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A RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$16,750,000 STORMWATER MANAGEMENT UTILITY REVENUE BONDS, SERIES 2006D, 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 BONDS

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 Bonds, subject to the following premises; and

WHEREAS, Issuer proposes to issue its Stormwater Management Utility Revenue Bonds, Series 2006D, to the extent of \$16,750,000 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 Revenues of the System (defined herein as the "Outstanding Bonds"); and

WHEREAS, in the resolutions authorizing the issuance of the Outstanding Bonds it is provided that additional Revenue Bonds may be issued on a parity with the Outstanding Bonds, for the costs of future improvements and extensions to the System, provided that there has been procured and placed on file with the Clerk, a statement complying with the conditions and limitations therein imposed upon the issuance of said Parity Bonds; and

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WHEREAS, a statement of RSM McGladrey, Inc., certified public accountants not in the regular employ of Issuer, will be placed on file in the office of the Clerk, showing the conditions and limitations of said Resolutions, dated April 7, 2003 and July 12, 2004, with regard to the sufficiency of the revenues of the System to permit the issuance of additional Revenue Bonds ranking on a parity with the Outstanding Bonds to have been met and satisfied as required; and

WHEREAS, the notice of intention of Issuer to take action for the issuance of not to exceed \$17,000,000 Stormwater Management Utility Revenue Bonds 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 Bonds" shall mean any stormwater management utility revenue bonds or notes issued on a parity with the Bonds 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 Bond is recorded as the beneficial owner of a Bond by a Participant on the records of such Participant or such person's subrogee.

◆ "Bonds" shall mean \$16,750,000 Stormwater Management Utility Revenue Bonds, Series 2006D, authorized to be issued by this Resolution.

◆ "Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

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◆ "Clerk" shall mean the City Clerk or such other officer of the successor Governing Body as shall be charged with substantially the same duties and responsibilities.

◆ "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the Issuer and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

◆ "Depository Bonds" shall mean the Bonds as issued in the form of one global certificate for each maturity, registered in the Registration Books maintained by the Registrar in the name of DTC or its nominee.

◆ "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 Bonds.

◆ "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.

◆ "Issuer" and "City" shall mean the City of Des Moines, Iowa.

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◆ "Net Revenues" shall mean gross earnings of the System after deduction of current expenses; "Current Expenses" shall mean and include the reasonable and necessary cost of operating, maintaining, repairing and insuring the System, including purchases at wholesale, if any, salaries, wages, and costs of materials and supplies but excluding depreciation and principal of and interest on the Bonds and any Parity Bonds or payments to the various funds established herein; capital costs, depreciation and interest or principal payments are not System expenses.

◆ "Original Purchaser" shall mean the purchaser of the Bonds 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. 03-754, adopted April 7, 2003, and (ii) the Stormwater Management Utility Revenue Bonds, Series 2004F, dated July 15, 2004, issued in accordance with Roll Call No. 04-1443, adopted July 12, 2004, which bonds 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 Bonds herein authorized to be issued, and shall include the Outstanding Bonds and any Additional Bonds 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 Bonds as securities depository.

◆ "Paying Agent" shall mean the City Treasurer, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Bonds as the same shall become due.

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◆ "Permitted Investments" shall mean:

■ direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

■ obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export - Import Bank
- Farm Credit System Financial Assistance Corporation
- USDA - Rural Development
- 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;

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- 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 date of purchase (ratings on holding companies are not considered as the rating of the bank);
- commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P or "P-1" by Moody's and which matures not more than 270 days after the date of purchase;
- investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;
- pre-refunded municipal obligations, defined as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date 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;

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- 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;
 - an investment contract 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; and
 - Iowa Public Agency Investment Trust.
- ◆ "Prior Bond Resolutions" shall mean Roll Call No. 03-754 approved on April 7, 2003 and Roll Call No. 04-1443 approved on July 12, 2004, authorizing the issuance of the Outstanding Bonds.
- ◆ "Project Fund" or "Construction Account" shall mean the fund required to be established by this Resolution for the deposit of the proceeds of the Bonds.
- ◆ "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 Bonds. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Bonds.
- ◆ "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 Bonds and Parity Bonds; (b) 10% of the stated principal amount of the Bonds and Parity Bonds or (c) 125% of the average annual principal and interest coming due on the Bonds and Parity Bonds. For purposes of this definition: (1)

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"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 subsequent issue.

