

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 3, 2020

New Issue

Ratings: Application made to S&P Global Ratings

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds will NOT be designated as "qualified tax-exempt obligations". See "TAX MATTERS" section herein for a more detailed discussion.

CITY OF DES MOINES, IOWA

\$22,485,000* Stormwater Management Utility Revenue Bonds, Series 2020F

BIDS RECEIVED: Wednesday, August 19, 2020, 10:00 A.M., Central Time

AWARD: Wednesday, August 19, 2020, 4:30 P.M., Central Time

Dated: Date of Delivery (September 28, 2020)

Principal Due: June 1 as shown inside front cover

The \$22,485,000* Stormwater Management Utility Revenue Bonds, Series 2020F (the "Bonds") are being issued pursuant to Division V of Chapter 384 of the Code of Iowa, and a resolution (the "Resolution") to be adopted by the City Council of the City of Des Moines, Iowa (the "City"). The Bonds are being issued to provide funds to pay costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Stormwater Management Utility (the "System"), including Closes Creek watershed improvements, flood mitigation and protection system improvements, levee maintenance and improvements, and city-wide stormwater projects. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, but are payable solely and only from Net Revenues (as defined in the Resolution) of the System.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-form only, in the principal amount of \$5,000 and integral multiples thereof. The Purchaser will not receive certificates representing their interest in the Bonds purchased. The City's Interim Finance Director, as designated Paying Agent/Registrar (the "Registrar"), will pay principal on the Bonds payable annually on each June 1, beginning June 1, 2021, and interest on the Bonds, payable initially on June 1, 2021 and thereafter on each December 1 and June 1 to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. Interest and principal shall be paid to the registered holder of a Bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date").

THE BONDS WILL MATURE AS LISTED ON THE INSIDE FRONT COVER

MINIMUM BID:	\$22,147,725
GOOD FAITH DEPOSIT:	Required of Purchaser Only
TAX MATTERS:	Federal: Tax-Exempt State: Taxable See "TAX MATTERS" for more information

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to the legal opinion of Ahlers & Cooney, P.C., Bond Counsel, Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected the Bonds will be available for delivery through the facilities of DTC on or about September 28, 2020. The Preliminary Official Statement in the form presented is deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, subject to revisions, corrections or modifications as determined to be appropriate, and is authorized to be distributed in connection with the offering of the Bonds for sale.

*Preliminary; subject to change.

CITY OF DES MOINES, IOWA

\$22,485,000* Stormwater Management Utility Revenue Bonds, Series 2020F

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

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$1,105,000	2031	\$1,095,000
2022	970,000	2032	1,115,000
2023	980,000	2033	1,140,000
2024	990,000	2034	1,170,000
2025	1,000,000	2035	1,200,000
2026	1,015,000	2036	1,230,000
2027	1,025,000	2037	1,265,000
2028	1,040,000	2038	1,300,000
2029	1,060,000	2039	1,335,000
2030	1,075,000	2040	1,375,000

*** PRINCIPAL**

ADJUSTMENT: Preliminary; subject to change. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of \$5,000 but the total amount to be issued will not exceed \$23,700,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

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

INTEREST: June 1, 2021 and semiannually thereafter.

OPTIONAL

REDEMPTION: Bonds due after June 1, 2028 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to the date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed or redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

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

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

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

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

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

REPRESENTATIONS

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

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

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

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

CITY OF DES MOINES, IOWA

Mayor/City Council

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

Administration

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

City Attorney

Jeffrey D. Lester

Bond Counsel

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

Municipal Advisor

PFM Financial Advisors LLC
Des Moines, Iowa

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OFFICIAL BID FORM

TERMS OF OFFERING

CITY OF DES MOINES, IOWA

\$22,485,000* Stormwater Management Utility Revenue Bonds, Series 2020F

Bids for the purchase of the City of Des Moines, Iowa’s (the “City”) \$22,485,000* Stormwater Management Utility Revenue Bonds, Series 2020F (the “Bonds”) will be received on Wednesday, August 19, 2020 before 10:00 A.M., Central Time, after which time they will be tabulated. The City’s Council will consider award of the Bonds at 4:30 P.M., Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City’s Municipal Advisor, PFM Financial Advisors LLC at 515-243-2600. Information can also be obtained from the office of the Interim Finance Director/Treasurer, 400 Robert D. Ray Dr., Des Moines, Iowa 50309 or by telephoning 515-283-4540.

