



Roll Call Number

10-166D

Agenda Item Number

26B

October 11, 2010

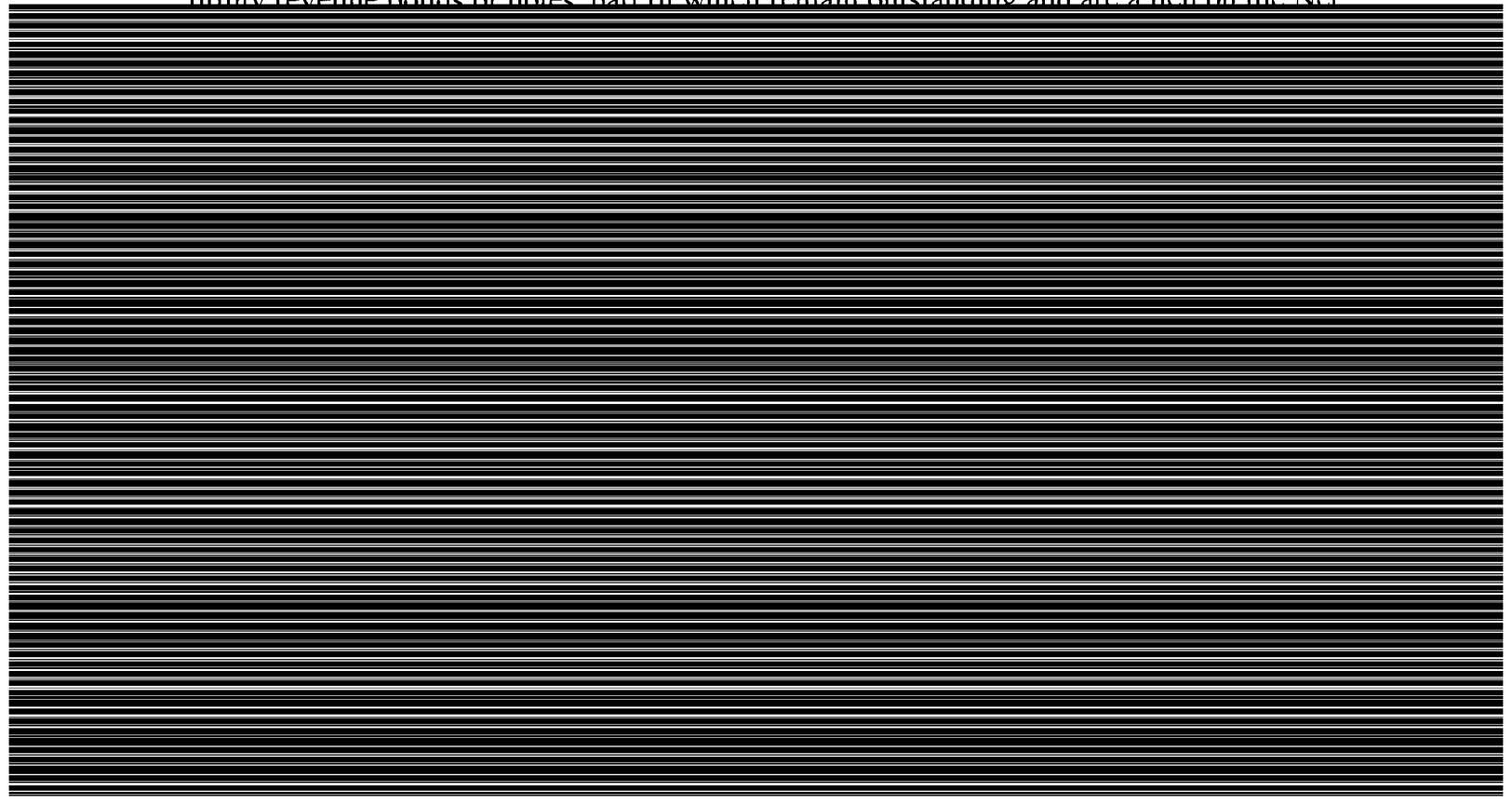
Date

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$5,100,000 STORMWATER MANAGEMENT UTILITY REVENUE REFUNDING CAPITAL LOAN NOTES, SERIES 2010G, OF THE CITY OF DES MOINES, IOWA, UNDER THE PROVISIONS OF THE CITY CODE OF IOWA, AND PROVIDING FOR A METHOD OF PAYMENT OF SAID NOTES

WHEREAS, the City Council of the City of Des Moines, Iowa, sometimes hereinafter referred to as the "Issuer", has heretofore established charges, rates and rentals for services which are and will continue to be collected as system revenues of the Stormwater Management Utility, sometimes hereinafter referred to as the "System", and said revenues have not been pledged and are available for the payment of Revenue Capital Loan Notes, subject to the following premises; and

WHEREAS, Issuer proposes to issue its Stormwater Management Utility Revenue Refunding Capital Loan Notes, Series 2010G, to the extent of \$5,100,000 for the purpose of defraying the costs of the projects as set forth in Section 3 of this Resolution; and

WHEREAS, there have been heretofore issued certain stormwater management utility revenue bonds or notes, part of which remain outstanding and are a lien on the Net





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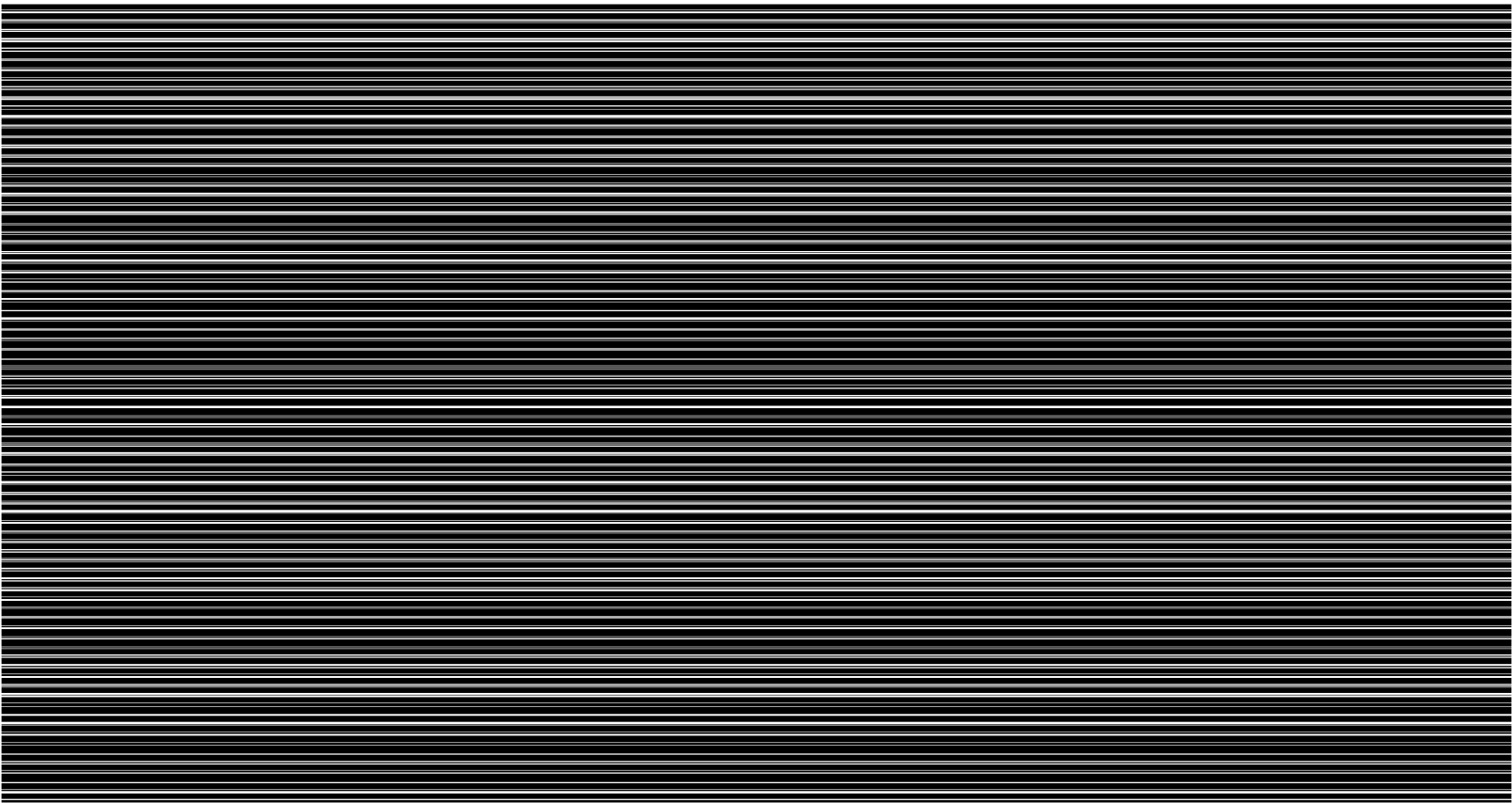
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WHEREAS, the notice of intention of Issuer to take action for the issuance of not to exceed \$5,700,000 Stormwater Management Utility Revenue Refunding Capital Loan Notes has heretofore been duly published and no objections to such proposed action have been filed:

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

Section 1. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

- "Additional Obligations" shall mean any stormwater management utility revenue bonds or notes issued on a parity with the Notes in accordance with the provisions of the Prior Bond Resolutions.
- "Authorized Denominations" shall mean \$5,000 or any integral multiple thereof.
- "Beneficial Owner" shall mean the person in whose name such Note is recorded as the beneficial owner of a Note by a Participant on the records of such Participant or such person's subrogee.





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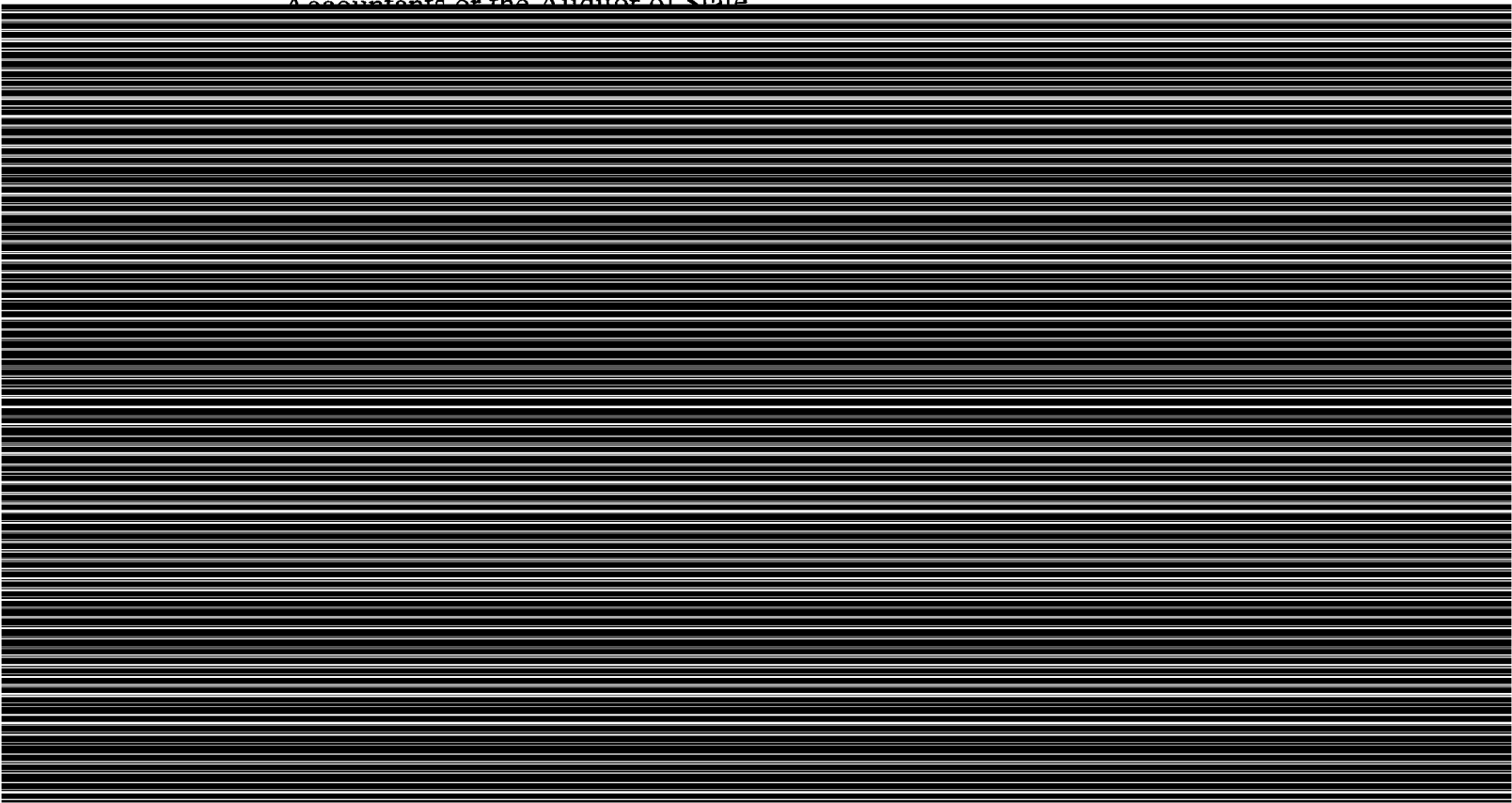
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- "DTC" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company, or any successor book-entry securities depository appointed for the Notes.
- "Escrow Fund" shall mean the fund required to be established by this Resolution for the deposit of the proceeds of the Notes.
- "Fiscal Year" shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Governing Body or by law as the official accounting period of the System. Requirements of a Fiscal Year as expressed in this Resolution shall exclude any payment of principal or interest falling due on the first day of the Fiscal Year and include any payment of principal or interest falling due on the first day of the succeeding Fiscal Year, except to the extent of any conflict with the terms of the Outstanding Bonds while the same remain outstanding.
- "Governing Body" shall mean the City Council of the City, or its successor in function with respect to the operation and control of the System.
- "Independent Auditor" shall mean an independent firm of Certified Public Accountants or the Auditor of State