◆ "Resolution" shall mean this resolution authorizing the issuance of the Bonds.

◆ "System" shall mean the Stormwater Management Utility of the Issuer and all properties of every nature hereinafter owned by the Issuer comprising part of or used as a part of the System, including all improvements and extensions made by Issuer while any of the Bonds or Parity Bonds remain outstanding; all real and personal property; and all appurtenances, contracts, leases, franchises and other intangibles.

◆ "Tax Exemption Certificate" shall mean the Tax Exemption Certificate executed by the Treasurer and delivered at the time of issuance and delivery of the Bonds.

◆ "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 Bonds issued hereunder.

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

Section 2. Authority. The Bonds 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 Bonds, Series 2006D, of the City of Des Moines, in the County of Polk, State of Iowa, in the aggregate amount of \$16,750,000, for the purpose of paying costs of constructing storm water

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drainage construction projects and improvements and related landscaping amenities, including the Crawford Creek - Watershed Improvements, Leetown Creekway Wooden Box Replacement, Easter Lake Watershed Improvements, Dean's Lake Pump Station Improvements, Flood Protection System Improvements, and 12th Street Storm Sewer Improvements.

Section 4. Source of Payment. The Bonds 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 Bonds shall not be general obligations of the Issuer nor shall they be payable in any manner by taxation and the Issuer shall be in no manner liable by reason of the failure of the said Net Revenues to be sufficient for the payment of the Bonds.

Section 5. Bond Details. Stormwater Management Utility Revenue Bonds, Series 2006D, of the City in the amount of \$16,750,000 shall be issued pursuant to the provisions of Section 384.84A of the City Code of Iowa for the aforesaid purpose. The Bonds shall be designated "STORMWATER MANAGEMENT UTILITY REVENUE BOND, SERIES 2006D", be dated the date of delivery, and bear interest from the date thereof, until payment thereof, at the office of the Paying Agent, said interest payable on June 1, 2007 and semiannually thereafter on the 1st day of June and December in each year until maturity at the rates hereinafter provided.

The Bonds 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 Bond. The Bonds shall be in the denomination of \$5,000 or multiples thereof. Said Bonds shall mature and bear interest as follows:

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<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity June 1st</u>
3.75%	\$ 770,000	2008
3.75	800,000	2009
3.75	835,000	2010
3.75	855,000	2011
3.75	895,000	2012
3.75	920,000	2013
3.75	940,000	2014
3.75	975,000	2015
4.00	1,015,000	2016
4.00	1,045,000	2017
4.00	1,080,000	2018
4.00	1,205,000	2019
4.00	1,260,000	2020
4.00	1,320,000	2021
4.00	1,385,000	2022
4.00	1,450,000	2023

Section 6. Redemption. Bonds maturing after June 1, 2015 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Thirty days' notice of redemption shall be given by certified mail to the registered owner of the Bond. Failure to give such notice by mail to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

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If selection by lot within a maturity is required, the Registrar shall designate the Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Bonds to be called has been reached.

Section 7. Issuance of Bonds in Book-Entry Form; Replacement Bonds.

(a) Notwithstanding the other provisions of this Resolution regarding registration, ownership, transfer, payment and exchange of the Bonds, unless the Issuer determines to permit the exchange of Depository Bonds for Bonds in the Authorized Denominations, the Bonds shall be issued as Depository Bonds in denominations of the entire principal amount of each maturity of Bonds (or, if a portion of said principal amount is prepaid, said principal amount less the prepaid amount); and such Depository Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semi-annual interest for any Depository Bond shall be made by wire transfer or New York Clearing House or equivalent next day funds to the account of Cede & Co. on the interest payment date for the Bonds at the address indicated in or pursuant to the Representation Letter.