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

DETAILS OF THE BONDS

STORMWATER MANAGEMENT UTILITY REVENUE BONDS, SERIES 2020F in the principal amount of \$22,485,000* to be dated the date of delivery (anticipated to be September 28, 2020) in the denomination of \$5,000 or multiples thereof, and to mature June 1, as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$1,105,000	2031	\$1,095,000
2022	970,000	2032	1,115,000
2023	980,000	2033	1,140,000
2024	990,000	2034	1,170,000
2025	1,000,000	2035	1,200,000
2026	1,015,000	2036	1,230,000
2027	1,025,000	2037	1,265,000
2028	1,040,000	2038	1,300,000
2029	1,060,000	2039	1,335,000
2030	1,075,000	2040	1,375,000

* Preliminary; subject to change.

ADJUSTMENT TO THE BOND MATURITY AMOUNTS

The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of \$5,000 but the total amount to be issued will not exceed \$23,700,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

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

INTEREST ON THE BONDS

Interest on the Bonds will be payable on June 1, 2021 and semiannually on the 1st day of December and June thereafter. Interest and principal shall be paid to the registered holder of a Bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date (the “Record Date”). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

OPTIONAL REDEMPTION OF THE BONDS

Bonds due after June 1, 2028 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds.

TERM-BOND OPTION

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

LIEN

The Bonds will be issued on parity with the \$12,715,000 Stormwater Management Utility Revenue Bonds, Series 2016C, dated September 27, 2016, of which \$7,600,000 is still outstanding; the \$8,830,000 Stormwater Management Utility Revenue Refunding Bonds, Series 2016D, dated September 27, 2016, of which \$7,130,000 is still outstanding; and the \$43,620,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2018C, dated August 1, 2018, of which \$41,130,000 is still outstanding (collectively the "Outstanding Senior Stormwater Obligations"). The Bonds and the Outstanding Senior Stormwater Obligations are payable from a first lien of the Net Revenues of the City's Stormwater Management Utility (the "System"). The Bonds and Outstanding Senior Stormwater Obligations are payable from a senior lien of the Net Revenues of the City's System.

The System has issued subordinated obligations including the \$6,668,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2018F (Subordinated), dated October 12, 2018 (as amended by resolution dated May 4, 2020), of which \$6,402,000 is still outstanding; the \$9,250,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2018G (Subordinated), dated October 12, 2018, of which \$9,250,000 is still outstanding; and the \$10,000,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2020C (Subordinated), dated May 22, 2020, of which \$10,000,000 is still outstanding (collectively, the "Subordinated Notes") through the Iowa Finance Authority's State Revolving Fund loan program. The Subordinated Notes are subordinated to the Bonds and Outstanding Senior Stormwater Obligations. The Subordinated Notes are payable from a subordinated lien of the Net Revenues of the City's System.

ADDITIONAL BONDS TEST

The City reserves the right and privilege to issue Additional Obligations (as defined in the Resolution) from time to time payable from the Net Revenues of the System and ranking on a parity with the Bonds and the Outstanding Senior Stormwater Obligations as defined herein for the purpose of refunding any outstanding Bonds, Outstanding Senior Stormwater Obligations or general obligation bonds outstanding, or to make extensions, additions, improvements or replacements to the System payable from the Net Revenues of the System. Before any such Additional Obligations ranking on a parity are issued, there will have been procured and filed with the City Clerk, a statement of an independent auditor, independent financial consultant or a consulting engineer, not a regular employee of the City, reciting the opinion based upon necessary investigations that the Net Revenues of the System for the preceding fiscal year (with adjustments as provided for in the Resolution for the Bonds) 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 Outstanding Senior Stormwater Obligations for both principal of and interest on Bonds or parity obligations then outstanding which are payable from the Net Revenues of the System and the Additional Obligations then proposed to be issued.

The City reserves the right to issue subordinated obligations from time to time payable from the Net Revenues of the System and ranking on a subordinated basis with the Bonds and Outstanding Senior Stormwater Obligations.