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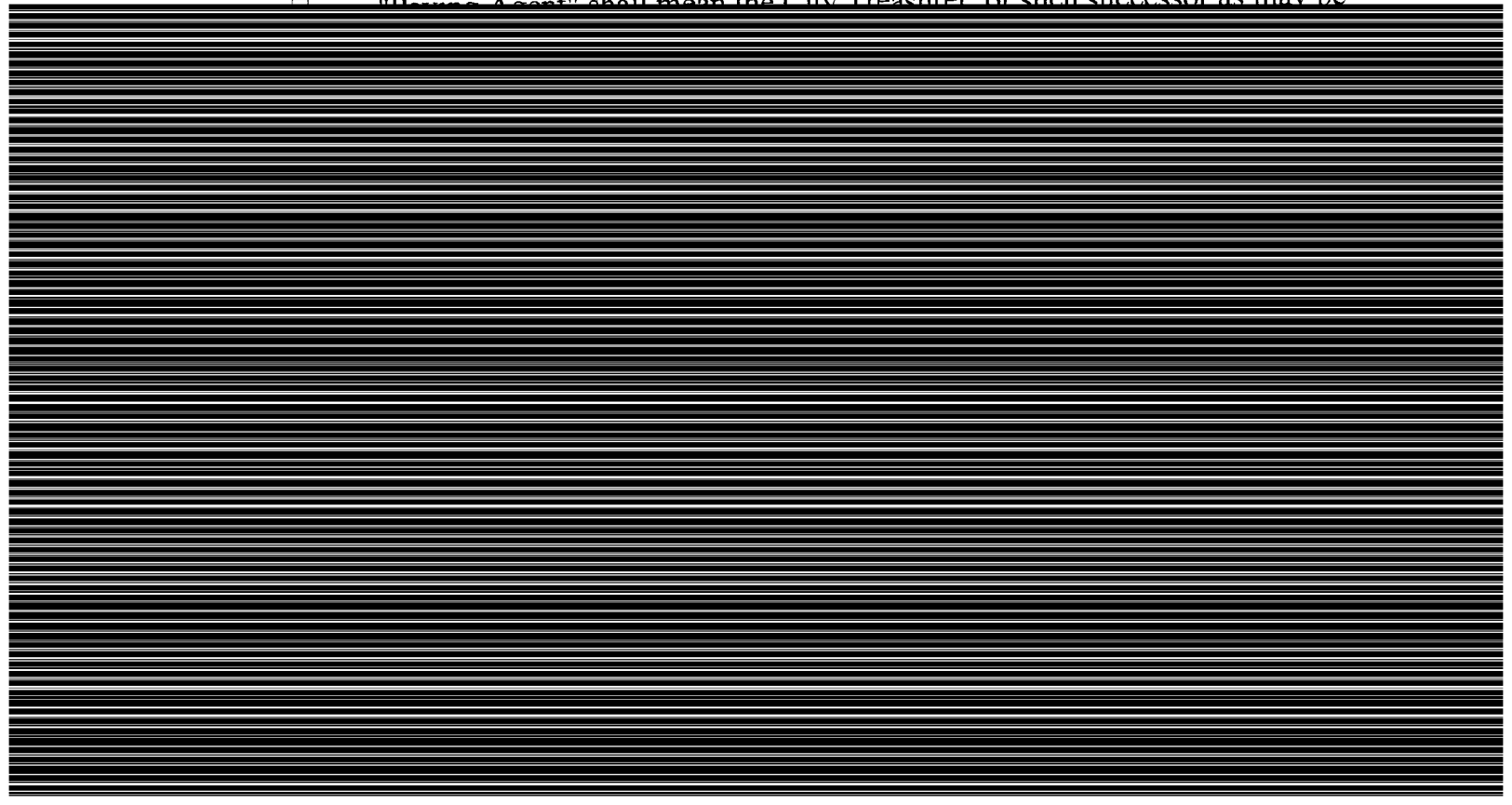
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- "Original Purchaser" shall mean the purchaser of the Notes from Issuer at the time of their original issuance.
- "Outstanding Bonds" shall mean (i) the Stormwater Management Utility Revenue Bonds, Series 2003B, dated May 1, 2003, issued in accordance with Roll Call No. 03-854 approved on April 7, 2003, (ii) the Stormwater Management Utility Revenue Bonds, Series 2006D, dated December 19, 2006, issued in accordance with Roll Call No. 06-2385 approved on December 4, 2006, and (iii) the Stormwater Management Utility Revenue Capital Loan Notes, Series 2010F, dated the date of delivery, a portion of which bonds and notes are still outstanding and unpaid and remain a lien on the Net Revenues of the System.
- "Parity Bonds" shall mean stormwater management utility revenue bonds or notes payable solely from the Net Revenues of the System on an equal basis with the Notes herein authorized to be issued, and shall include the Outstanding Bonds and any Additional Obligations as authorized to be issued under the terms the Prior Bond Resolutions.
- "Participants" shall mean those broker-dealers, banks and other financial institutions for which DTC holds Notes as securities depository.
- "Devising Agent" shall mean the City Treasurer, or such successor as may be





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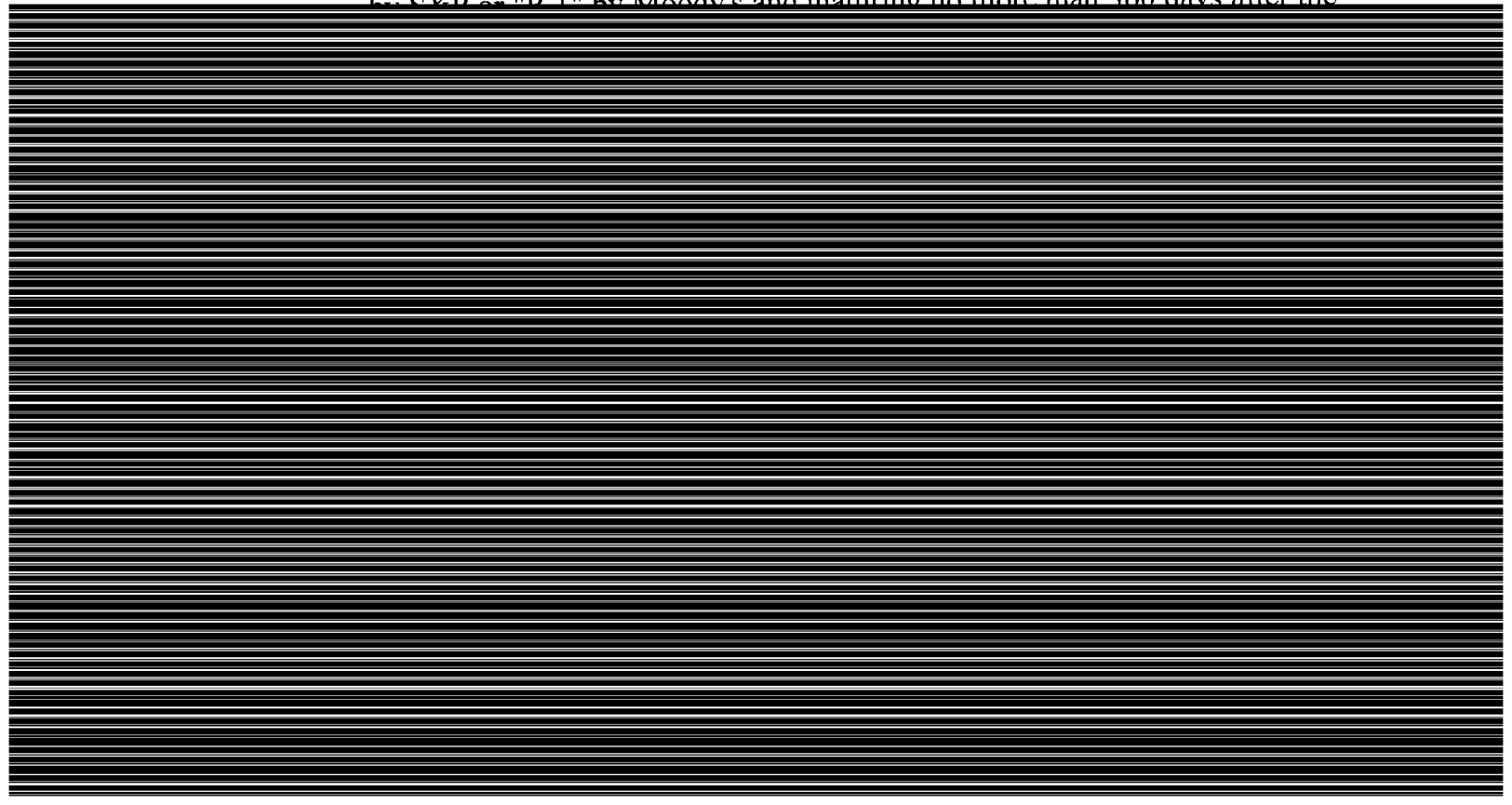
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- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration

■ repurchase agreements whose underlying collateral consists of the investments set out above if the Issuer takes delivery of the collateral either directly or through an authorized custodian. Repurchase agreements do not include reverse repurchase agreements;

■ senior debt obligations rated "AAA" by Standard & Poor's Corporation (S&P) or "Aaa" by Moody's Investors Service Inc. (Moody's) issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

■ U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P or "P-1" by Moody's and maturing no more than 360 days after the





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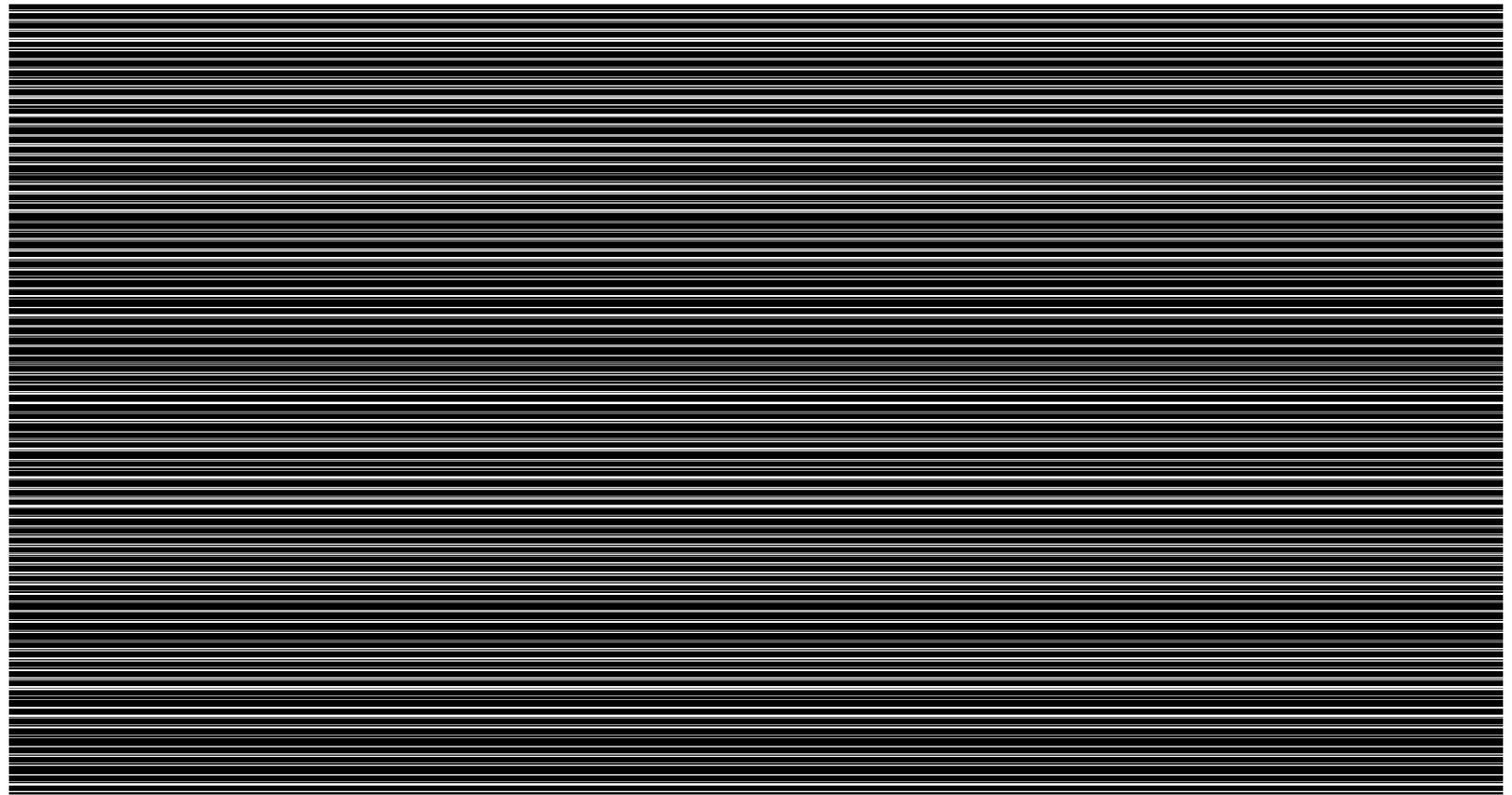
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specified in the notice; and (a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P or Moody's or any successors thereto; or (b)(i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the Department of the Treasury of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

- tax exempt bonds as defined and permitted by section 148 of the Internal Revenue Code and applicable regulations and only if rated within the two highest classifications as established by at least one of the standard rating services approved by the superintendent of banking by rule adopted pursuant to chapter 17A Code of Iowa;



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- "Refunding Trust Agreement" shall mean the Refunding Trust Agreement dated as of the date of delivery of the Notes between the Issuer and Bankers Trust Company, as Trustee thereunder.
- "Registrar" shall mean the City Treasurer of Des Moines, Iowa, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein with respect to maintaining a register of the owners of the Notes. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Notes.
- "Representation Letter" shall mean the Blanket Issuer Letter of Representations executed and delivered by the Issuer to DTC.
- "Reserve Fund Requirement" shall mean an amount equal to the lesser of (a) the maximum annual amount of the principal and interest coming due on the Notes and Parity Bonds; (b) 10% of the stated principal amount of the Notes and Parity Bonds or (c) 125% of the average annual principal and interest coming due on the Notes and Parity Bonds. For purposes of this definition: (1) "issue price" shall be substituted for "stated principal amount" for issues with original issue discount or original issue premium of more than a de minimus amount and (2) stated principal amount shall not include any portion of an issue refunded or advance refunded by a