(b) With respect to Depository Bonds, 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 Bonds, (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 Bonds, (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 Bonds, 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 Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of all other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes whatsoever (except for the giving of certain

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Bondholder 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 Bonds only to or upon the order of the Bondholders as shown on the Registration Books, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of, premium, if any, and interest on the Bonds to the extent so paid. Notwithstanding the provisions of this Resolution to the contrary (including without limitation those provisions relating to the surrender of Bonds, registration thereof, and issuance in Authorized Denominations), as long as the Bonds are Depository Bonds, full effect shall be given to the Representation Letter and the procedures and practices of DTC thereunder, and the Paying Agent shall comply therewith.

(c) Upon (i) a determination by the Issuer that DTC is no longer able to carry out its functions or is otherwise determined unsatisfactory, or (ii) a determination by DTC that the Bonds are no longer eligible for its depository services or (iii) a determination by the Paying Agent that DTC has resigned or discontinued its services for the Bonds, if such substitution is authorized by law, the Issuer shall (A) designate a satisfactory substitute depository as set forth below or, if a satisfactory substitute is not found, (B) provide for the exchange of Depository Bonds for replacement Bonds in Authorized Denominations.

(d) To the extent authorized by law, if the Issuer determines to provide for the exchange of Depository Bonds for Bonds in Authorized Denominations, the Issuer shall so notify the Paying Agent and shall provide the Registrar with a supply of executed unauthenticated Bonds to be so exchanged. The Registrar shall thereupon notify the owners of the Bonds and provide for such exchange, and to the extent that the Beneficial Owners are designated as the transferee by the owners, the Bonds 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 Bonds, (ii) registration and transfer of interests in Depository Bonds by book entries made on records of the depository or its nominee and (iii) payment of principal of, premium, if any,

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and interest on the Bonds in accordance with and as such interests may appear with respect to such book entries.

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

(a) Registration. The ownership of Bonds may be transferred only by the making of an entry upon the books kept for the registration and transfer of ownership of the Bonds, and in no other way. The City Treasurer is hereby appointed as Bond Registrar under the terms of this Resolution. Registrar shall maintain the books of the Issuer for the registration of ownership of the Bonds for the payment of principal of and interest on the Bonds as provided in this Resolution. All Bonds shall be negotiable as provided in Article 8 of the Uniform Commercial Code and Section 384.83(5) of the Code of Iowa, subject to the provisions for registration and transfer contained in the Bonds and in this Resolution.

(b) Transfer. The ownership of any Bond may be transferred only upon the Registration Books kept for the registration and transfer of Bonds and only upon surrender thereof at the office of the Registrar together with an assignment duly executed by the holder or his duly authorized attorney in fact in such form as shall be satisfactory to the Registrar, along with the address and social security number or federal employer identification number of such transferee (or, if registration is to be made in the name of multiple individuals, of all such transferees). In the event that the address of the registered owner of a Bond (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 Bond, a new fully registered Bond, 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 Bond, and bearing interest at the same rate and maturing on the same date or dates shall be delivered by the Registrar.

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

(d) Ownership. As to any Bond, 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 Bonds 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 Bond, including the interest thereon, to the extent of the sum or sums so paid.

(e) Cancellation. All Bonds which have been redeemed shall not be reissued but shall be cancelled by the Registrar. All Bonds which are cancelled by the Registrar shall be destroyed and a certificate of the destruction thereof shall be furnished promptly to the Issuer; provided that if the Issuer shall so direct, the Registrar shall forward the cancelled Bonds to the Issuer.

(f) Non-Presentation of Bonds. In the event any payment check representing payment of principal of or interest on the Bonds is returned to the Paying Agent or is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such principal of or interest on Bonds shall have been made available to the Paying Agent for the benefit of the owner thereof, all liability of the Issuer to the owner thereof for such interest or payment of such Bonds shall forthwith cease, terminate and be completely discharged, and 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 Bonds 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 Bonds. 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

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held to the Issuer, whereupon any claim under this Resolution by the Owners of such interest or Bonds of whatever nature shall be made upon the Issuer.