GOOD FAITH DEPOSIT

A good faith deposit in the amount of \$224,850 for the Bonds (the “Deposit”) is required from the lowest bidder only. The lowest bidder is required to submit such Deposit payable to the order of the City in the form of either (i) a cashier’s check provided to the City or its Municipal Advisor, or (ii) a wire transfer as instructed by the City’s Municipal Advisor no later than 12:00 P.M., Central Time, on the day of sale of the Bonds. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a deposit and thereafter may award the sale of the respective series of Bonds to the same. No interest on the Deposit will accrue to the successful bidder (the “Purchaser”). The Deposit will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, any Deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for a price not less than \$22,147,725 for the Bonds and shall specify the rate or rates of interest in conformity to the limitations set forth under the “BIDDING PARAMETERS” section herein. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORM provided by the City. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (the “TIC”) basis assuming compliance with the “ESTABLISHMENT OF ISSUE PRICE” and “GOOD FAITH DEPOSIT” section herein. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of each respective series of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Municipal Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Municipal Advisor’s computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

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

BIDDING PARAMETERS

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

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

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the TERMS OF OFFERING and OFFICIAL BID FORM provided by the City or through PARITY[®] competitive bidding system (the “Internet Bid System”). Neither the City nor its agents shall be responsible for malfunction or mistake made by any person, or as a result of the use of the Internet Bid System or the means used to deliver or complete a bid. The use of such means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

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

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

Electronic Internet Bidding: Electronic internet bids will be received at the office of the City’s Municipal Advisor, PFM Financial Advisors LLC, Iowa 801 Grand Avenue, Suite 3300, Des Moines, Iowa, 50309. Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling 212-849-5021.

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

BOOK-ENTRY-ONLY SYSTEM

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

MUNICIPAL BOND INSURANCE AT PURCHASER’S OPTION

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

DELIVERY

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

ESTABLISHMENT OF ISSUE PRICE

The Purchaser shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as EXHIBIT 1 - FORMS OF ISSUE PRICE CERTIFICATES to the TERMS OF OFFERING, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the City and Bond Counsel. All actions to be taken by the City under the TERMS OF OFFERING to establish the issue price of the Bonds may be taken on behalf of the City by the Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the Municipal Advisor.

The City intends the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because (i) the City shall disseminate this TERMS OF OFFERING to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (ii) all bidders shall have an equal opportunity to bid; (iii) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (iv) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in the TERMS OF OFFERING.

Any bid submitted pursuant to the TERMS OF OFFERING shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event the competitive sale requirements are not satisfied, the City shall so advise the Purchaser. The City may, as set forth below, determine to treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The Purchaser shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the Purchaser, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds, if any, shall be subject to the 10% test and which shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. **Prospective bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.**

By submitting a bid, the Purchaser shall (i) confirm the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”) or at the corresponding yield or yields set forth in the bid submitted by the Purchaser, and (ii) agree on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (i) the close of the fifth (5th) business day after the sale date; or (ii) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Purchaser shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the representation set forth above, the Purchaser of the Bonds will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event, an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have

been sold to the public, and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this TERMS OF OFFERING. Further, for purposes of this TERMS OF OFFERING, (i) “public” means any person other than an underwriter or a related party, (ii) “underwriter” means (a) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause “(a)” to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the Purchaser are subject, directly or indirectly, to (a) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and (iv) “sale date” means the date the Bonds are awarded by the City to the Purchaser.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and the identity of the underwriters, together with any other information required by law or deemed appropriate by the City, shall constitute a final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”). By awarding the Bonds to any underwriter or underwriting syndicate submitting an OFFICIAL BID FORM therefore, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which each series of the Bonds are awarded, up to 20 copies of the final Official Statement to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the final Official Statement to the Participating Underwriter. Any underwriter executing and delivering an OFFICIAL BID FORM with respect to the Bonds agrees thereby that if its bid is accepted by the City, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the final Official Statement.

ELECTRONIC EXECUTED DOCUMENTS

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

CONTINUING DISCLOSURE

The City will covenant in a Continuing Disclosure Certificate for the benefit of the owners and beneficial owners of the Bonds to provide annually certain financial information and operating data relating to the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City not later than two hundred seventy (270) days after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2020, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See FORM OF CONTINUING DISCLOSURE CERTIFICATE included in APPENDIX D to this Preliminary Official Statement. The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in the FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Purchaser in complying with section (b)(5) of the Rule.