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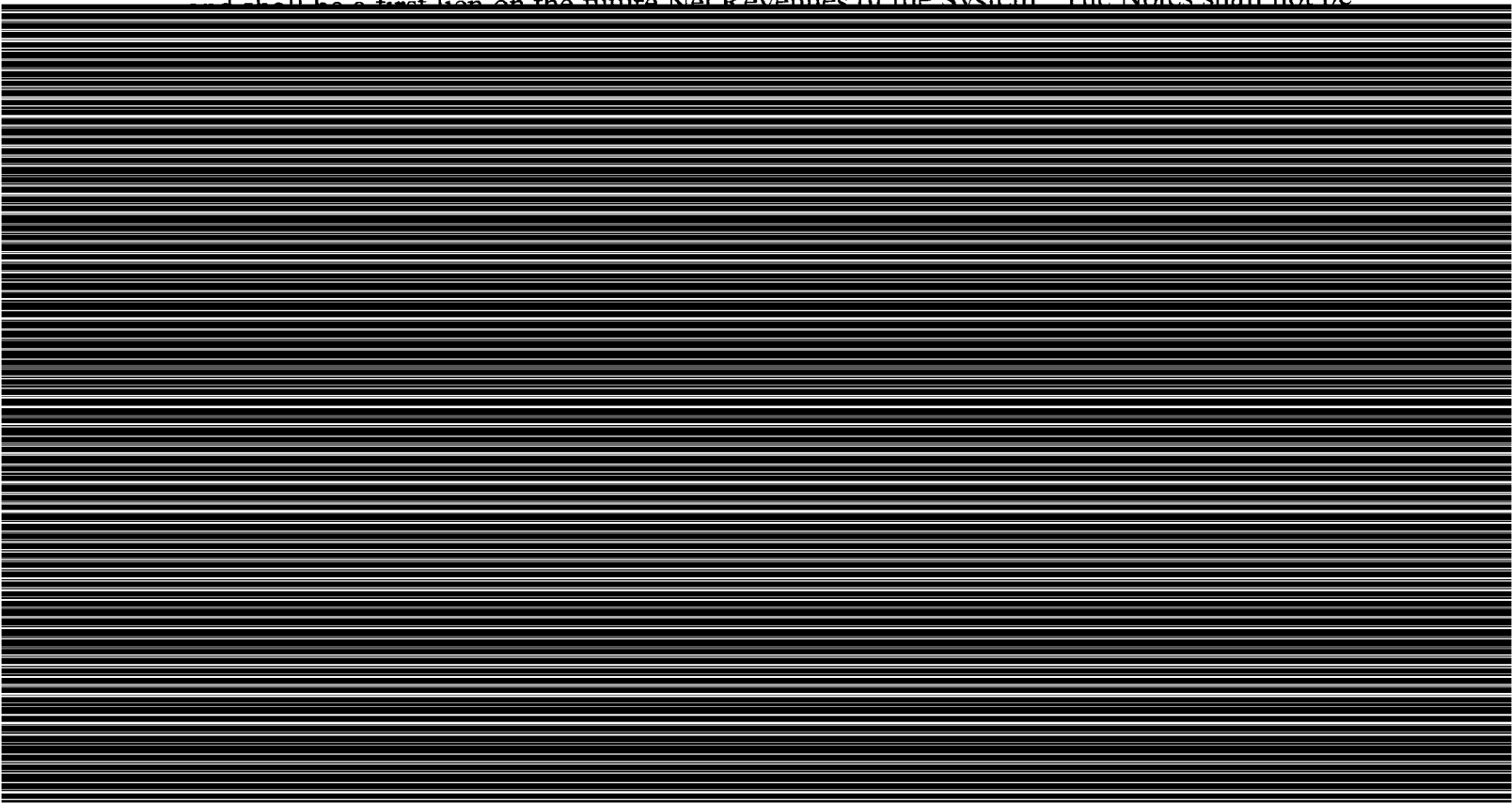
"Treasurer" shall mean the Finance Director/Treasurer or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Notes issued hereunder.

"Yield Restricted" shall mean required to be invested at a yield that is not materially higher than the yield on the Notes under section 148(a) of the Internal Revenue Code or regulations issued thereunder.

Section 2. Authority. The Notes authorized by this Resolution shall be issued pursuant to Division V, Chapter 384 of the City Code of Iowa, and in compliance with all applicable provisions of the Constitution and laws of the State of Iowa.

Section 3. Authorization and Purpose. There are hereby authorized to be issued, negotiable, serial, fully registered Stormwater Management Utility Revenue Refunding Capital Loan Notes, Series 2010G, of the City of Des Moines, in the County of Polk, State of Iowa, in the aggregate amount of \$5,100,000, for the purpose of paying costs of refunding and refinancing of the Stormwater Management Utility Revenue Bonds, Series 2003B, dated May 1, 2003.

Section 4. Source of Payment. The Notes herein authorized and Parity Bonds and the interest thereon shall be payable solely and only out of the net earnings of the System and shall be a first lien on the future Net Revenues of the System. The Notes shall not be





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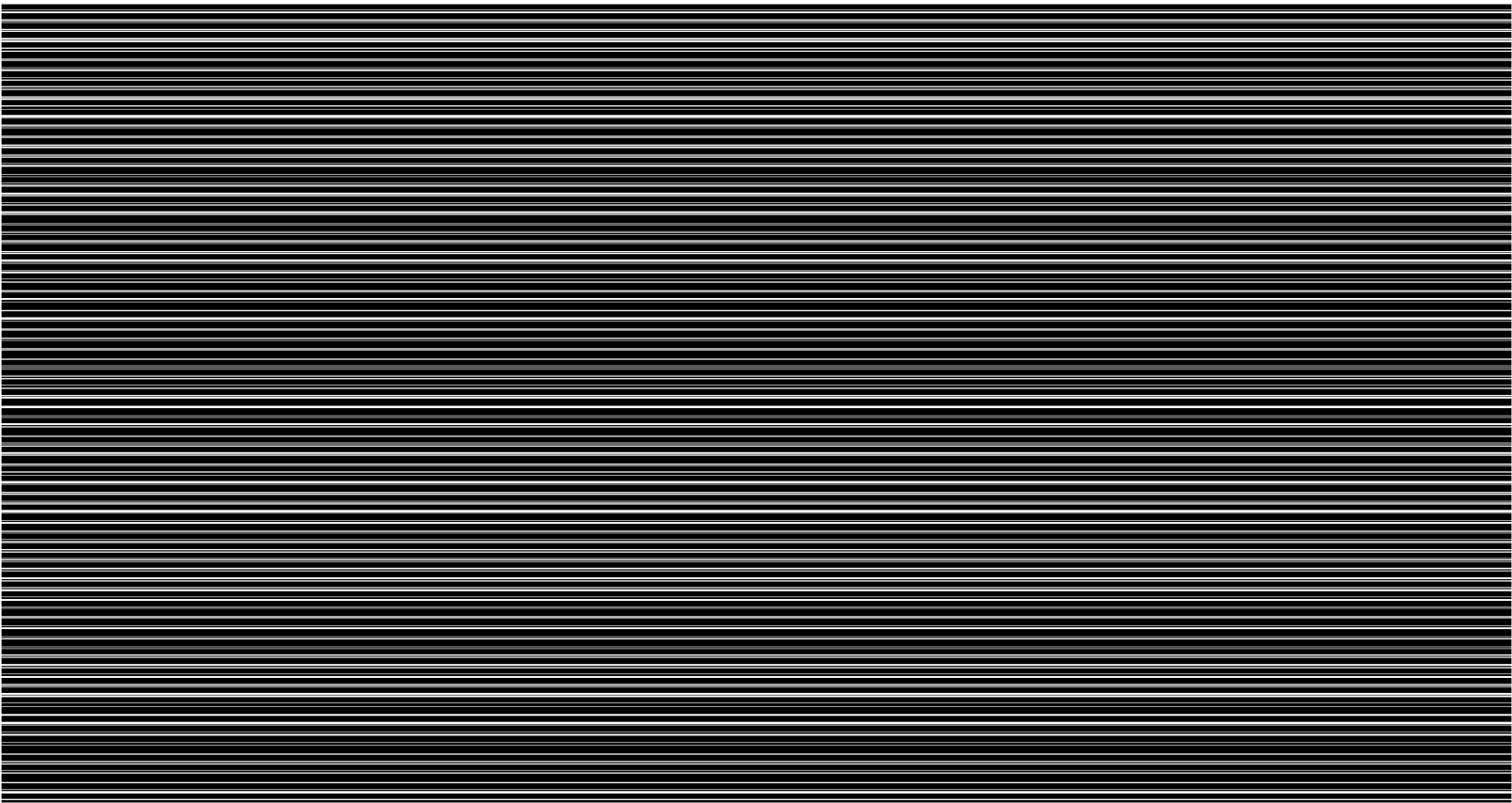
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The Notes shall be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and impressed or printed with the seal of the City and shall be fully registered as to both principal and interest as provided in this Resolution; principal, interest and premium, if any shall be payable at the office of the Paying Agent by mailing of a check to the registered owner of the Note. The Notes shall be in the denomination of \$5,000 or multiples thereof. Said Notes shall mature and bear interest as follows:

<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity June 1st</u>
2.000%	\$670,000	2012
2.000	685,000	2013
2.000	705,000	2014
2.000	725,000	2015
3.000	740,000	2016
3.000	770,000	2017
3.000	805,000	2018

Section 6. Redemption. The Notes are not subject to redemption prior to maturity





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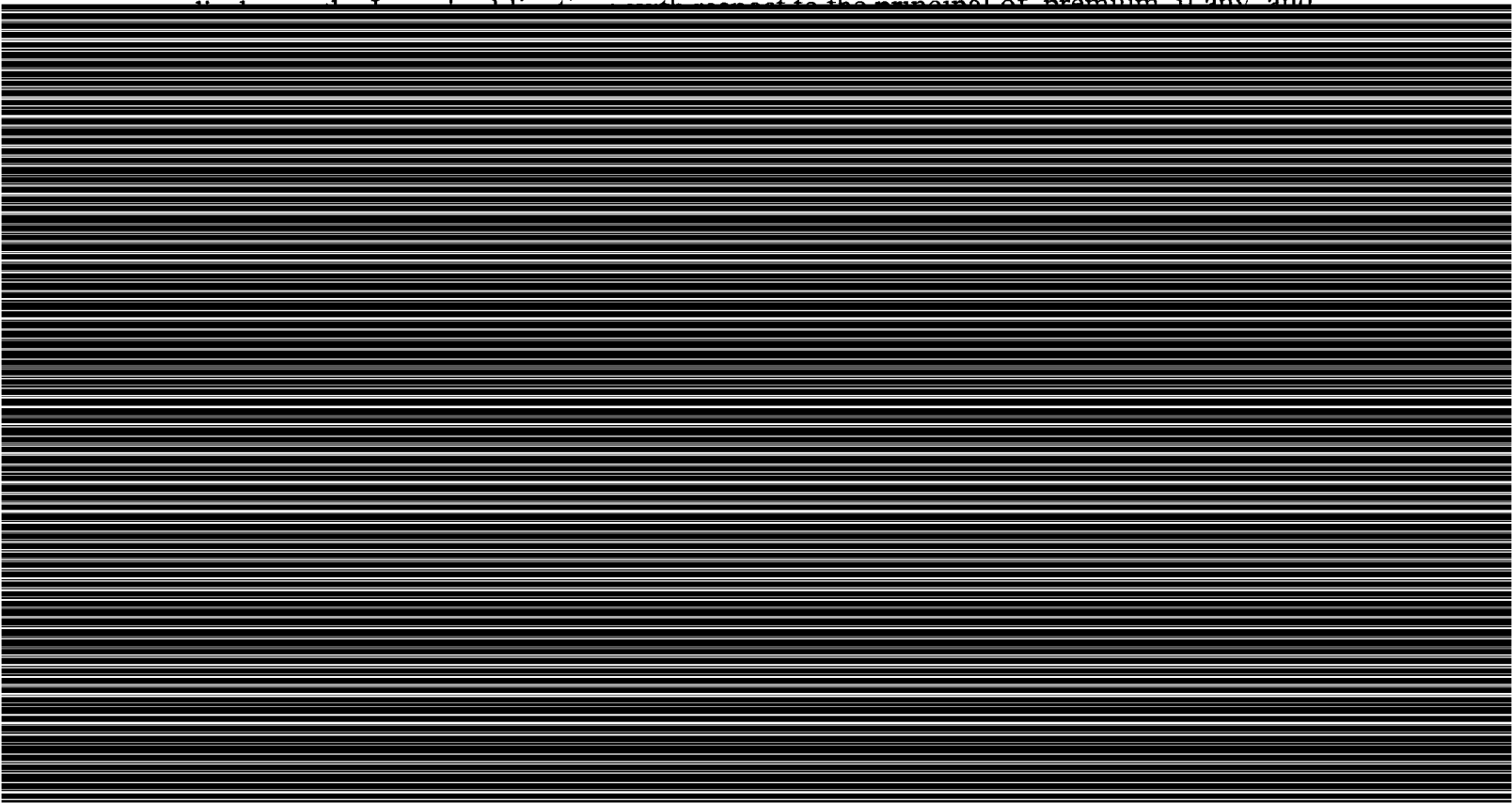
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(b) With respect to Depository Notes, neither the Issuer nor the Paying Agent shall have any responsibility or obligation to any Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, neither the Issuer nor the Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or its nominee or of any Participant with respect to any ownership interest in the Notes, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC or its nominee, of any notice with respect to the Notes, (iii) the payment to any Participant, any Beneficial Owner or any other person, other than DTC or its nominee, of any amount with respect to the principal of, premium, if any, or interest on the Notes, or (iv) the failure of DTC to provide any information or notification on behalf of any Participant or Beneficial Owner.

The Issuer and the Paying Agent may treat DTC or its nominee as, and deem DTC or its nominee to be, the absolute owner of each Note for the purpose of payment of the principal of, premium, if any, and interest on such Note, for the purpose of all other matters with respect to such Note, for the purpose of registering transfers with respect to such Notes, and for all other purposes whatsoever (except for the giving of certain Noteholder consents, in accordance with the practices and procedures of DTC as may be applicable thereto). The Paying Agent shall pay all principal of, premium, if any, and interest on the Notes only to or upon the order of the Noteholders as shown on the Registration Books, and all such payments shall be valid and effective to fully satisfy and

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(d) To the extent authorized by law, if the Issuer determines to provide for the exchange of Depository Notes for Notes in Authorized Denominations, the Issuer shall so notify the Paying Agent and shall provide the Registrar with a supply of executed unauthenticated Notes to be so exchanged. The Registrar shall thereupon notify the owners of the Notes and provide for such exchange, and to the extent that the Beneficial Owners are designated as the transferee by the owners, the Notes will be delivered in appropriate form, content and Authorized Denominations to the Beneficial Owners, as their interests appear.

(e) Any substitute depository shall be designated in writing by the Issuer to the Paying Agent. Any such substitute depository shall be a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended. The substitute depository shall provide for (i) immobilization of the Depository Notes, (ii) registration and transfer of interests in Depository Notes by book entries made on records of the depository or its nominee and (iii) payment of principal of, premium, if any, and interest on the Notes in accordance with and as such interests may appear with respect to such book entries.

Section 8. Registration of Notes; Appointment of Registrar; Transfer; Ownership; Delivery; and Cancellation.

(c) Registration. The ownership of Notes may be transferred only by the making





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be made in the name of multiple individuals, of all such transferees). In the event that the address of the registered owner of a Note (other than a registered owner which is the nominee of the broker or dealer in question) is that of a broker or dealer, there must be disclosed on the Registration Books the information pertaining to the registered owner required above. Upon the transfer of any such Note, a new fully registered Note, of any denomination or denominations permitted by this Resolution in aggregate principal amount equal to the unmatured and unredeemed principal amount of such transferred fully registered Note, and bearing interest at the same rate and maturing on the same date or dates shall be delivered by the Registrar.