Section 9. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds. In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall at the request of Registrar authenticate and deliver a new Bond of like tenor and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond to Registrar, upon surrender of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Registrar evidence satisfactory to the Registrar and Issuer that such Bond 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 therewith.

Section 10. Record Date. Payments of principal and interest, otherwise than upon full redemption, made in respect of any Bond, shall be made to the registered holder thereof or to their designated agent as the same appear on the books of the Registrar on the 15th day preceding the payment date. All such payments shall fully discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made. Payment of principal shall only be made upon surrender of the Bond to the Paying Agent.

Section 11. Execution, Authentication and Delivery of the Bonds. Upon the adoption of this Resolution, the Mayor and Clerk shall execute and deliver the Bonds to the Registrar, who shall authenticate the Bonds and deliver the same to or upon order of the Original Purchaser. No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless the Registrar shall duly endorse and execute on such Bond a Certificate of Authentication substantially in the form of the Certificate herein set forth. Such Certificate upon any Bond executed on behalf of the Issuer shall be conclusive evidence that the Bond so authenticated has been duly issued under this Resolution and that the holder thereof is entitled to the benefits of this Resolution.

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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 Bondholder.

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

The diagram shows the front of a bond form with the following layout:

- Top row: Two boxes labeled (6).
- Second row: Two boxes labeled (7) and (8).
- Third row: A large central box labeled (1).
- Fourth row: Four boxes labeled (2), (3), (4), and (5).
- Fifth row: A large central box labeled (9).
- Sixth row: A box labeled (9a).
- Seventh row: A large box labeled (10) with the text "(Continued on the back of this Bond)" below it.
- Eighth row: Three boxes labeled (11)(12)(13), (14), and (15).

FIGURE 1
(Front)

★ Roll Call Number

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(10) (Continued)		(16)
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FIGURE 2
(Back)

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The text of the Bonds 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 BOND"
"SERIES 2006D"

Item 2, figure 1 = Rate: _____
Item 3, figure 1 = Maturity: _____
Item 4, figure 1 = Bond 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

Item 9A, figure 1 = (Registration panel to be completed by Registrar or Printer with name of Registered Owner).

Item 10, figure 1 = or registered assigns, the principal sum of (principal amount written out) THOUSAND DOLLARS in lawful money of the United States of America, on the maturity date shown above, only upon presentation and surrender hereof at the office of the City Treasurer, Paying Agent of this issue, or its successor, with interest on said sum from the date hereof until paid at the rate per annum specified above, payable on June 1, 2007, and semiannually thereafter on the 1st day of June and December in each year.

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Interest and principal shall be paid to the registered holder of the Bond as shown on the records of ownership maintained by the Registrar as of the 15th day preceding such interest payment date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Bond 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 constructing storm water drainage construction projects and improvements and related landscaping amenities, including the Crawford Creek - Watershed Improvements, Leetown Creekway Wooden Box Replacement, Easter Lake Watershed Improvements, Dean's Lake Pump Station Improvements, Flood Protection System Improvements, and 12th Street Storm Sewer Improvements, 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.

Bonds maturing after June 1, 2015 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Thirty days' notice of redemption shall be given by certified mail to the registered owner of the Bond. Failure to give such notice by mail to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

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If selection by lot within a maturity is required, the Registrar shall designate the Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Bonds to be called has been reached.

Ownership of this Bond 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 Bond at the office of the Registrar as designated below, together with an assignment duly executed by the owner hereof or his duly authorized attorney in the form as shall be satisfactory to the Registrar. Issuer reserves the right to substitute the Registrar and Paying Agent but shall, however, promptly give notice to registered bondholders of such change. All Bonds shall be negotiable as provided in Article 8 of the Uniform Commercial Code and Section 384.83(5) of the Code of Iowa, subject to the provisions for registration and transfer contained in the Bond Resolution.