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

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

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

CUSIP NUMBERS

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

BY ORDER OF THE CITY COUNCIL

City of Des Moines

/s/ Nickolas Schaul, Interim Finance Director/Treasurer

SCHEDULE OF BOND YEARS

\$22,485,000*

CITY OF DES MOINES, IOWA

Stormwater Management Utility Revenue Bonds, Series 2020F

Bonds Dated: September 28, 2020

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

Principal Due: June 1, 2021 - 2040

<u>Year</u>	<u>Principal *</u>	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
2021	\$1,105,000	745.88	745.88
2022	970,000	1,624.75	2,370.63
2023	980,000	2,621.50	4,992.13
2024	990,000	3,638.25	8,630.38
2025	1,000,000	4,675.00	13,305.38
2026	1,015,000	5,760.13	19,065.50
2027	1,025,000	6,841.88	25,907.38
2028	1,040,000	7,982.00	33,889.38
2029	1,060,000	9,195.50	43,084.88
2030	1,075,000	10,400.63	53,485.50
2031	1,095,000	11,689.13	65,174.63
2032	1,115,000	13,017.63	78,192.25
2033	1,140,000	14,449.50	92,641.75
2034	1,170,000	15,999.75	108,641.50
2035	1,200,000	17,610.00	126,251.50
2036	1,230,000	19,280.25	145,531.75
2037	1,265,000	21,093.88	166,625.63
2038	1,300,000	22,977.50	189,603.13
2039	1,335,000	24,931.13	214,534.25
2040	1,375,000	27,053.13	241,587.38

Average Maturity (dated date):

10.744 Years

* Preliminary; subject to change.

EXHIBIT 1

FORMS OF ISSUE PRICE CERTIFICATES

COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

ISSUE PRICE CERTIFICATE

**\$_____ Stormwater Management Utility Revenue Bonds, Series 2020F
City of Des Moines, Iowa**

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Price.

a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.

b) Purchaser was not given the opportunity to review other bids prior to submitting its bid.

c) The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.

2. Defined Terms.

a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 19, 2020.

d) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and its advisors with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: September 28, 2020

SCHEDULE A

EXPECTED OFFERING PRICES

\$_____ Stormwater Management Utility Revenue Bonds, Series 2020F

City of Des Moines, Iowa

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

**\$_____ Stormwater Management Utility Revenue Bonds, Series 2020F
City of Des Moines, Iowa**

(Attached)

**COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS
HOLD OFFERING PRICE**

ISSUE PRICE CERTIFICATE

**\$_____ Stormwater Management Utility Revenue Bonds, Series 2020F
City of Des Moines, Iowa**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (“Purchaser”)[the “Representative”],[on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

a) [Purchaser][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

b) As set forth in the Terms of Offering and bid award, [Purchaser][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [Purchaser][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

d) *Issuer* means the City of Des Moines, Iowa.

e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 19, 2020.

h) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [the Purchaser][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and its advisors with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated: September 28, 2020

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

**\$_____ Stormwater Management Utility Revenue Bonds, Series 2020F
City of Des Moines, Iowa**

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

**\$_____ Stormwater Management Utility Revenue Bonds, Series 2020F
City of Des Moines, Iowa**

(Attached)

PRELIMINARY OFFICIAL STATEMENT

CITY OF DES MOINES, IOWA

\$22,485,000* Stormwater Management Utility Revenue Bonds, Series 2020F

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Des Moines, Iowa (the “City”) and its issuance of \$22,485,000* Stormwater Management Utility Revenue Bonds, Series 2020F (the “Bonds”). This Preliminary Official Statement has been executed on behalf of the City by its Interim Finance Director/Treasurer and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be made to the City’s Municipal Advisor, PFM Financial Advisors LLC (the “Municipal Advisor”), 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309, telephone 515-243-2600. Information may also be obtained from Nickolas Schaul, Interim Finance Director/Treasurer, City of Des Moines, 400 Robert D. Ray Dr., Des Moines, Iowa, 50309, telephone 515-283-4540.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Division V of Chapter 384 of the Code of Iowa, and a resolution (the “Resolution”) to be adopted by the City Council of the City. The Bonds are being issued to provide funds to pay costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Stormwater Management Utility (the “System”), including Closes Creek watershed improvements, flood mitigation and protection system improvements, levee maintenance and improvements, and city-wide stormwater projects.