(c) Registration of Transferred Notes. In all cases of the transfer of the Notes, the Registrar shall register, at the earliest practicable time, on the Registration Books, the Notes, in accordance with the provisions of this Resolution.

(d) Ownership. As to any Note, the person in whose name the ownership of the same shall be registered on the Registration Books of the Registrar shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Notes and the premium, if any, and interest thereon shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note, including the interest thereon.



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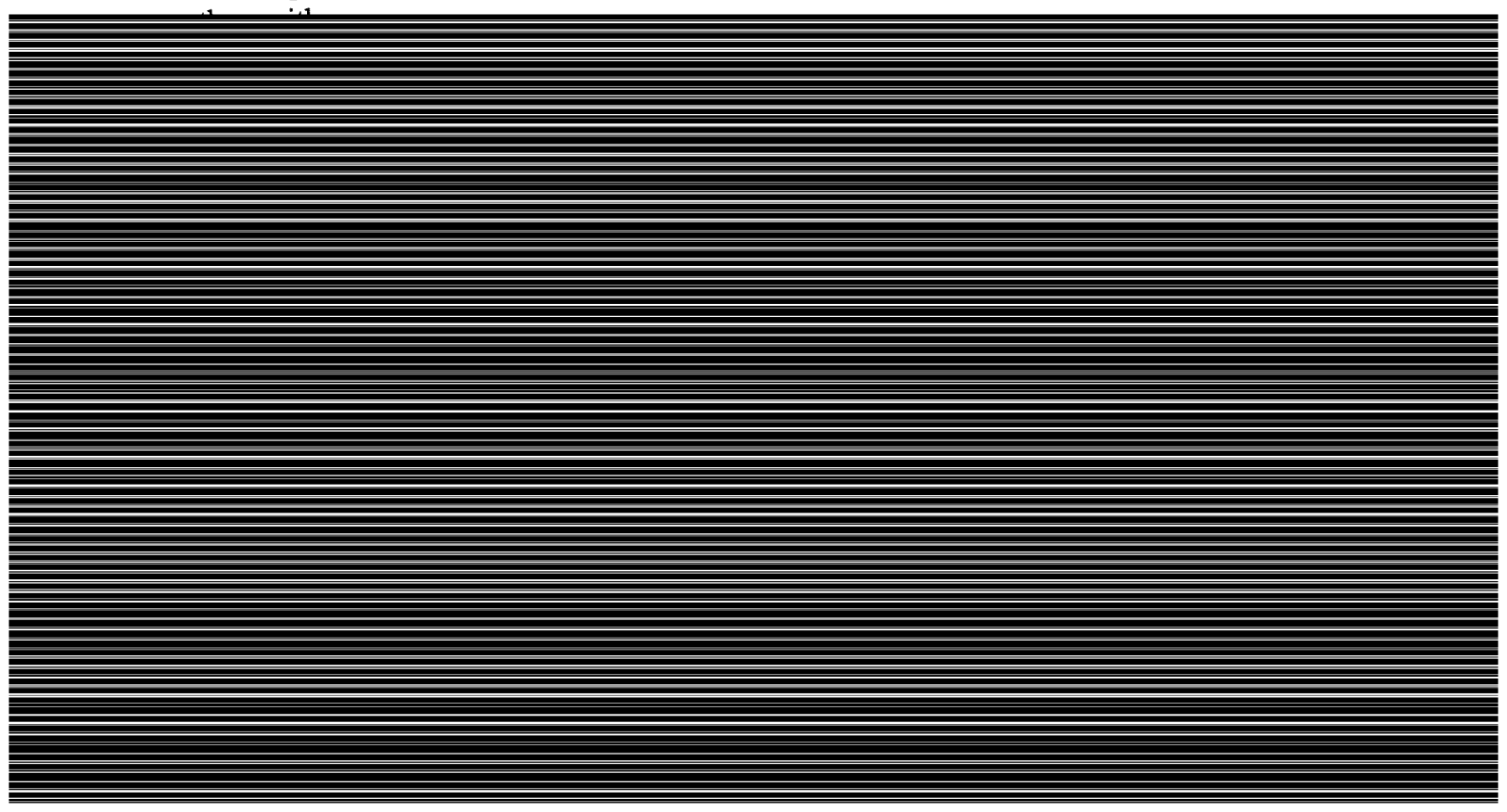
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thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the owner of such Notes who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or on, or with respect to, such interest or Notes. The Paying Agent's obligation to hold such funds shall continue for a period equal to two years and six months following the date on which such interest or principal became due, whether at maturity, or at the date fixed for redemption thereof, or otherwise, at which time the Paying Agent, shall surrender any remaining funds so held to the Issuer, whereupon any claim under this Resolution by the Owners of such interest or Notes of whatever nature shall be made upon the Issuer.

Section 9. Reissuance of Mutilated, Destroyed, Stolen or Lost Notes. In case any outstanding Note shall become mutilated or be destroyed, stolen or lost, the Issuer shall at the request of Registrar authenticate and deliver a new Note of like tenor and amount as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note to Registrar, upon surrender of such mutilated Note, or in lieu of and substitution for the Note destroyed, stolen or lost, upon filing with the Registrar evidence satisfactory to the Registrar and Issuer that such Note has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Registrar and Issuer with satisfactory indemnity and complying with such other reasonable regulations as the Issuer or its agent may prescribe and paying such expenses as the Issuer may incur in connection



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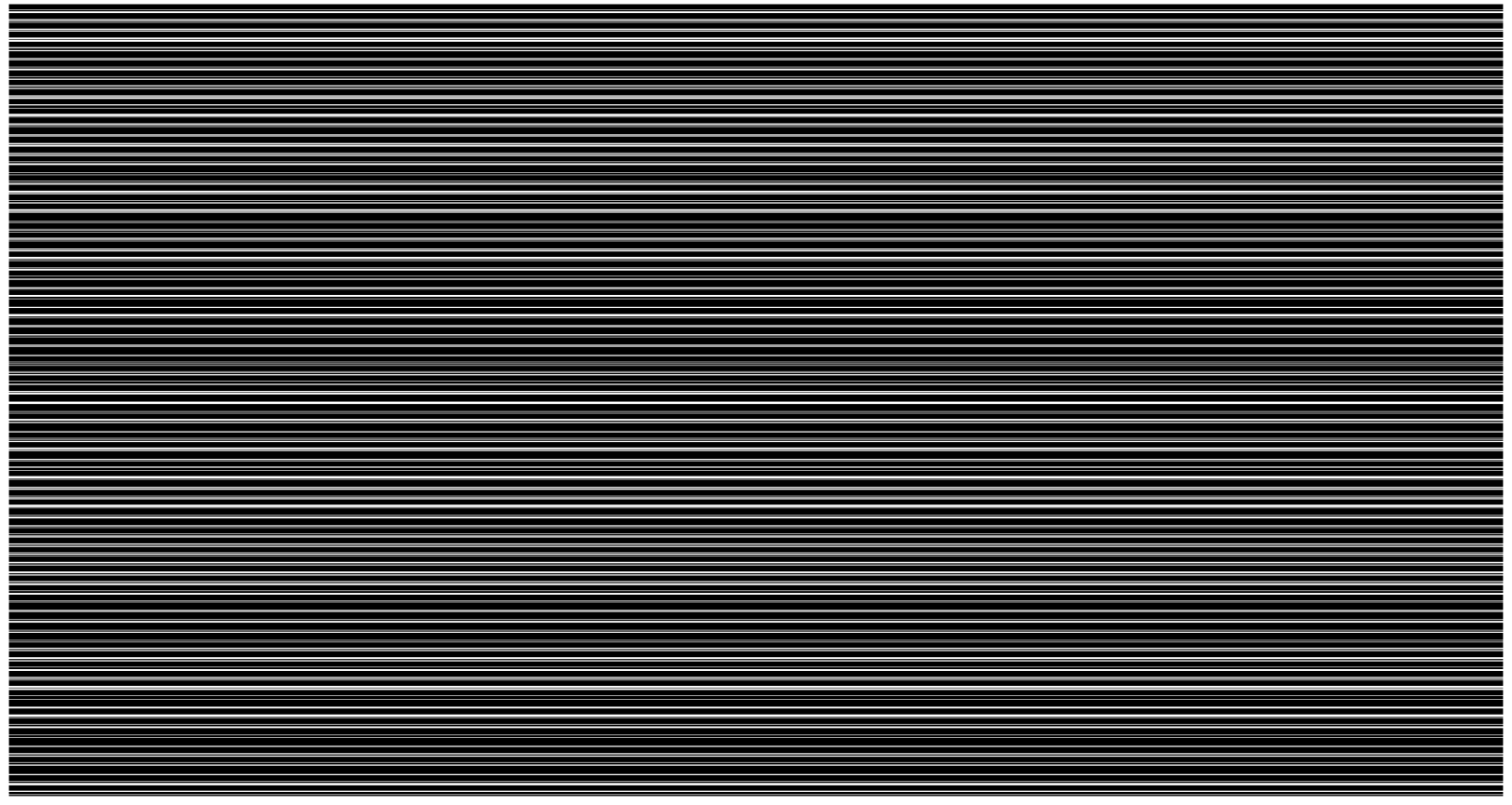
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under this Resolution and that the holder thereof is entitled to the benefits of this Resolution.

Section 12. Right to Name Substitute Paying Agent or Registrar. Issuer reserves the right to name a substitute, successor Registrar or Paying Agent upon giving prompt written notice to each registered Noteholder.





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Section 13. Form of Note. Notes shall be printed in substantial compliance with standards proposed by the American Standards Institute substantially in the form as follows:

(6)

(6)

(7)

(8)

(1)

(2)