This Bond and the series of which it forms a part, other bonds ranking on a parity therewith, and any additional bonds or notes which may be hereafter issued and outstanding from time to time on a parity with said Bonds, as provided in the Bond Resolution of which notice is hereby given and is hereby made a part hereof, are payable from and secured by a pledge of the Net Revenues of the Stormwater Management Utility (the "System"), as defined and provided in said Resolution. There has heretofore been established and the City covenants and agrees that it will maintain just and equitable rates or charges for the use of and service rendered by said System in each year for the payment of the proper and reasonable expenses of operation and maintenance of said System and for the establishment of a sufficient sinking fund to meet the principal of and interest on this series of Bonds, and other bonds ranking on a parity therewith, as the same become due. This Bond 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 Bond, have been existent, had, done and performed as required by law.

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IN TESTIMONY WHEREOF, said City by its City Council has caused this Bond 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 Bonds described in the within mentioned Resolution, as registered by the City Treasurer.

CITY TREASURER, Registrar

By: _____
Authorized Signature

Item 13, figure 1 = Registrar and Transfer Agent:
City Treasurer

Paying Agent: City Treasurer

SEE REVERSE FOR CERTAIN DEFINITIONS

Item 14, figure 1 = (Seal)

Item 15, figure 1 = [Signature Block]
CITY OF DES MOINES, IOWA

By: Mayor's manual signature
Mayor

ATTEST:

By: City Clerk's manual signature
City Clerk

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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 Bond and does hereby irrevocably constitute and appoint attorney in
fact to transfer the said Bond on the books kept for registration of the within Bond, with
full power of substitution in the premises.

Dated

(Person(s) executing this Assignment sign(s) here)

(SIGNATURE
GUARANTEED)

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.

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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 Bond is to be registered in the names of multiple individual owners, the names of all such owners and one address and social security number must be provided.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

IA UNIF TRANS MIN ACT -Custodian.....
(Cust) (Minor)
under Iowa Uniform Transfers
to Minors Act.....
(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED THOUGH NOT IN THE ABOVE LIST

Section 14. Equality of Lien. The timely payment of principal of and interest on the Bonds 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.

Date December 4, 2006

Section 15. Application of Bond Proceeds - Project Fund. Proceeds of the Bonds 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 Bonds.
- An amount sufficient to meet the Reserve Fund Requirement of the Bonds shall be deposited in the Reserve Fund.
- The balance of the proceeds shall be deposited to the Project Fund and expended therefrom for the purposes of issuance.

Any amounts on hand in the Project Fund shall be available for the payment of the principal of or interest on the Bonds at any time that other funds of the System shall be insufficient to the purpose, in which event such funds shall be repaid to the Project Fund at the earliest opportunity. Any balance on hand in the Project Fund and not immediately required for its purposes may be invested not inconsistent with limitations provided by law, the Internal Revenue Code and this Resolution. Any excess proceeds remaining on hand after completion of the purpose of issuance shall be used to call or otherwise retire Bonds.

Section 16. 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.

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Section 17. Application of Revenues. From and after the delivery of any Bonds, and as long as any of the Bonds or Parity Bonds shall be outstanding and unpaid either as to principal or as to interest, or until all of the Bonds 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. The fund shall be known as the Stormwater Management Utility Revenue Operation and Maintenance Fund (the "Operation and Maintenance Fund"). There shall be deposited in the Operation and Maintenance Fund each month an amount sufficient to meet the current expenses of the month plus an amount equal to 1/12th of expenses payable on an annual basis such as insurance. After the first day of the month, further deposits may be made to this account from the Revenue Fund to the extent necessary to pay current expenses accrued and payable to the extent that funds are not available in the Surplus Fund.

(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 Bonds and Parity Bonds. The fund shall be known as the Stormwater Management Utility Revenue Bond 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 Bonds and Parity Bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on such Bonds 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 Bonds and Parity Bonds as the same shall become due and payable.