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

<u>Sources of Funds*</u>	
Par Amount of Bonds	\$22,485,000.00
Existing Reserve Fund	<u>5,360,248.16</u>
Total Sources	\$27,845,248.16
<u>Uses of Funds*</u>	
Deposit to Project Fund	\$20,925,000.00
Deposit to Reserve Fund	6,469,612.00
Underwriter’s Discount	337,275.00
Cost of Issuance and Contingency	<u>113,361.16</u>
Total Uses	\$27,845,248.16

* Preliminary; subject to change.

INTEREST ON THE BONDS

Interest on the Bonds will be payable on June 1, 2021 and semiannually on the 1st day of December and June thereafter. Interest and principal shall be paid to the registered holder of a Bond as shown on the records of ownership maintained by the Registrar as of the close of business on the 15th day of the month next preceding the interest payment date (the “Record Date”). Interest will be computed on the basis of a 360-day year of twelve 30- day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

OPTIONAL REDEMPTION OF THE BONDS

Bonds due after June 1, 2028 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

PAYMENT OF AND SECURITY FOR THE BONDS

This section contains a summary of security provisions for the Bonds. A detailed statement of security provisions is contained in the Resolution authorizing the issuance of the Bonds, which is available upon request of the City's Municipal Advisor. Capitalized terms under this heading shall have the meanings prescribed in the Resolution authorizing the Bonds.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, but are payable solely and only from the Net Revenues of the System. The Bonds will be issued on parity with the \$12,715,000 Stormwater Management Utility Revenue Bonds, Series 2016C, dated September 27, 2016, of which \$7,600,000 is still outstanding; the \$8,830,000 Stormwater Management Utility Revenue Refunding Bonds, Series 2016D, dated September 27, 2016, of which \$7,130,000 is still outstanding; and the \$43,620,000 Stormwater Management Utility Revenue Capital Loan Bonds, Series 2018C, dated August 1, 2018, of which \$41,130,000 is still outstanding (collectively the "Outstanding Senior Stormwater Obligations"). The City pledges a first lien on the Net Revenues of the System for payment of principal and interest on the Bonds and Outstanding Senior Stormwater Obligations after payment of operation and maintenance expenses.

The System has issued subordinated obligations including the \$6,668,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2018F (Subordinated), dated October 12, 2018 (as amended by resolution dated May 4, 2020), of which \$6,402,000 is still outstanding; the \$9,250,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2018G (Subordinated), dated October 12, 2018, of which \$9,250,000 is still outstanding; and the \$10,000,000 Stormwater Management Utility Revenue Capital Loan Notes, Series 2020C (Subordinated), dated May 22, 2020, of which \$10,000,000 is still outstanding (collectively, the "Subordinated Notes") through the Iowa Finance Authority's State Revolving Fund loan program. The Subordinated Notes are subordinated to the Bonds and Outstanding Senior Stormwater Obligations. The Subordinated Notes are payable from a subordinated lien of the Net Revenues of the System.

Under the City's Municipal Code, stormwater management charges are imposed upon and collected from the owners or occupants of all lots, parcels of real estate and buildings that discharge stormwater or surface or subsurface waters to the City's stormwater drainage system. Properties subject to the charges include single-family residential property, multiresidential property, unclassified residential property and non-residential property (which consists of commercial, industrial, governmental or institutional use property, including churches and hospitals, but excluding undeveloped property and property used exclusively for agricultural purposes). The charge for each such class of property is an established percentage or multiple of an "equivalent residential unit" rate set forth in the Municipal Code.