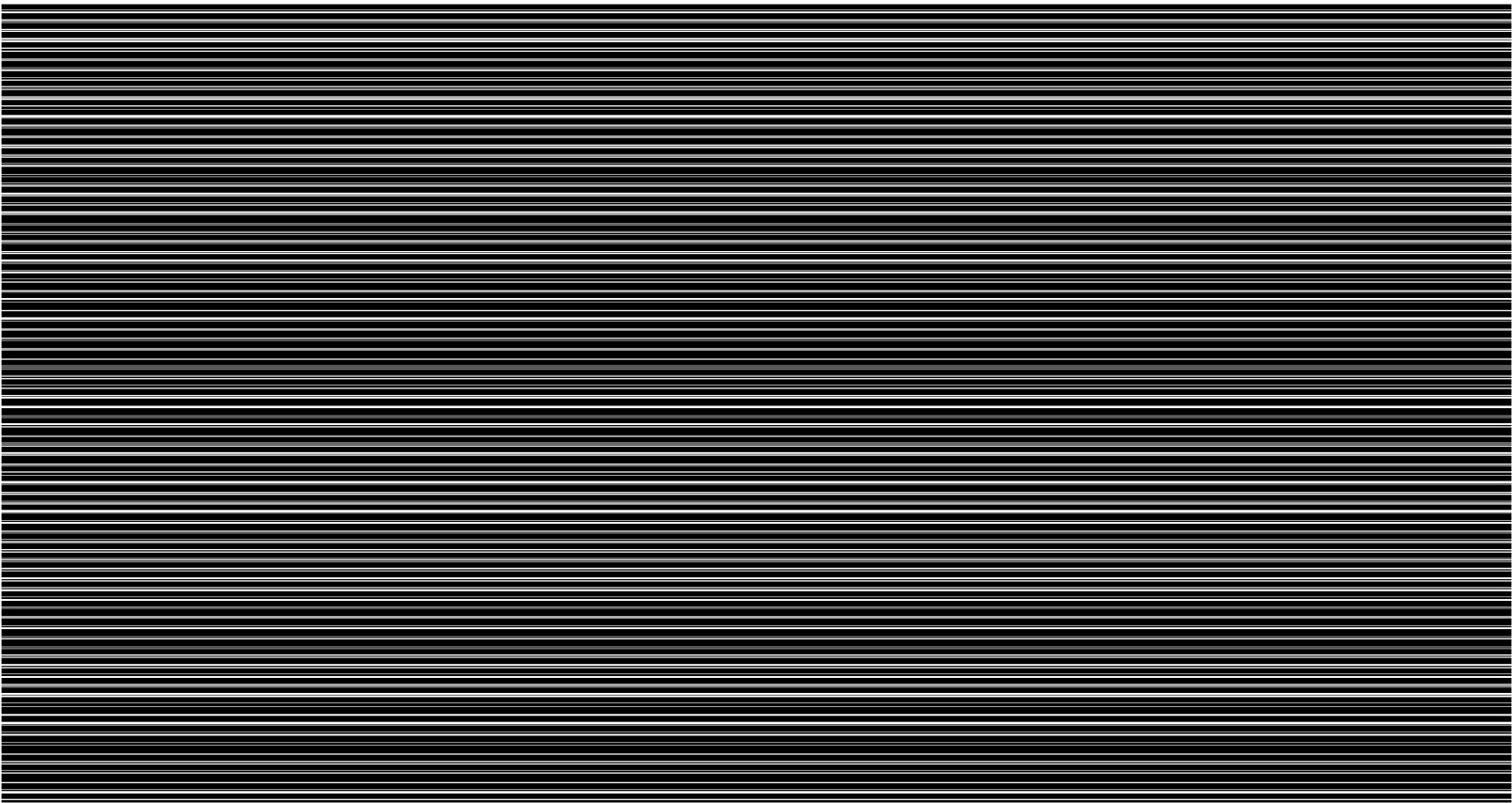
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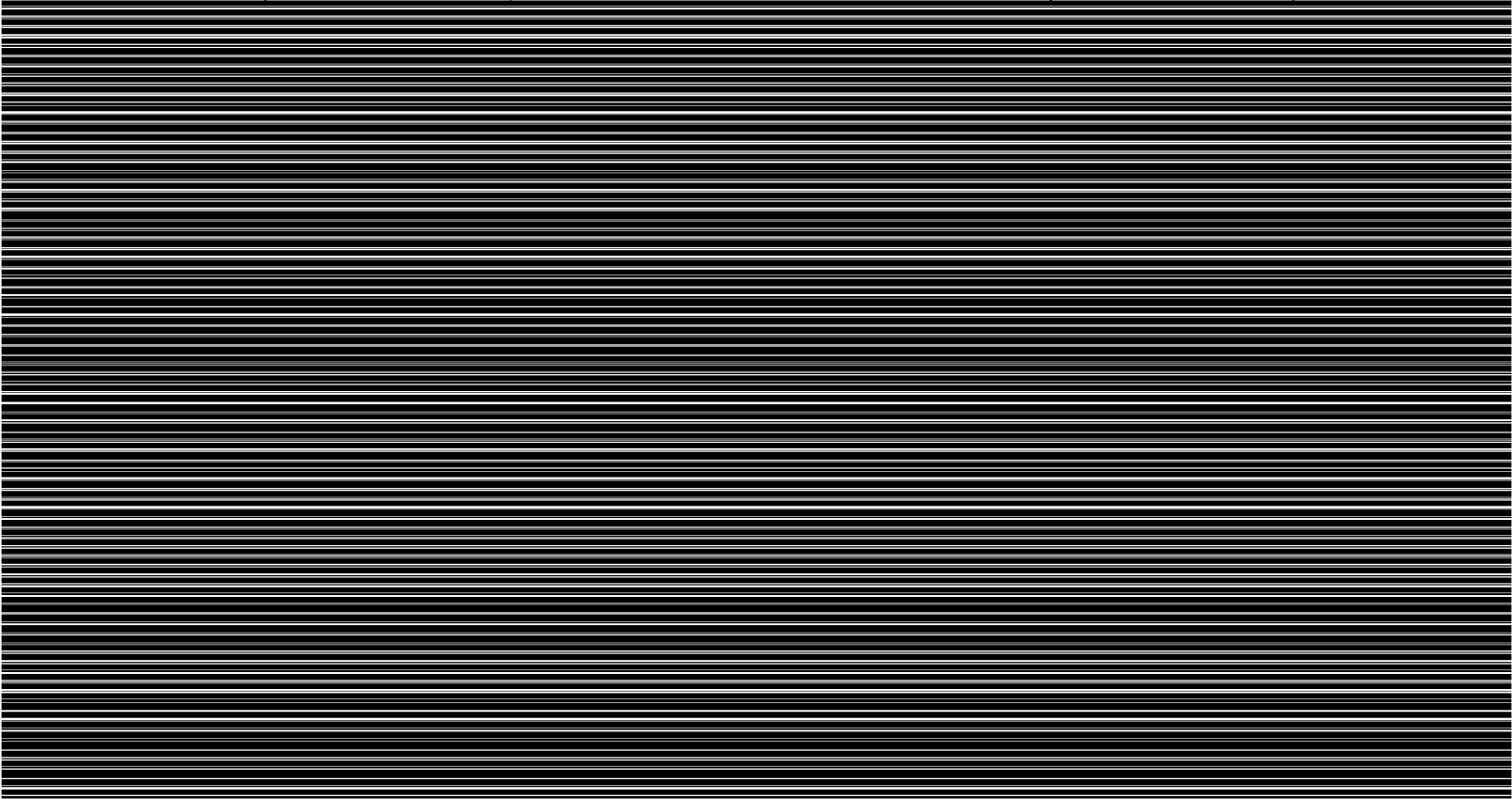
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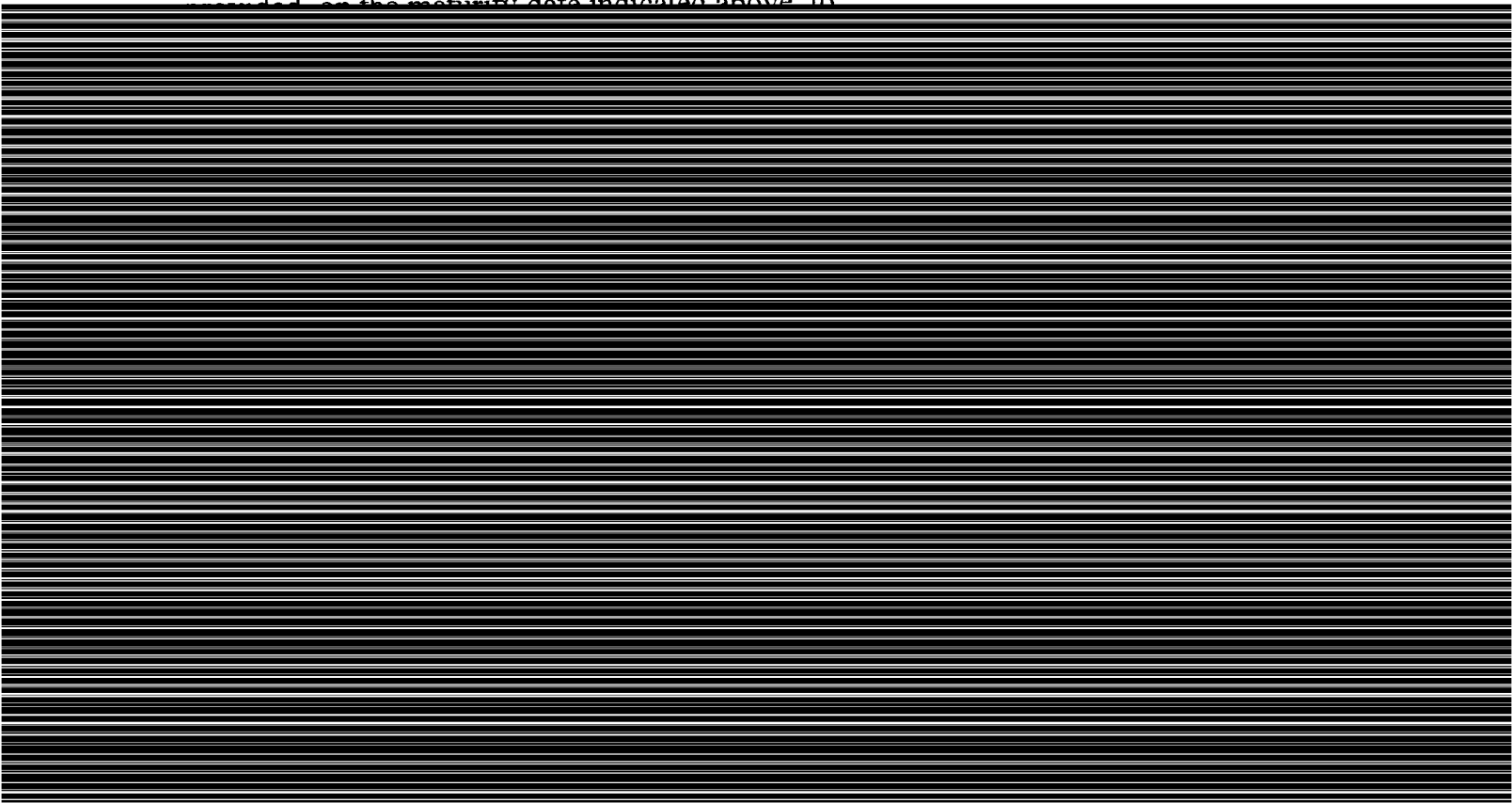
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The text of the Notes to be located thereon at the item numbers shown shall be as follows:

Item 1, figure 1 = "STATE OF IOWA"
"COUNTY OF POLK"
"CITY OF DES MOINES"
"STORMWATER MANAGEMENT UTILITY
REVENUE REFUNDING CAPITAL LOAN NOTE"
"SERIES 2010G"

Item 2, figure 1 = Rate: _____
Item 3, figure 1 = Maturity: _____
Item 4, figure 1 = Note Date: the date of delivery
Item 5, figure 1 = Cusip No.: _____
Item 6, figure 1 = "Registered"
Item 7, figure 1 = Certificate No. _____
Item 8, figure 1 = Principal Amount: \$ _____

Item 9, figure 1 = The City of Des Moines, Iowa, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Issuer"), for value received, promises to pay from the source and as hereinafter provided, on the maturity date indicated above, to





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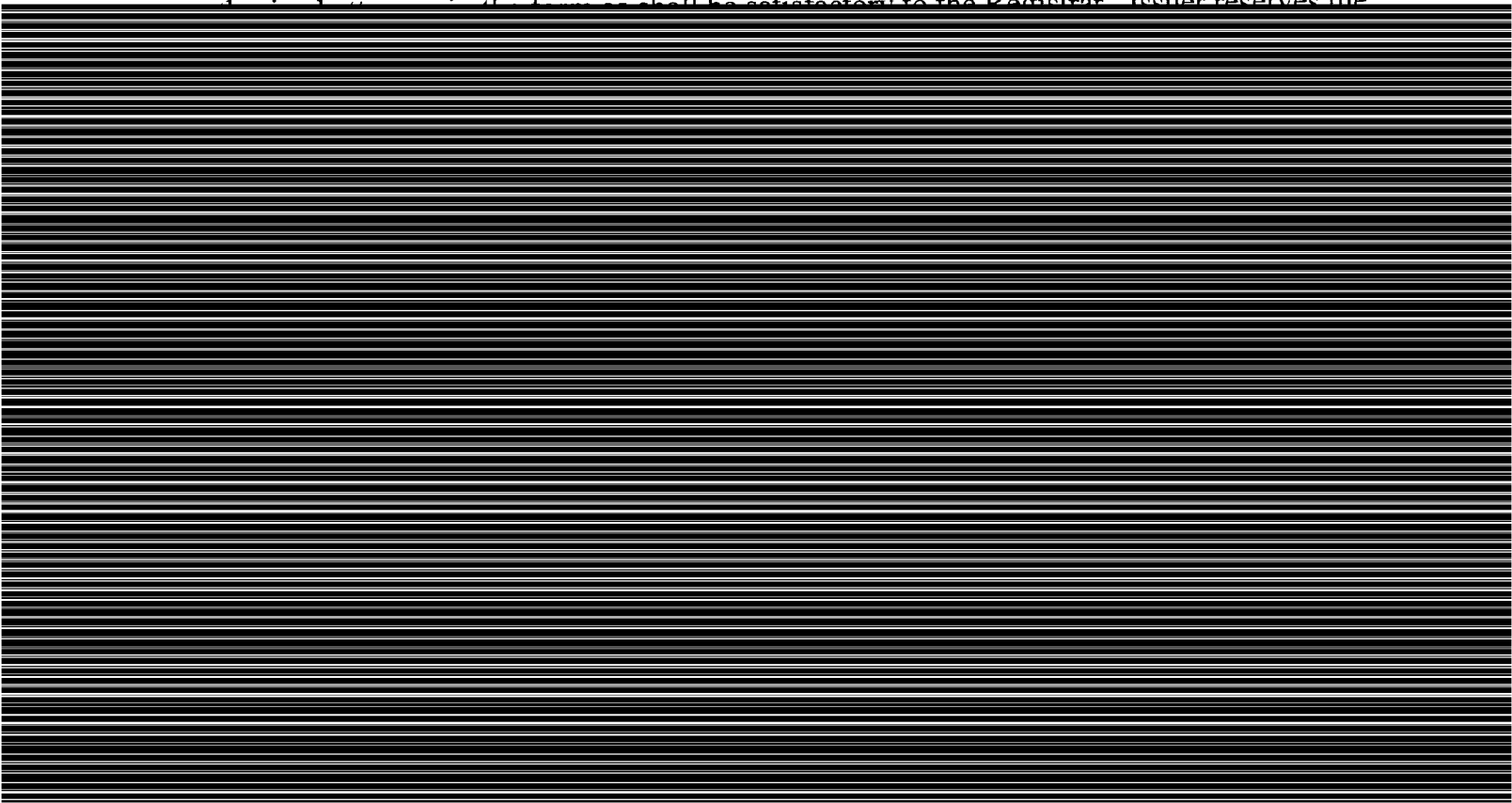
This Note is issued pursuant to the provisions of Section 384.84A of the City Code of Iowa, as amended, for the purpose of paying costs of refunding and refinancing of the Stormwater Management Utility Revenue Bonds, Series 2003B, dated May 1, 2003, in conformity to a Resolution of the Council of said City duly passed and approved.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a limited purpose trust company ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Notes are not subject to redemption prior to maturity

Ownership of this Note may be transferred only by transfer upon the books kept for such purpose by City Treasurer, the Registrar. Such transfer on the books shall occur only upon presentation and surrender of this Note at the office of the Registrar as designated below, together with an assignment duly executed by the owner hereof or his duly

authorized representative. The assignment shall be satisfactory to the Registrar. Issuer reserves the





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due. This Note is not payable in any manner by taxation and under no circumstances shall the City be in any manner liable by reason of the failure of said net earnings to be sufficient for the payment hereof.

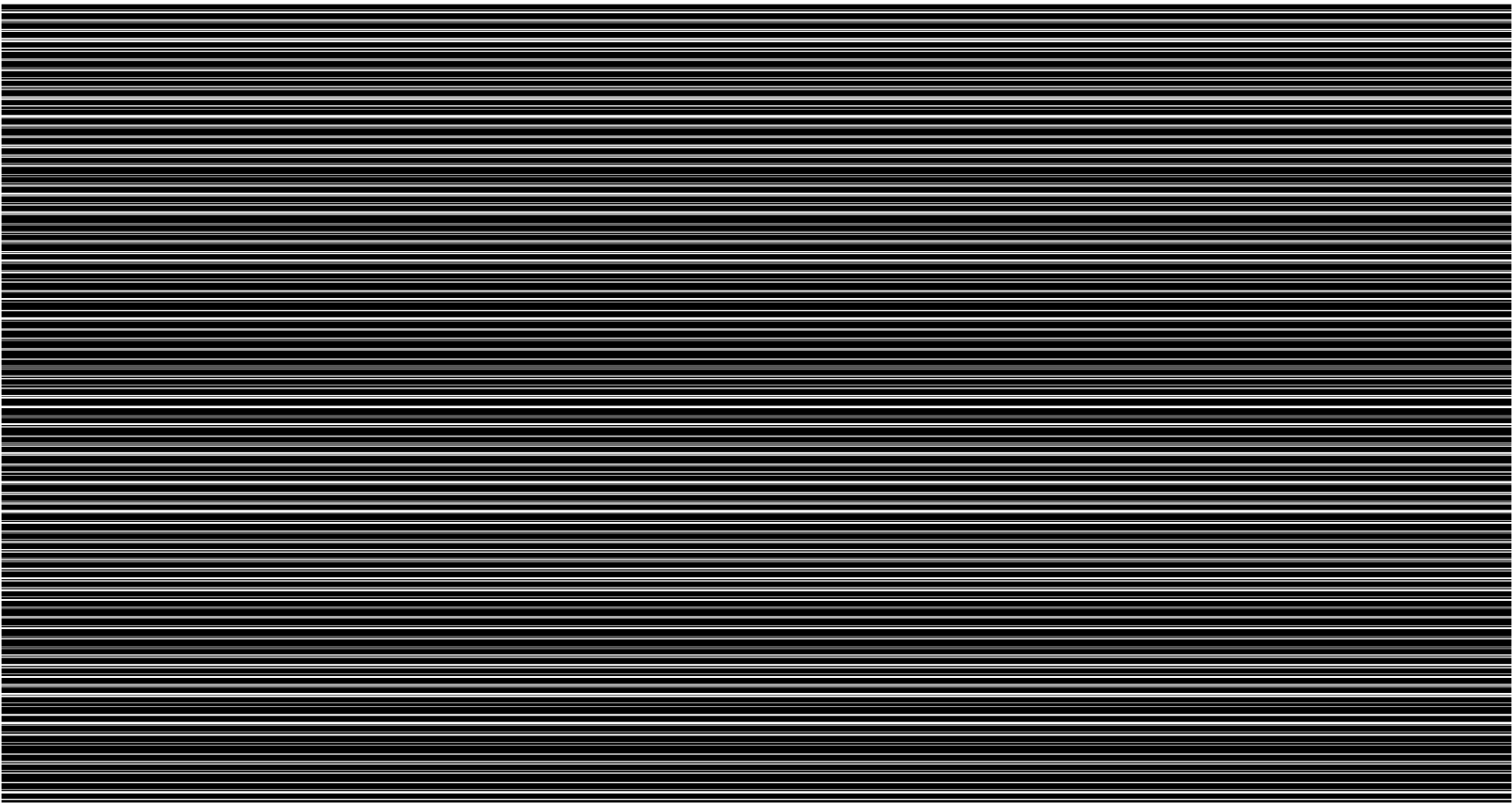
And it is hereby represented and certified that all acts, conditions and things requisite, according to the laws and Constitution of the State of Iowa, to exist, to be had, to be done, or to be performed precedent to the lawful issue of this Note, have been existent, had, done and performed as required by law.