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(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 Resolution to be deposited in such month in the Sinking Fund; provided, however, that when the amount on deposit in the Reserve Fund shall be not less than the Reserve Fund Requirement, no further deposits shall be made into the Reserve Fund except to maintain such level, and when the amount on deposit in the Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Revenue Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and Parity Bonds for the payment of which insufficient money shall be available in the Sinking Fund. Whenever it shall become necessary to so use money in the Reserve Fund, the payments required above shall be continued or resumed until it shall have been restored to the required minimum amount.

(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 Bonds and Parity Bonds, and which have been issued for the purposes of extensions and improvements to the System or to retire the Bonds 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 Bonds or Parity Bonds or any of them, or for any lawful purpose.

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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 been met in full.

Section 18. Outstanding Bonds. Nothing in this Resolution shall be construed to impair the rights vested in the Outstanding Bonds. The amounts herein required to be paid into the various funds named in this Resolution shall be inclusive of payments required in respect to the Outstanding Bonds. The provisions of the Prior Bond Resolutions referred to in Section 1 of this Resolution and the provisions of this Resolution are to be construed wherever possible so that the same will not be in conflict. In the event such construction is not possible, the provisions of the resolution first adopted shall prevail until such time as the bonds authorized by said resolution have been paid in full or otherwise satisfied as therein provided at which time the provisions of this Resolution shall again prevail.

Section 19. 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.

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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.

Section 20. Covenants Regarding the Operation of the System. The Issuer hereby covenants and agrees with each and every holder of the Bonds and Parity Bonds:

(a) Maintenance and Efficiency. The Issuer will maintain the System in good condition and operate it in an efficient manner and at reasonable cost.

(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% 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 charges 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 an improvement fund for that purpose.

(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

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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 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, except to the extent such actions are taken for the purpose of preserving the tax-exempt status of interest on the Bonds or any Parity Bonds.

(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) Additional Charges. The Issuer will require proper connecting charges and/or other security for the payment of service charges.

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(i) 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:

(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:

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(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, 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, 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.

(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.

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(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. Disposition of Bond 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 Bonds issued hereunder which will cause any of the Bonds to be classified as arbitrage bonds 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 Bonds 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 Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds. 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 Bonds 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 Bonds 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 Bonds 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 Bonds to be classified as arbitrage bonds under Section 148(a) and (b) of the Internal Revenue Code or regulations issued thereunder.

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The Issuer covenants that it will proceed with due diligence to spend the proceeds of the Bonds 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 Bonds not to be exempt from federal income taxes in the hands of 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 24. Additional Covenants, Representations and Warranties of the Issuer. The Issuer certifies and covenants with the purchasers and holders of the Bonds 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 Bonds; (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 Bonds; (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 25. 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

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(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.

Section 26. 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 27. 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;

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(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.

Section 28. 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.

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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 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.

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Section 29. 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 Bonds. 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 Bonds 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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 30. 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.

Section 31. 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.

★ **Roll Call Number**

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.....
Date December 4, 2006

Moved by: _____ to adopt.

Form approved: _____
 Deputy City Attorney

DCORNELL\514333.1\WP\10387205

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
KIERNAN				
HENSLEY				
MAHAFFEY				
VLASSIS				
TOTAL				

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

AHLERS & COONEY, P.C.

ATTORNEYS AT LAW
100 COURT AVENUE • SUITE 600
DES MOINES, IOWA 50309-2231
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FAX: 515-243-2149
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Direct Dial:
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November 29, 2006

Mr. Allen McKinley
Finance Director/Treasurer
City of Des Moines
400 Robert D. Ray Drive
Des Moines, Iowa 50309

RE: \$16,750,000 Stormwater Management Utility Revenue Bonds
Series 2006D

Dear Mr. McKinley:

With this letter I am enclosing a suggested Roll Call for action by the City Council at its meeting on December 4, 2006, authorizing the issuance of the above Bonds in accordance with the terms of sale approved by the City Council. The various blank spaces included in the form of Bond approved in the Roll Call need not be completed, since various amounts and dates will be inserted in the individual Bonds. *The Roll Call must be approved by an affirmative vote equal to a majority of the full Council membership.*

The forms of Tax Exemption Certificate and Continuing Disclosure Certificate is approved in the Roll Call. Preliminary copies of these Certificates are enclosed for your review. Final execution copies of these items will be provided to you under separate cover, along with the other closing certificates and the original Bonds.

