc.	Insurance Provider	1,600
Mercer Health & Benefits LLC	Insurance	1,500
EMC Insurance Companies	Insurance	1,403
YMCA of Greater Des Moines	Non-profit Youth Development & Fitness Centers	1,300
Polk County	County Government	1,280 ⁵⁾
Dee Zee, Inc.	Aftermarket automotive accessories	1,264
Casey's General Store, Inc.	Retail General Store	1,200
Firestone Agricultural Tire Co.	Tire Manufacturer	1,200
Athene USA Corp.	Financial Services	1,100
The Iowa Clinic	Healthcare	1,100
Farm Bureau Financial Group, Inc.	Financial Services/Insurance	1,050
Drake University	Higher Education	1,001
Mittera Group, Inc.	Printing/Mailing/Fullfillment/Digital Media	1,000

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

2) Total does not include substitute teachers.

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

4) Formerly DuPont Pioneer

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

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

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>
2016	343,200	1,689,800	3.3%	3.6%
2017	346,300	1,672,700	2.9%	3.1%
2018	354,500	1,691,000	2.5%	2.6%
2019	367,200	1,738,800	2.7%	2.7%
2020 (through Oct.)	354,500	1,678,700	6.4%	5.9%

Source: Iowa Workforce Development

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 2016 through 2020.

Survey Year	Total EBI (\$000)	Median Household EBI	Total Retail Sales (\$000)	Retail Sales Per Household
2016	\$4,395,657	\$41,299	\$2,755,261	\$31,782
2017	4,693,628	43,196	3,354,146	38,354
2018	4,621,243	42,510	2,787,062	31,761
2019	5,089,404	45,879	4,579,103	51,961
2020	5,099,801	46,430	4,638,141	52,317

Note: The Iowa median household EBI for 2020 was \$52,409.

2020 Effective Buying Income Groups

	Less than \$15,000-\$34,999	\$35,000-\$74,999	\$75,000 and Over
Des Moines	36.6%	40.1%	23.3%
Polk County	27.1%	37.9%	35.0%
Warren County	21.8%	36.9%	41.3%
State of Iowa	31.6%	38.5%	29.9%

Source: Claritas, Inc. 2020 report

CITY BUILDING PERMITS

City officials report the following construction activity as of November 30, 2020. Permits for the City are reported on a fiscal year basis.

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<u>Single Family Homes:</u>					
No. of new homes:	226	225	274	377	145
Valuation:	\$35,832,400	\$35,369,542	\$40,363,601	\$62,491,235	\$26,602,857
<u>Multiple Family Dwellings:</u>					
No. of new buildings:	21	24	9	7	2
Valuation:	\$131,816,009	\$133,889,775	\$31,560,000	\$34,900,100	\$15,100,000
<u>Residential Homes - Additions & Alterations:</u>					
No. of permits issued:	1,695	2,299	2,130	2,139	902
Valuation:	\$48,622,431	\$58,140,414	\$42,486,451	\$33,903,824	\$23,647,485
<u>Commercial/Industrial/Other:</u>					
No. of new buildings/additions:	64	88	77	74	16
Valuation:	\$326,473,435	\$81,367,414	\$166,961,135	\$128,213,801	\$69,255,391
<u>Commercial/Industrial/Other: Remodels & Alterations:</u>					
No. of permits:	348	421	427	353	140
Valuation:	\$157,303,142	\$197,670,992	\$181,081,554	\$115,355,868	\$54,705,838
<u>Demolitions:</u>					
No. of permits:	139	227	289	272	80
Valuation:	\$0	\$0	\$0	\$0	\$0
Total Permits:	2,493	3,284	3,206	3,222	1,285
Total Valuations:	\$700,047,417	\$506,438,137	\$462,452,741	\$374,864,828	\$189,311,571

EDUCATION

The Des Moines Independent Community School District provides education in the City. The District's certified enrollment for the last five school years is as follows:

<u>October</u>	<u>Certified Enrollment</u>
2016	32,582
2017	32,979
2018	33,057
2019	32,607
2020	31,609

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.

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⁾

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

Source: U.S. Census Bureau

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 June 30, 2020 exceeded \$12.8 billion. Total deposits as of June 30, 2020 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.	\$4,309,492,000
Principal Bank	3,837,958,000
West Bank	2,257,886,000
Iowa State Bank	346,783,000
Peoples Bank	285,655,000
Midwest Heritage Bank	277,273,000

Source: Federal Deposit Insurance Corporation (FDIC)

APPENDIX B

FORM OF LEGAL OPINION

APPENDIX C

JUNE 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

OFFICIAL BID FORM

To: City Council of
Des Moines, Iowa

Sale Date: February 3, 2021
10:00 A.M., CDT

RE: \$45,415,000* Taxable General Obligation Urban Renewal Capital Loan Notes, Series 2021B (the "Notes")

This bid is a firm offer for the purchase of the Notes identified in the TERMS OF OFFERING and on the terms set forth in this bid form and is not subject to any conditions, except as permitted by the TERMS OF OFFERING. By submitting this bid, we confirm we have an established industry reputation for underwriting new issuance of municipal Notes.

For all or none of the above Notes, in accordance with the TERMS OF OFFERING, we will pay you \$_____ (not less than \$44,960,850) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

<u>Coupon</u>	<u>Maturity</u>	<u>Yield</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Yield</u>
_____	2022	_____	_____	2029	_____
_____	2023	_____	_____	2030	_____
_____	2024	_____	_____	2031	_____
_____	2025	_____	_____	2032	_____
_____	2026	_____	_____	2033	_____
_____	2027	_____	_____	2034	_____
_____	2028	_____			

* Preliminary; subject to change. The aggregate principal amount of the Notes, 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 \$47,000,000. 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 Notes is adjusted as described above. Any change in the principal amount of any maturity of the Notes will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

We hereby designate that the following Notes to be aggregated into term Notes maturing on June 1 of the following years and in the following amounts (leave blank if no term Notes 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 January 25, 2021 and represent we are a bidder with an established industry reputation for underwriting new issuances of municipal Notes. In the event of failure to deliver the Notes 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: _____% (Dated date March 9, 2021)

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 3rd day of February, 2021.

Attest: _____ By: _____

Title: _____ Title: _____