IN TESTIMONY WHEREOF, said City by its City Council has caused this Note to be signed by the manual signature of its Mayor and attested by the manual signature of its Clerk, with the seal of said City impressed hereon, and authenticated by the manual signature of an authorized representative of the Registrar, City Treasurer, Des Moines, Iowa.

Item 11, figure 1 = Date of authentication:

Item 12, figure 1 = This is one of the Notes described in the within mentioned Resolution, as registered by the City Treasurer.

CITY TREASURER, Registrar





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CITY OF DES MOINES, IOWA

By: Mayor's manual signature
Mayor

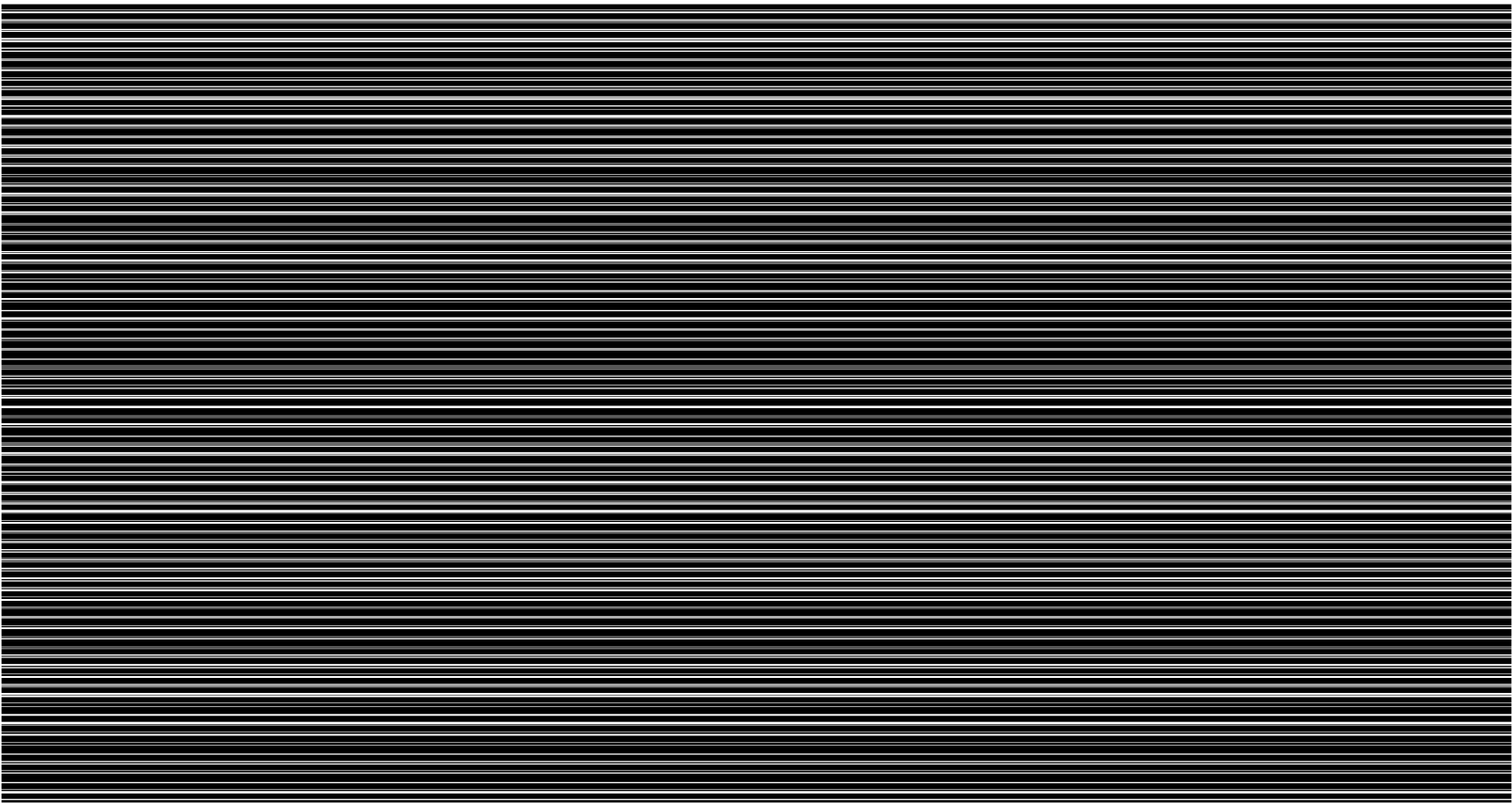
ATTEST:

By: City Clerk's manual signature
City Clerk

Item 16, figure 2 = [Assignment Block]
[Information Required for Registration]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ (Social Security or Tax Identification No. _____) the within Note and does hereby irrevocably constitute and appoint _____ attorney in fact to transfer the said Note on the books kept for registration of the within Note, with full power of substitution in the premises.



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IMPORTANT - READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or bond(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signature to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.

INFORMATION REQUIRED FOR REGISTRATION OF TRANSFER

Name of Transferee(s) _____

Address of Transferee(s) _____

Social Security or Tax Identification

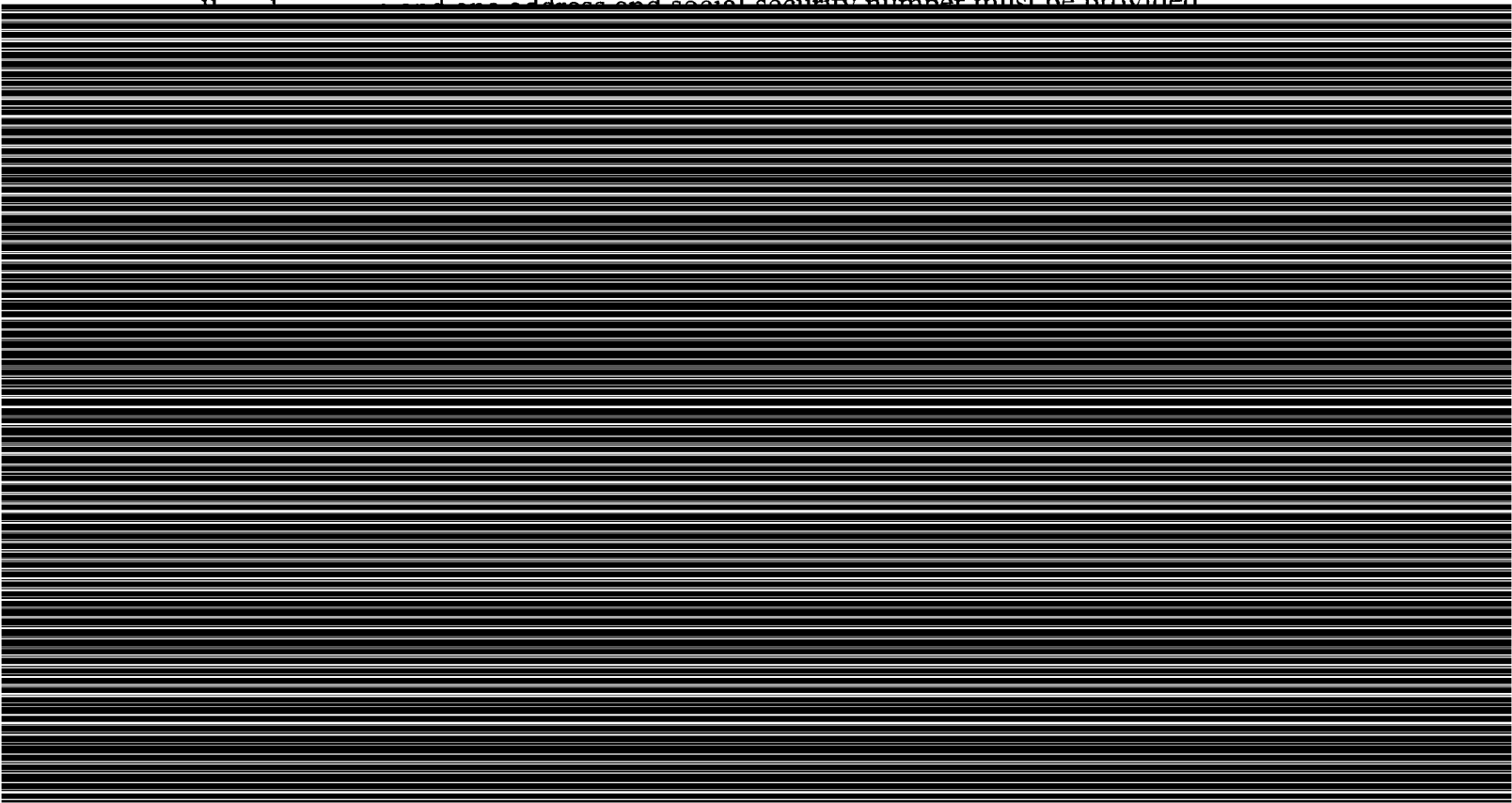
Number of Transferee(s) _____

Transferee is a(n):

Individual* _____ Corporation _____

Partnership _____ Trust _____

*If the Note is to be registered in the names of multiple individual owners, the names of _____ and address and social security number must be provided





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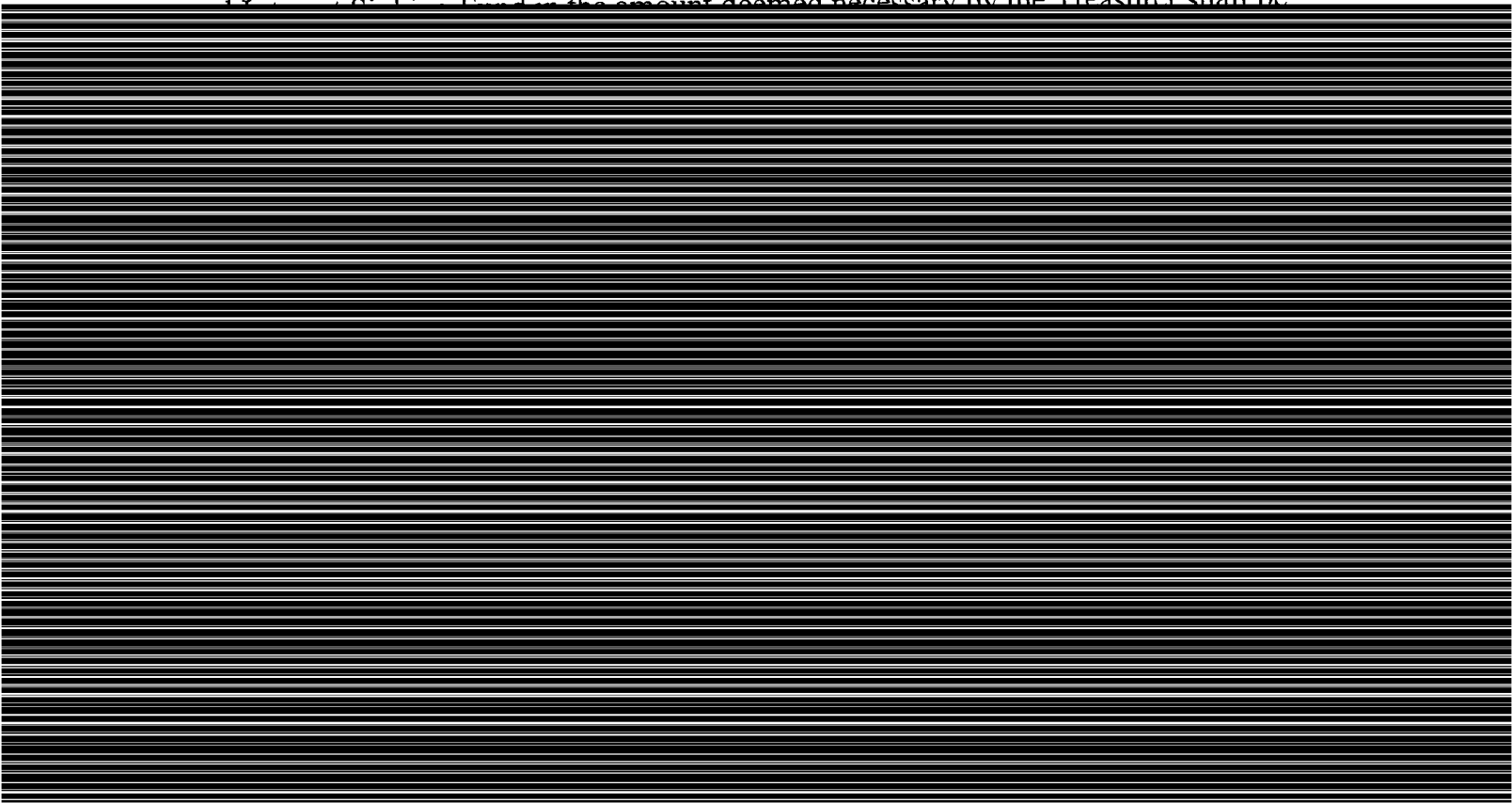
Section 14. Equality of Lien. The timely payment of principal of and interest on the Notes and Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of number or time of sale or delivery; and the Net Revenues of the System are hereby irrevocably pledged to the timely payment of both principal and interest as the same become due.

Section 15. Application of Note Proceeds - Escrow Fund. Proceeds of the Notes shall be applied as follows:

- ◆ An amount equal to accrued interest shall be deposited in the Sinking Fund for application to the first payment of interest on the Notes.
- ◆ \$5,253,088.82 of the proceeds shall be deposited with the Trustee, pursuant to the terms of the Refunding Trust Agreement.
- ◆ The balance shall be used for issuance expenses or any other lawful purpose.

