

## **Resolution No. 16-0318**

### **A RESOLUTION DIRECTING THE ADVERTISEMENT FOR SALE OF \$1,470,000 (DOLLAR AMOUNT SUBJECT TO CHANGE) GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016A, AND APPROVING ELECTRONIC BIDDING PROCEDURES AND OFFICIAL STATEMENT**

**WHEREAS**, the Issuer is in need of funds to pay costs of the settlement, adjustment, renewing, or extension of any part or all of the legal indebtedness of a city, whether evidenced by bonds, warrants, or judgments, or the funding or refunding of the same, whether or not such indebtedness was created for a purpose for which general obligation bonds might have been issued in the original instance, essential corporate purposes, and it is deemed necessary and advisable that General Obligation Refunding Bonds, to the amount of not to exceed \$4,700,000 be authorized for said purposes; and

**WHEREAS**, pursuant to notice published as required by Section 384.25 of the Code of Iowa, this Council has held a public meeting and hearing upon the proposal to institute proceedings for the issuance of the Bonds, and the Council is therefore now authorized to proceed with the issuance of said Bonds for such purposes; and

**WHEREAS**, in conjunction with its Municipal Advisor, Independent Public Advisors, LLC, the City has caused a Preliminary Official Statement to be prepared outlining the details of the proposed sale of the Bonds; and

**WHEREAS**, the Council has received information from its Municipal Advisor evaluating and recommending the procedure hereinafter described for electronic, facsimile and internet bidding to maintain the integrity and security of the competitive bidding process and to facilitate the delivery of bids by interested parties; and

**WHEREAS**, the Council deems it in the best interests of the City and the residents thereof to receive bids to purchase such Bonds by means of both sealed and electronic internet communication.

#### **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WINDSOR HEIGHTS, STATE OF IOWA:**

Section 1. That the receipt of electronic bids by facsimile machine and through the Parity Competitive Bidding System described in the Notice of Sale and Official Statement are hereby found and determined to provide reasonable security and to maintain the integrity of the competitive bidding process, and to facilitate the delivery of bids by interested parties in connection with the offering at public sale.

Section 2. That General Obligation Refunding Bonds, Series 2016A, of City of Windsor Heights, State of Iowa, in the amount of \$1,470,000 (dollar amount subject to change), to be issued as referred to in the preamble of this Resolution, to be dated July 6, 2016, be offered for sale pursuant to the published advertisement.

Section 3. That the preliminary Official Statement in the form presented to this meeting be and the same hereby is approved as to form and deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, subject to such revisions, corrections or modifications

as the Mayor and City Clerk, upon the advice of bond counsel and the City's Municipal Advisor, shall determine to be appropriate, and is authorized to be distributed in connection with the offering of the Bonds for sale.

Section 4. That the Clerk is hereby directed to publish notice of sale of the Bonds at least once, the last one of which shall be not less than four clear days nor more than twenty days before the date of the sale. Publication shall be made in the "Des Moines Register", a legal newspaper, printed wholly in the English language, published within the county in which the Bonds are to be offered for sale or an adjacent county. The notice is given pursuant to Chapter 75 of the Code of Iowa, and shall state that this Council, on the 16th day of May, 2016, at 6:00 P.M., will hold a meeting to receive and act upon bids for said Bonds, which bids were previously received and opened by City Officials at 11:00 A.M. on said date.

Passed and approved this 21<sup>st</sup> day of March, 2016.

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Diana Willits, Mayor

Attest: \_\_\_\_\_  
Brett Klein, City Administrator

**New & Refunding Issues**

Moody's Investors Service "\_\_\_"

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (i) interest on the Series 2016A Bonds will be excluded from gross income for federal income tax purposes, (ii) interest on the Series 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986; and (iii) interest on the Series 2016A Bonds WILL be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. Interest on the Series 2016B Bonds will be includible in the gross income of the owners thereof for federal income tax purposes. The Series 2016A Bonds will be designated as "qualified tax-exempt obligations". See "TAX EXEMPTION AND RELATED CONSIDERATIONS" and "TAXABILITY OF INTEREST" herein for a more detailed discussion.