The Tax Exemption Certificate is an important document. (There are several blank spaces that will be filled in once the purchaser has certified to the issue price and reoffering yield). The completed version will contain important information concerning the calculated yield on the Bonds and will contain a number of covenants and obligations on the part of the City. The final form of this Certificate should be retained as a part of your permanent records. I will not attempt to summarize all of the matters which are included in this Certificate but I do want to point out some important ones.

Tax exemption is based in part upon the fact that the use of the facilities to be acquired by the City with the proceeds will be for the benefit of the public and will not be used in the private trade or business of any business or non-tax-exempt entity. The properties acquired with the proceeds of the Bonds must not be sold or diverted to any private or nonpublic use unless the significance of that action is reviewed by bond counsel.

In addition, the Tax Exemption Certificate will set forth the best knowledge and belief which you have as of today concerning the timely expenditure of the proceeds of the Bonds as you reasonably expect expenditures to occur. If for any reason you find you will be prevented from expending the proceeds fully within three years, that matter should be referred to us.

The Bonds are being issued under the expectation that the City will be exempt from the requirement to rebate arbitrage earnings to the United States Government. The applicable rebate exemptions are described in Section 3.3 of this Certificate.

There are a number of other general promises and commitments by the City to take or refrain from action, which are necessary to maintain the tax exemption of these bonds. You should recognize that these promises and commitments are required of the City on an ongoing basis and that the possibility of some additional future action does exist.

The Continuing Disclosure Certificate is required under the 1995 amendments to SEC Rule 15c2-12, generally prohibiting the underwriting and recommendation to the public of municipal securities for which adequate secondary market information is not available. The applicable covenants and duties of the City to provide continuing disclosure to the marketplace while the Bonds are outstanding are outlined in the Continuing Disclosure Certificate.

The Continuing Disclosure Certificate obligates the City to provide annual financial information and operating data to certain information repositories so long as the Bonds is outstanding, and also to provide notice to those repositories if certain material events occur which could impact the ability to pay principal and interest on the Bonds. The information to be provided annually is described in Section 4 of the Certificate. The eleven (11) material events which must be reported are detailed in Section 5 of the Certificate, but the occurrence of other events which would be of concern to the rating agencies or bondholders also should be considered for disclosure under the anti-fraud provisions of the federal securities laws.

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These disclosure requirements are ongoing and it will be important to designate an appropriate contact person who will have a primary responsibility for preparing and coordinating the filing of the annual financial information, operating data and any event notices.

The penalties for violation of the rule fall ultimately on the issuer of the bonds, because underwriters may be precluded from agreeing to underwrite or bid on bonds of issuers who have not complied with their disclosure obligations. Failure to comply therefore may result in fewer bids and ultimately no bids or the inability to secure an underwriter for an issue.

Closing Matters

As you know, the closing has been scheduled for December 19, 2006. I will separately forward all of the closing certificates and the original Bonds for execution by you, the Mayor and City Clerk. As you know, the Bonds are being issued as "book-entry-only" securities, with one original Bond being prepared for each annual maturity, and registered in the nominee (CEDE & CO) of The Depository Trust Company.

As always, we would appreciate receiving a certified copy of the enclosed Roll Call for our transcript of the action taken.

If you have any questions concerning the enclosed Roll Call, or any other aspect of this financing, please don't hesitate to contact us.

Yours very truly,



William J. Noth

WJN:dc
encl.

cc: Diane Rauh (w/originals)
Larry McDowell (w/encl.)
Jon Burmeister (w/encl.)