Section 16. Refunding Trust Agreement. Bankers Trust Company is hereby appointed Trustee and fiscal agent for the City for the purpose of insuring payment of the Refunded Bonds. \$5,253,088.82 of the proceeds derived from the sale of the Notes herein authorized plus cash from the existing Stormwater Management Utility Revenue Principal

and Sinking Fund in the amount deemed necessary by the Treasurer shall be





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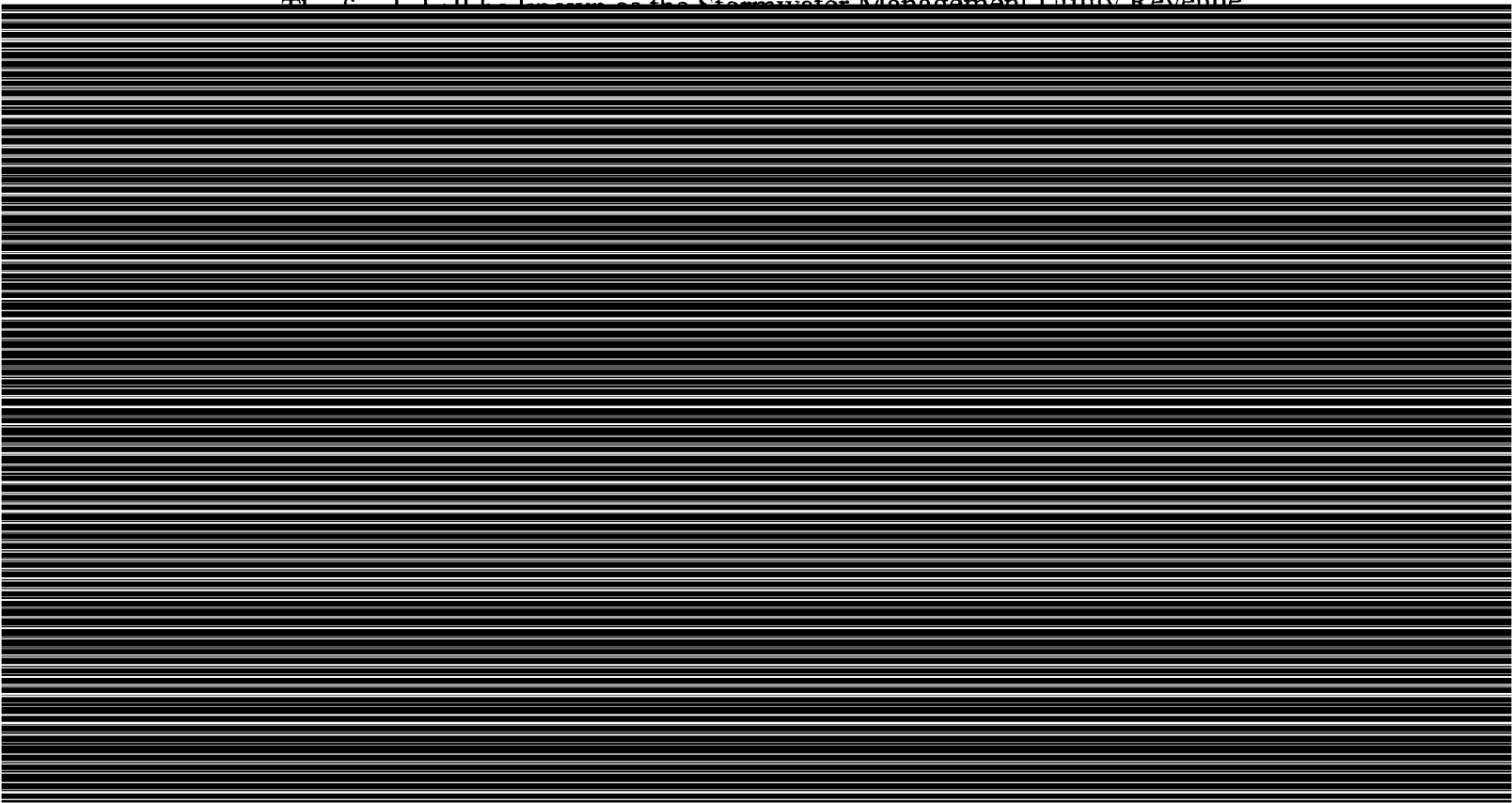
Section 17. User Rates. There has heretofore been established and published as required by law, just and equitable rates or charges for the use of the service rendered by the System. Said rates or charges to be paid by the owner of each and every lot, parcel of real estate, or building that is connected with and uses the System, by or through any part of the System or that in any way uses or is served by the System.

Any revenues paid and collected for the use of the System and its services by the Issuer or any department, agency or instrumentality of the Issuer shall be used and accounted for in the same manner as any other revenues derived from the operations of the System.

Section 18. Application of Revenues. From and after the delivery of any Notes, and as long as any of the Notes or Parity Bonds shall be outstanding and unpaid either as to principal or as to interest, or until all of the Notes and Parity Bonds then outstanding shall have been discharged and satisfied in the manner provided in this Resolution, the entire income and revenues of the System shall be deposited as collected in a fund to be known as the Stormwater Management Utility Revenue Fund (the "Revenue Fund"), and shall be disbursed only as follows:

- (a) Operation and Maintenance Fund. Money in the Revenue Fund shall first be disbursed to make deposits into a separate and special fund to pay current expenses.

7. The fund shall be known as the Stormwater Management Utility Revenue





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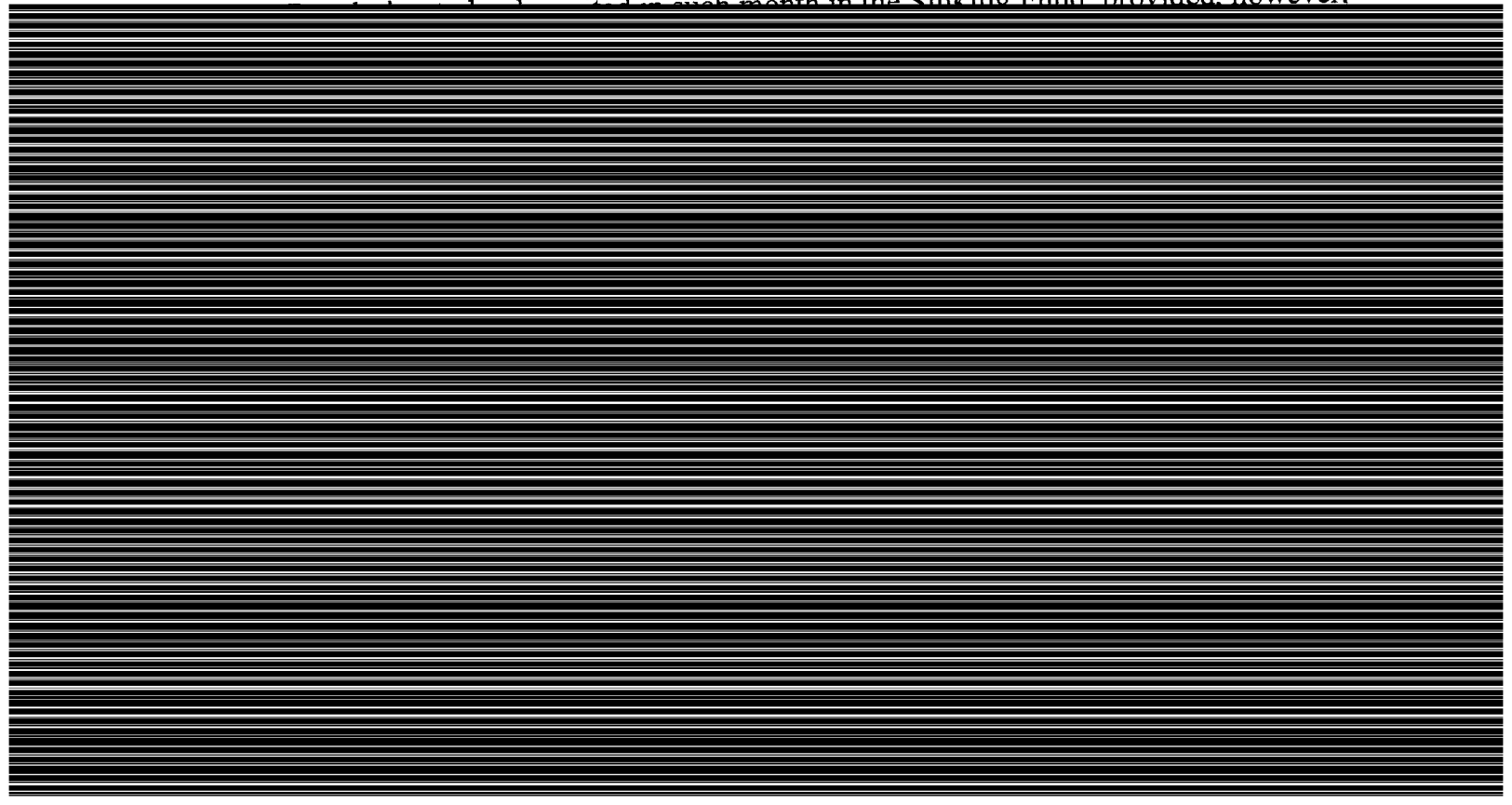
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(b) Sinking Fund. Money in the Revenue Fund shall next be disbursed to make deposits into a separate and special fund to pay the principal and interest requirements of the Fiscal Year on the Notes and Parity Bonds. The fund shall be known as the Stormwater Management Utility Revenue Note and Interest Sinking Fund (the "Sinking Fund"). The required amount to be deposited in the Sinking Fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Notes and Parity Bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on such Notes on the next succeeding principal payment date until the full amount of such installment is on hand. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Revenue Fund. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Notes and Parity Bonds as the same shall become due and payable.

(c) Reserve Fund. Money in the Revenue Fund shall next be disbursed to maintain a debt service reserve in an amount equal to the Reserve Fund Requirement. Such fund shall be known as the Stormwater Management Utility Revenue Debt Service Reserve Fund (the "Reserve Fund"). In each month there shall be deposited in the Reserve Fund an amount equal to 25 percent of the amount required by this

amount deposited in each month in the Sinking Fund; provided, however,





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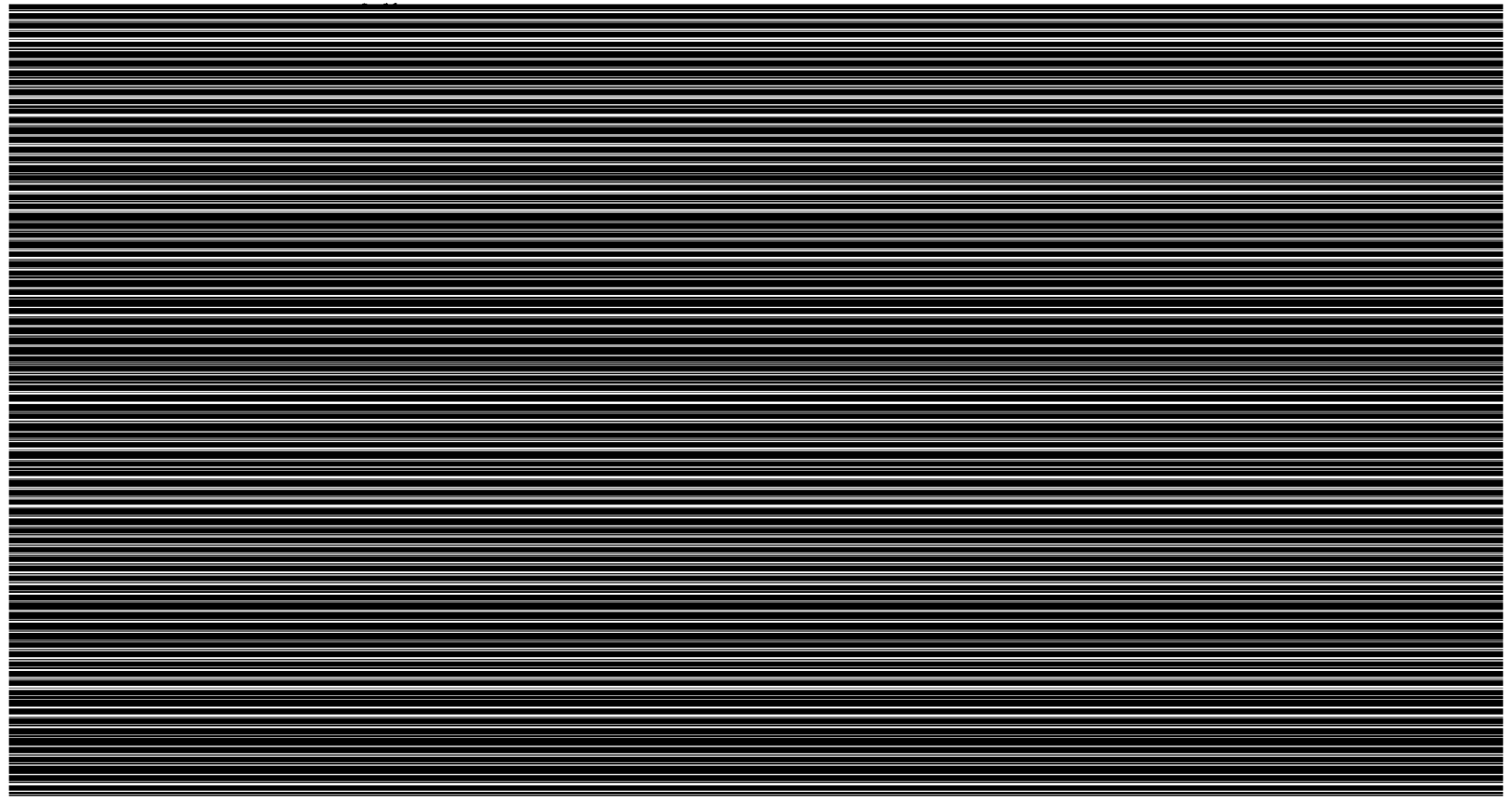
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(d) Subordinate Obligations. Money in the Revenue Fund may next be used to pay principal of and interest on (including reasonable reserves therefor) any other obligations which by their terms shall be payable from the revenues of the System, but subordinate to the Notes and Parity Bonds, and which have been issued for the purposes of extensions and improvements to the System or to retire the Notes or Parity Bonds in advance of maturity, or to pay for extraordinary repairs or replacements to the System.

(e) Surplus Revenue. All money thereafter remaining in the Revenue Fund at the close of each month may be deposited in any of the funds created by this Resolution, may be used to pay for extraordinary repairs or replacements to the System, or may be used to pay or redeem the Notes or Parity Bonds or any of them, or for any lawful purpose.