**CITY OF WINDSOR HEIGHTS, IOWA**

**\$1,470,000\* General Obligation Refunding Bonds, Series 2016A**  
**\$2,830,000\* Taxable General Obligation Refunding Bonds, Series 2016B**

BIDS RECEIVED: Monday, May 16, 2016, 11:00 o'clock A.M., Central Time

AWARD: Monday, May 16, 2016, 6:00 o'clock P.M., Central Time

**Dated:** Date of Delivery (July 6, 2016)

**Principal Due:** June 1 as shown on inside front cover

The \$1,470,000 General Obligation Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and the \$2,830,000 Taxable General Obligation Refunding Bonds, Series 2016B (the "Series 2016B Bonds") (collectively the "Bonds") are being issued pursuant to Division III of Chapter 384 of the Code of Iowa, and resolutions to be adopted by the City Council of the City of Windsor Heights, Iowa (the "City"). Proceeds of the Series 2016A Bonds will be used to pay the costs to current refund on July 7, 2016 \$1,420,000 of the outstanding General Obligation Bonds, Series 2008A, dated June 1, 2008, maturing 2017 through 2028 (the "Series 2008A Bonds"); proceeds of the Series 2016B Bonds will be used to pay the costs to current refund in July 7, 2016 \$2,830,000 of the outstanding Taxable General Obligation Bonds, Series 2008B, dated June 1, 2008, maturing 2017 through 2028 (the "Series 2008B Bonds"), (collectively the "Refunded Bonds"). The purchaser of the Bonds agrees to enter into a Loan Agreement with the City pursuant to authority contained in Sections 384.24, 384.24A, 384.25, and 384.26 of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement. The Bonds will be general obligations of the City for which the City will pledge its power to levy direct ad valorem taxes to the repayment of the Bonds.

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. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of the Bonds payable annually on each June, beginning June 1, 2017 and interest on the Bonds, payable initially on December 1, 2016 and thereafter on each June 1 and December 1, will be paid to DTC by the City's Registrar/Paying Agent, Bankers Trust Company, Des Moines, Iowa (the "Registrar"). DTC will in turn remit such principal and interest to its participants for subsequent disbursements 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 on the 15<sup>th</sup> day of the month preceding said interest payment date (the "Record Date").

**THE BONDS WILL MATURE AS LISTED ON THE INSIDE FRONT COVER**

	<u>Series 2016A Bonds</u>	<u>Series 2016B Bonds</u>
<b>MINIMUM BID:</b>	\$1,459,710	\$2,805,945
<b>GOOD FAITH DEPOSIT:</b>	1% (Required of Purchaser Only)	1% (Required of Purchaser Only)
<b>TAX MATTERS:</b>	Federal: Tax-Exempt State: Taxable See "TAX EXEMPTION AND RELATED CONSIDERATIONS" section for details.	Federal: Taxable State: Taxable See "TAX EXEMPTION AND RELATED CONSIDERATIONS" section for details.

The Bonds are offered for delivery, when, as and if issued and subject to the legal opinions of Ahlers & Cooney, P.C., Bond Counsel, of Des Moines, Iowa, to be furnished upon delivery of the Bonds. The Bonds will be available for delivery through DTC in New York, New York, on or about July 6, 2016. This Preliminary Official Statement will be further supplemented by offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the City with respect to the Bonds, as defined in Rule 15c2-12.

\*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**CITY OF WINDSOR HEIGHTS, IOWA**

**\$1,470,000\* General Obligation Refunding Bonds, Series 2016A**

**MATURITY:**

<u>June 1,</u>	<u>Amount*</u>	<u>June 1,</u>	<u>Amount*</u>
2017	\$105,000	2023	\$125,000
2018	115,000	2024	125,000
2019	115,000	2025	125,000
2020	120,000	2026	130,000
2021	120,000	2027	135,000
2022	120,000	2028	135,000

**\$2,830,000\* Taxable General Obligation Refunding Bonds, Series 2016B**

**MATURITY:**

<u>June 1,</u>	<u>Amount*</u>	<u>June 1,</u>	<u>Amount*</u>
2017	\$185,000	2023	\$235,000
2018	210,000	2024	245,000
2019	215,000	2025	255,000
2020	220,000	2026	260,000
2021	225,000	2027	270,000
2022	230,000	2028	280,000

**\* PRINCIPAL**

**ADJUSTMENT:**

Preliminary; subject to change. The City reserves the right to increase or decrease the aggregate principal amounts of the Bonds. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase prices will be adjusted proportionately to reflect any changes in issue size.