Unpaid Stormwater Charges: As provided by Section 384.84(4), City Code of Iowa, unpaid stormwater charges constitute a lien upon the premises served by the System upon certification by the City to the county treasurer that the rates or charges are past due. The lien has equal precedence with ordinary taxes, may be certified to the County Treasurer and collected in the same manner as taxes, and is not divested by a judicial sale. On March 27, 2020, the Iowa Utilities Board issued an emergency order restricting the disconnection of utility services due to non-payment until Iowa's COVID-19 public health emergency proclamation is lifted. At this time, it is not possible to predict the full impact of the emergency order on the System and its finances or the length of the COVID-19 public health emergency proclamation.

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

Reserve Fund: The City covenants to establish and maintain a reserve fund (the "Reserve Fund") in an amount equal to the lesser of 1) the maximum annual amount of the principal and interest coming due on the Bonds and Outstanding Stormwater Obligations, 2) 10% of the stated principal amount of the Bonds and Outstanding Senior Stormwater Obligations, or 3) 125% of the average annual principal and interest coming due on the Bonds and Outstanding Senior Stormwater Obligations. Upon issuance of the Bonds, the Reserve Fund requirement (the "Requirement") will be approximately \$6,469,612 which represents 125% of the average amount of principal and interest coming due on the Bonds and Outstanding Stormwater Obligations. The Subordinated Notes issued through the Iowa Finance Authority are not secured by the amounts in the Reserve Fund.

Additional Bonds Test: The City reserves the right and privilege to issue Additional Obligations on a parity and equality of rank with the Bonds, Outstanding Senior Stormwater Obligations and any future parity obligations with respect to the lien and claim of such Additional Obligations to the Net Revenues of the System and the money on deposit in the funds adopted by the Resolution for the Bonds, for the purpose of refunding any of the Bonds, Outstanding Senior Stormwater Obligations, parity obligations or general obligation Bonds outstanding, or making extensions, additions, improvements or replacements to the System. Before any such Additional Obligations ranking on a parity are issued, there will have been procured and filed with the City, a statement of an independent auditor, independent financial consultant or a consulting engineer, not a regular employee of the City, reciting the opinion, based upon necessary investigations, that the Net Revenues of the System for the preceding fiscal year (with adjustments as provided in the Resolution for the Bonds) 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, Outstanding Senior Stormwater Obligations or parity obligations for both the principal and interest on all Bonds, Outstanding Senior Stormwater Obligations, or parity obligations then outstanding which are payable from the Net Revenues of the System and the Additional Obligations 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, independent financial consultant or consulting engineer, not a regular employee of the City, 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 Obligations been in effect during all of such preceding fiscal year.

The City reserves the right to issue subordinated obligations from time to time payable from the Net Revenues of the System and ranking on a subordinated basis with the Bonds and Outstanding Senior Stormwater Obligations.

BOOK-ENTRY-ONLY ISSUANCE

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

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

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

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

FUTURE FINANCING

The City will be issuing approximately \$95,910,000 General Obligation Bonds, Series 2020D and approximately \$5,090,000 Taxable General Obligation Bonds, Series 2020E concurrently with the issuance of the Bonds. No additional Stormwater Management Utility Revenue Bonds are anticipated within the next 90 days of issuing the Bonds.

LITIGATION

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

DEBT PAYMENT HISTORY

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

LEGALITY

The Bonds are subject to approval as to certain matters by Ahlers & Cooney, P.C. of Des Moines, Iowa as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement other than to review or prepare information describing the terms of the Bonds and Iowa and Federal law pertinent to the validity of and the tax status of interest on the Bonds, which can be found generally under the sections "AUTHORITY AND PURPOSE", "OPTIONAL REDEMPTION OF THE BONDS", "PAYMENT AND SECURITY FOR THE BONDS" and "TAX MATTERS", herein. Additionally, Bond Counsel has provided its legal opinion and Continuing Disclosure Certificate, included in APPENDIX B and APPENDIX D, respectively, to this Preliminary Official Statement. Bond Counsel is not expressing any opinion as to the completeness or accuracy of the information contained in the Preliminary Official Statement. The FORM OF LEGAL OPINION as set out in APPENDIX B to this Preliminary Official Statement, will be delivered at closing.

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

There is no bond trustee or similar person to monitor or enforce the provisions of the Resolution for the Bonds. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution for the Bonds) may have to be enforced from year to year. The owners of the Bonds cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Bonds.

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

TAX MATTERS

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

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

The prospective purchaser of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

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

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