Money in the Revenue Fund shall be allotted and paid into the various funds and accounts hereinbefore referred to in the order in which said funds are listed, on a cumulative basis on the 10th day of each month, or on the next succeeding business day when the 10th shall not be a business day; and if in any month the money in the Revenue Fund shall be insufficient to deposit or transfer the required amount in any of said funds or accounts, the deficiency shall be made up in the following month or months after payments into all funds and accounts enjoying a prior claim to the revenues shall have





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(b) Sufficiency of Rates. On or before the beginning of each Fiscal Year the Governing Body will adopt or continue in effect rates for all services rendered by the System determined to be sufficient to produce Net Revenues for the next succeeding Fiscal Year adequate to pay principal and interest requirements and create reserves as provided in this Resolution but not less than 110% percent of the principal and interest requirements of the Fiscal Year. No free use of the System by the Issuer or any department, agency or instrumentality of the Issuer shall be permitted except upon the determination of the Governing Body that the rates and changes otherwise in effect are sufficient to provide Net Revenues at least equal to the requirements of this subsection.

(c) Insurance. The Issuer shall maintain insurance for the benefit of the bondholders on the insurable portions of the System of a kind and in an amount which normally would be carried by private companies engaged in a similar kind of business. The proceeds of any insurance, except public liability insurance, shall be used to repair or replace the part or parts of the System damaged or destroyed, or if not so used shall be placed in the Improvement Fund.

(d) Accounting and Audits. The Issuer will cause to be kept proper books and accounts adapted to the System and in accordance with generally accepted accounting practices, and will diligently act to cause the books and accounts to be audited annually and reported upon not later than 180 days after the end of each Fiscal Year by an Independent Auditor and will provide copies of the audit report to the holders of any of the Bonds and Parity Bonds upon request. The holders of any of the Bonds and Parity Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Issuer relating thereto.

(e) State Laws. The Issuer will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Iowa, including the making and collecting of reasonable and sufficient rates for services rendered by the System as above provided, and will segregate the revenues of the System and apply said revenues to the funds specified in this Resolution.

(f) Property. The Issuer will not sell, lease, mortgage or in any manner dispose of the System, or any capital part thereof, including any and all extensions and additions that may be made thereto, until satisfaction and discharge of all of the Bonds and Parity Bonds shall have been provided for in the manner provided in

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this Resolution; provided, however, that this covenant shall not be construed to prevent the disposal by the Issuer of property which in the judgment of its Governing Body has become inexpedient or unprofitable to use in connection with the System, or if it is to the advantage of the System that other property of equal or higher value be substituted therefor, and provided further that the proceeds of the disposition of such property shall be placed in a revolving fund and used in preference to other sources for capital improvements to the System. Any such proceeds of the disposition of property acquired with the proceeds of the Bonds or Parity Bonds shall not be used to pay principal or interest on the Bonds and Parity Bonds or for payments into the Sinking or Reserve Funds.

(g) Fidelity Bond. The Issuer shall maintain fidelity bond coverage in amounts which normally would be carried by private companies engaged in a similar kind of business on each officer or employee having custody of funds of the System.

(h) Budget. The Governing Body of the Issuer shall approve and conduct operations pursuant to a system budget of revenues and current expenses for each Fiscal Year. Such budget shall take into account revenues and current expenses during the current and last preceding Fiscal Years. Copies of such budget and any amendments thereto shall be provided to the holders of any of the Bonds upon request.

Section 21. Remedies of Bondholders. Except as herein expressly limited the holder or holders of the Bonds and Parity Bonds 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 their Bonds and interest thereon, and of the pledge of the revenues made hereunder, and of all covenants of the Issuer hereunder.

Section 22. Prior Lien and Parity Bonds. The Issuer will issue no other Bonds or obligations of any kind or nature payable from or enjoying a lien or claim on the property or revenues of the System having priority over the Bonds or Parity Bonds.

Additional Bonds may be issued on a parity and equality of rank with the Bonds with respect to the lien and claim of such Additional Bonds to the revenues of the System and the money on deposit in the funds adopted by this Resolution, for the following purposes and under the following conditions, but not otherwise:

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(a) For the purpose of refunding any of the Bonds or Parity Bonds which shall have matured or which shall mature not later than three months after the date of delivery of such refunding Bonds and for the payment of which there shall be insufficient money in the Sinking Fund and the Reserve Fund;

(b) For the purpose of refunding any Bonds, Parity Bonds or general obligation bonds outstanding, or making extensions, additions, improvements or replacements to the System, if all of the following conditions shall have been met:

(i) before any such Additional Bonds ranking on a parity are issued, there will have been procured and filed with the Clerk, a statement of an Independent Auditor or independent financial advisor, not a regular employee of the Issuer, reciting the opinion based upon necessary investigations that the Net Revenues of the System for the preceding Fiscal Year (with adjustments as hereinafter provided) were equal to at least 1.10 times the maximum amount that will be required in any Fiscal Year prior to the longest maturity of any of the Bonds or Parity Bonds for both principal of and interest on all Bonds or Parity Bonds then outstanding which are payable from the net earnings of the System and the Additional Bonds then proposed to be issued.

For the purpose of determining the Net Revenues of the System for the preceding Fiscal Year as aforesaid, the amount of the gross revenues for such year may be adjusted by an Independent Auditor or independent financial advisor, not a regular employee of the Issuer, so as to reflect any changes in the amount of such revenues which would have resulted had any revision of the schedule of rates or charges imposed at or prior to the time of the issuance of any such Additional Bonds been in effect during all of such preceding Fiscal Year.

(ii) the Additional Bonds must be payable as to principal and as to interest on the same month and day as the Bonds herein authorized.

(iii) for the purposes of this Section, principal and interest falling due on the first day of a Fiscal Year shall be deemed a requirement of the immediately preceding Fiscal Year.



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(iv) for the purposes of this Section, general obligation bonds shall be refunded only upon a finding of necessity by the Governing Body and only to the extent the general obligation bonds were issued or the proceeds of them were expended for the System.

(v) for purposes of this Section, "preceding Fiscal Year" shall be the most recently completed Fiscal Year for which audited financial statements prepared by a certified public accountant are issued and available, but in no event a Fiscal Year which ended more than eighteen months prior to the date of issuance of the Additional Bonds.

Section 23. Discharge and Satisfaction of Bonds. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Bonds and Parity Bonds, or any of them, in any one or more of the following ways:

(a) By paying the Bonds or Parity Bonds when the same shall become due and payable; and

(b) By depositing in trust with the Treasurer, or with a corporate trustee designated by the Governing Body for the payment of said obligations and irrevocably appropriated exclusively to that purpose an amount in cash or direct obligations of the United States the maturities and income of which shall be sufficient to retire at maturity, or by redemption prior to maturity on a designated date upon which said obligations may be redeemed, all of such obligations outstanding at the time, together with the interest thereon to maturity or to the designated redemption date, premiums thereon, if any that may be payable on the redemption of the same; provided that proper notice of redemption of all such obligations to be redeemed shall have been previously published or provisions shall have been made for such publication.

Upon such payment or deposit of money or securities, or both, in the amount and manner provided by this Section, all liability of the Issuer with respect to the Bonds or Parity Bonds shall cease, determine and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

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Section 24. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the holder or holders of the Bonds and Parity Bonds, and after the issuance of any of the Bonds no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as provided in the next succeeding Section, until such time as all of the Bonds and Parity Bonds, and interest due thereon, shall have been satisfied and discharged as provided in this Resolution.

Section 25. Amendment of Resolution Without Consent. The Issuer may, without the consent of or notice to any of the holders of the Bonds and Parity Bonds, amend or supplement this Resolution for any one or more of the following purposes:

(a) to cure any ambiguity, defect, omission or inconsistent provision in this Resolution or in the Bonds or Parity Bonds; or to comply with any application provision of law or regulation of federal or state agencies; provided, however, that such action shall not materially adversely affect the interests of the holders of the Bonds or Parity Bonds;

(b) to change the terms or provisions of this Resolution to the extent necessary to prevent the interest on the Bonds or Parity Bonds from being includable within the gross income of the holders thereof for federal income tax purposes;

(c) to grant to or confer upon the holders of the Bonds or Parity Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the holders of the Bonds;

(d) to add to the covenants and agreements of the Issuer contained in this Resolution other covenants and agreements of, or conditions or restrictions upon, the Issuer or to surrender or eliminate any right or power reserved to or conferred upon the Issuer in this Resolution; or

(e) to subject to the lien and pledge of this Resolution additional pledged revenues as may be permitted by law.



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Section 26. Amendment of Resolution Requiring Consent. This Resolution may be amended from time to time if such amendment shall have been consented to by holders of not less than two-thirds in principal amount of the Bonds and Parity Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the Issuer, but including such Refunding Bonds as may have been issued for the purpose of refunding any of such Bonds if such Refunding Bonds shall not then be owned by the Issuer); but this Resolution may not be so amended in such manner as to:

- (a) Make any change in the maturity or interest rate of the Bonds, or modify the terms of payment of principal of or interest on the Bonds or any of them or impose any conditions with respect to such payment;
- (b) Materially affect the rights of the holders of less than all of the Bonds and Parity Bonds then outstanding; and
- (c) Reduce the percentage of the principal amount of Bonds, the consent of the holders of which is required to effect a further amendment.

Whenever the Issuer shall propose to amend this Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be filed with the Original Purchaser and to be mailed by certified mail to each registered owner of any Bond as shown by the records of the Registrar. Such notice shall set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory Resolution is on file in the office of the City Clerk.

Whenever at any time within one year from the date of the mailing of said notice there shall be filed with the City Clerk an instrument or instruments executed by the holders of at least two-thirds in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory Resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Governing Body of the Issuer may adopt such amendatory Resolution and such Resolution shall become effective and binding upon the holders of all of the Bonds and Parity Bonds.

Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the instrument evidencing such consent and shall be conclusive and binding upon all future holders of the same Bond



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during such period. Such consent may be revoked at any time after six months from the date of such instrument by the holder who gave such consent or by a successor in title by filing notice of such revocation with the City Clerk.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the Bonds held by any person executing such instrument and the date of his holding the same may be proved by an affidavit by such person or by a certificate executed by an officer of a bank or trust company showing that on the date therein mentioned such person had on deposit with such bank or trust company the Bonds described in such certificate.

Section 27. Investments. Moneys on hand in the Project Fund and all of the funds provided by this Resolution may be invested only in Permitted Investments or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation, or its equivalent successor, and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or its equivalent successor in any one financial institution shall be continuously secured in compliance with the State Sinking Fund provided under Chapter 12C of the Code of Iowa, 2005, as amended or otherwise by a valid pledge of direct obligations of the United States Government having an equivalent market value. All such interim investments shall mature before the date on which the moneys are required for the purposes for which said fund was created or otherwise as herein provided but in no event maturing in more than three years in the case of the Reserve Fund. The provisions of this Section shall not be construed to require the Issuer to maintain separate bank accounts for the funds created by this Section; except the Sinking Fund and the Reserve Fund shall be maintained in a separate account but may be invested in conjunction with other funds of the City but designated as a trust fund on the books and records of the City.

All income derived from such investments shall be deposited in the Revenue Fund and shall be regarded as revenues of the System except earnings on investments of the Project Fund shall be deposited in and expended from the Project Fund. Investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective fund was created.



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Section 28. Disposition of Note Proceeds; Arbitrage Not Permitted. The Issuer reasonably expects and covenants that no use will be made of the proceeds from the issuance and sale of the Notes issued hereunder which will cause any of the Notes to be classified as arbitrage notes within the meaning of Section 148(a) and (b) of the Internal Revenue Code of the United States, and that throughout the term of said Notes it will comply with the requirements of said statute and regulations issued thereunder.

To the best knowledge and belief of the Issuer, there are no facts or circumstances that would materially change the foregoing statements or the conclusion that it is not expected that the proceeds of the Notes will be used in a manner that would cause the Notes to be arbitrage notes. Without limiting the generality of the foregoing, the Issuer hereby agrees to comply with the provisions of the Tax Exemption Certificate and the provisions of the Tax Exemption Certificate are hereby incorporated by reference as part of this Resolution. The Treasurer is hereby directed to make and insert all calculations and determinations necessary to complete the Tax Exemption Certificate in all respects and to execute and deliver the Tax Exemption Certificate at issuance of the Notes to certify as to the reasonable expectations and covenants of the Issuer at that date.

The Issuer covenants that it will treat as Yield Restricted any proceeds of the Notes remaining unexpended after three years from the issuance and any other funds required by the Tax Exemption Certificate to be so treated. If any investments are held with respect to the Notes and Parity Bonds, the Issuer shall treat the same for the purpose of restricted yield as held in proportion to the original principal amounts of each issue.

The Issuer covenants that it will exceed any investment yield restriction provided in this Resolution only in the event that it shall first obtain an opinion of recognized bond counsel that the proposed investment action will not cause the Notes to be classified as arbitrage notes under Section 148(a) and (b) of the Internal Revenue Code or regulations issued thereunder.

The Issuer covenants that it will proceed with due diligence to spend the proceeds of the Notes for the purpose set forth in this Resolution. The Issuer further covenants that it will make no change in the use of the proceeds available for the construction of facilities or change in the use of any portion of the facilities constructed therefrom by persons other than the Issuer or the general public unless it has obtained an opinion of bond counsel or a revenue ruling that the proposed project or use will not be of such character as to cause interest on any of the Notes not to be exempt from federal income taxes in the hands of

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holders other than substantial users of the project, under the provisions of Section 142(a) of the Internal Revenue Code of the United States, related statutes and regulations.

Section 29. Additional Covenants, Representations and Warranties of the Issuer. The Issuer certifies and covenants with the purchasers and holders of the Notes from time to time outstanding that the Issuer through its officers, (a) will make such further specific covenants, representations and assurances as may be necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Exemption Certificate, which Tax Exemption Certificate shall constitute a part of the contract between the Issuer and the owners of the Notes; (c) consult with bond counsel (as defined in the Tax Exemption Certificate); (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Notes; (e) file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Issuer in such compliance.

Section 30. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, and the provisions of the Continuing Disclosure Certificate are hereby approved and incorporated by reference as part of this Resolution and made a part hereof and the Mayor and City Clerk are hereby authorized to execute and deliver the same at issuance of the Notes. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; however, any holder of the Notes or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Certificate. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

Section 31. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions.



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Section 32. Repeal of Conflicting Ordinances or Resolutions and Effective Date.

All other ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; and this Resolution shall be in effect from and after its adoption.

Moved by:

Hensley

to adopt.

FORM APPROVED:

Deputy City Attorney

cornell/ 668882.1 /MSWord\10387.222

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GRIESS	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MEYER	✓			
MOORE	✓			
TOTAL	7			

MOTION CARRIED

APPROVED

Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

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City Clerk