**INTEREST:**

December 1, 2016 and semiannually thereafter.

**REDEMPTION:**

The Bonds due after June 1, 2024 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

## 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 Independent Public Advisors, LLC at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received. If there are any changes, corrections or additions to the Preliminary Official Statement, prospective bidders will be informed by an addendum at least one business day prior to the sale.

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

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

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

Compensation of Independent Public Advisors, LLC (the "Financial Advisor") payable entirely by the City, is contingent upon the sale of the issue.

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# CITY OF WINDSOR HEIGHTS, IOWA

## Mayor and City Council

Diana Willits	Mayor
Steve Peterson	Council Member/ Mayor Pro Tem
Betty Glover	Council Member
Zachary Bales-Henry	Council Member
Threse Harms	Council Member
Tony Timm	Council Member

## Administration

Brett Klein, City Administrator  
Marcia Woodke, Treasurer

## City Attorney

Matt Brick  
Des Moines, Iowa

## Bond Counsel

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

## Financial Advisor

Independent Public Advisors, LLC  
Johnston, Iowa

**TERMS OF OFFERING**  
**CITY OF WINDSOR HEIGHTS, IOWA**

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

**DETAILS OF THE SERIES 2016A BONDS**

General Obligation Refunding Bonds, Series 2016A (the “Series 2016A Bonds”), in the aggregate principal amount of \$1,470,000\* to be dated July 6, 2016, in the denomination of \$5,000 or any integral multiples thereof designated by the Purchaser(s) within forty-eight hours of acceptance of the bid, will mature as follows:

<u>June 1,</u>	<u>Amount*</u>	<u>June 1,</u>	<u>Amount*</u>
2017	\$105,000	2023	\$125,000
2018	115,000	2024	125,000
2019	115,000	2025	125,000
2020	120,000	2026	130,000
2021	120,000	2027	135,000
2022	120,000	2028	135,000

**DETAILS OF THE SERIES 2016B BONDS**

Taxable General Obligation Refunding Bonds, Series 2016B (the “Series 2016B Bonds”), in the aggregate principal amount of \$2,830,000\* to be dated July 6, 2016, in the denomination of \$5,000 or any integral multiples thereof designated by the Purchaser(s) within forty-eight hours of acceptance of the bid, will mature as follows:

<u>June 1,</u>	<u>Amount*</u>	<u>June 1,</u>	<u>Amount*</u>
2017	\$185,000	2023	\$235,000
2018	210,000	2024	245,000
2019	215,000	2025	255,000
2020	220,000	2026	260,000
2021	225,000	2027	270,000
2022	230,000	2028	280,000

**PRINCIPAL ADJUSTMENT OF THE BONDS**

The City reserves the right to increase or decrease the aggregate principal amounts of the Bonds. However, the maximum par amount of the Series 2016A Bonds will not exceed \$1,700,000. The maximum par amount of the Series 2016B Bonds will not exceed \$3,000,000. Such changes will be in increments of \$5,000 and may be made in any of the maturities. The purchase prices of each respective series will be adjusted proportionately to reflect any changes in issue sizes.

\*Preliminary; subject to change.

## **OPTIONAL REDEMPTION OF THE BONDS**

The Bonds due after June 1, 2024 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

## **INTEREST ON THE BONDS**

Interest on the Bonds will be payable on December 1, 2016 and semiannually on the 1<sup>st</sup> day of each June and December thereafter until the principal on the Bonds is paid in full. 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 15<sup>th</sup> 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.

## **GOOD FAITH DEPOSITS**

Good faith deposits in the amount of \$14,700 for the Series 2016A Bonds ("Series 2016A Deposit") and \$28,300 for the Series 2016B Bonds ("Series 2016B Deposit"), collectively (the "Deposits") is required from the lowest bidder only. Each lowest bidder is required to submit such respective deposit payable to the order of the City in the form of either (i) a cashier's check provided to the City or its Financial Advisor prior to the opening of bids or (ii) a wire transfer as instructed by the City's Financial Advisor not later than 1:00 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 Bonds to the same. No interest on the Deposits will accrue to the successful bidder(s) (the "Purchaser(s)"). The Deposits will be applied to the respective purchase prices of the Bonds. In the event a Purchaser(s) fails to honor its accepted bid proposal, the Deposits will be retained by the City.

## **FORM OF BIDS AND AWARD**

All bids shall be unconditional for each series of the Bonds for a price not less than \$1,459,710 for the Series 2016A Bonds and \$2,805,945 for the Series 2016B Bonds, plus accrued interest, if any, and shall specify the rate or rates of interest in conformity to the limitations set forth under the "RATES OF INTEREST" section. 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 "GOOD FAITH DEPOSITS" section. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of 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 Financial Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Financial 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.

## **RATES OF INTEREST**

The rates of interest specified in the bidder's proposal must conform to the following limitations:

1. For each respective series, each annual maturity must bear the same interest rate. 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. For each respective series, each rate of interest specified for Bonds of any annual maturity shall not be less than a rate of interest specified for any earlier maturity. Rates must be level or in ascending order.

## **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<sup>®</sup> competitive bidding system (the "Internet Bid System"). The City shall not be responsible for malfunction or mistake made by any person, or as a result of the use of an electronic bid or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the Official Bid Forms as published in this Preliminary Official Statement. 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 City Hall, 1145 66<sup>th</sup> Street, Suite 1, Windsor Heights, Iowa 50324.

Electronic Internet Bidding: Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling (212) 404-8102.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the 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 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.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at City Hall, Windsor Heights, Iowa (facsimile number: (515) 279-3664) or the office of the City's Financial Advisor (515) 259-8193. Electronic facsimile bids will be sealed and treated as sealed bids.

Facsimile Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full responsibility for the transmission of such bid. 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 facsimile facilities or any other means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named facsimile numbers prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator receiving the bids.

## **BOOK-ENTRY-ONLY ISSUANCE**

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(s), as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC.

## **MUNICIPAL BOND INSURANCE AT OPTION OF THE PURCHASER(S)**

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(s). Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser(s), 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(s). Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser(s) shall not constitute cause for failure or refusal by the Purchaser(s) 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(s).

## **DELIVERY**

The Bonds will be delivered to the Purchaser(s) via Fast Automated Securities Transfer (“FAST”) delivery with the Registrar holding the Bonds on behalf of DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from the date of sale for any reason except failure of performance by the Purchaser(s), the Purchaser(s) may withdraw their bid and thereafter their interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the City will give the Purchaser(s) five working days notice of the delivery date and the City will expect payment in full on that date, otherwise reserving the right at its option to determine that the Purchaser failed to comply with the offer of purchase.

## **INFORMATION FROM PURCHASER(S)**

The Purchaser(s) will be required to certify to the City immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including sales to bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed their fair market value of the Bonds on the sale date. The Purchaser(s) will also be required to provide a certificate at closing confirming the information required by this paragraph.

## **PRELIMINARY OFFICIAL STATEMENT**

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a Final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (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 the Series 2016A Bonds are awarded up to 20 copies of the Final Official Statement, and to the senior managing underwriter of the syndicate to which the Series 2016B 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.

### **CONTINUING DISCLOSURE**

In order to assist bidders in complying with paragraph (b)(5) of the Rule, the City will undertake, pursuant to the resolution for the Bonds and the Continuing Disclosure Certificate for the Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of these undertakings is set forth in APPENDIX C of this Preliminary Official Statement. The City will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of the City to deliver the same shall relieve the Purchaser of its obligation to purchase the Bonds.

### **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 Financial 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.

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BY ORDER OF THE CITY COUNCIL  
City of Windsor Heights  
1145 66<sup>th</sup> Street | Suite 1  
Windsor Heights, IA 50324

# PRELIMINARY OFFICIAL STATEMENT

## CITY OF WINDSOR HEIGHTS

**\$1,470,000\* General Obligation Refunding Bonds, Series 2016A**  
**\$2,830,000\* Taxable General Obligation Refunding Bonds, Series 2016B**

### INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Windsor Heights, Iowa (the “City”) and its issuance of \$1,470,000\* General Obligation Capital Refunding Bonds, Series 2016A (the “Series 2016A Bonds”) and the \$2,830,000\* Taxable General Obligation Capital Loan Bonds, Series 2016B (the “Series 2016B Bonds”) (collectively the “Bonds”). This Official Statement has been executed on behalf of the City and its Administrator and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be directed to Independent Public Advisors, LLC, 8805 Chambery Blvd, Suite 300, #114, Johnston, Iowa 50131, or by telephoning (515) 259-8193. Information can also be obtained from Mr. Brett Klein, City Administrator, City of Windsor Heights, 1145 66<sup>th</sup> Street, Suite 1, Windsor Heights, Iowa 50324, or by telephoning 515-279-3662.

### AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Division III of Chapter 384 of the Code of Iowa, and resolutions to be adopted by the City Council of the City. Proceeds of the Series 2016A Bonds will be used to pay the costs to current refund on July 7, 2016 \$1,420,000 of the outstanding General Obligation Bonds, Series 2008A, dated June 1, 2008, maturing 2017 through 2028 (the “Series 2008A Bonds”); proceeds of the Series 2016B Bonds will be used to pay the costs to current refund in July 7, 2016 \$2,830,000 of the outstanding Taxable General Obligation Bonds, Series 2008B, dated June 1, 2008, maturing 2017 through 2028 (the “Series 2008B Bonds”), (collectively the “Refunded Bonds”). The purchaser of the Bonds agrees to enter into a Loan Agreement with the City pursuant to authority contained in Sections 384.24, 384.24A, 384.25, and 384.26 of the Code of Iowa. The Bonds are issued in evidence of the City’s obligations under the Loan Agreement. The Bonds will be general obligations of the City for which the City will pledge its power to levy direct ad valorem taxes to the repayment of the Bonds.

The following bonds (the “Refunded Bonds”) are being refunded:

<u>Series to be Refunded</u>	<u>Refunded Maturities</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Call Date</u>	<u>Call Price</u>
General Obligation Bonds, Series 2008A:	06/01/2017	90,000	3.65%	07/07/2016	100%
	06/01/2018	95,000	3.75%	07/07/2016	100%
	06/01/2019	100,000	3.80%	07/07/2016	100%
	06/01/2020	105,000	3.90%	07/07/2016	100%
	06/01/2021	110,000	4.00%	07/07/2016	100%
	06/01/2022	115,000	4.00%	07/07/2016	100%
	06/01/2023	120,000	4.05%	07/07/2016	100%
	06/01/2024	125,000	4.05%	07/07/2016	100%
	06/01/2025	130,000	4.10%	07/07/2016	100%
	06/01/2026	135,000	4.15%	07/07/2016	100%
	06/01/2027	145,000	4.20%	07/07/2016	100%
	06/01/2028	150,000	4.20%	07/07/2016	100%

<u>Series to be Refunded</u>	<u>Refunded Maturities</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Call Date</u>	<u>Call Price</u>
Taxable General Obligation Bonds, Series 2008B	06/01/2017	165,000	5.40%	07/07/2016	100%
	06/01/2018	175,000	5.50%	07/07/2016	100%
	06/01/2019	185,000	5.60%	07/07/2016	100%
	06/01/2020	195,000	5.70%	07/07/2016	100%
	06/01/2021	205,000	5.80%	07/07/2016	100%
	06/01/2022	220,000	5.90%	07/07/2016	100%
	06/01/2023	230,000	6.00%	07/07/2016	100%
	06/01/2024	245,000	6.00%	07/07/2016	100%
	06/01/2025	260,000	6.10%	07/07/2016	100%
	06/01/2026	275,000	6.10%	07/07/2016	100%
	06/01/2027	295,000	6.20%	07/07/2016	100%
	06/01/2028	315,000	6.20%	07/07/2016	100%

The Purchaser(s) of the Bonds agrees to enter into a Loan Agreement with the City pursuant to authority contained in Sections 384.24, 384.24A, and 384.25 of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement.

The estimated Sources and Uses of the Bonds are as follows:

<u>Sources of Funds</u>	<u>Series 2016A Bonds</u>	<u>Series 2016B Bonds</u>
Par Amount*	\$1,470,000.00	\$7,615,000.00
<u>Uses of Funds</u>		
Bond Redemption	\$1,420,000.00	\$2,765,000.00
Underwriter's Discount	10,290.00	24,055.00
Cost of Issuance & Rounding	<u>39,710.00</u>	<u>40,945.00</u>
Total	\$1,470,000.00	\$2,830,000.00

\*Preliminary; subject to change.

### **OPTIONAL REDEMPTION OF THE BONDS**

The Bonds due after June 1, 2024 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

### **INTEREST ON THE BONDS**

Interest on the Bonds will be payable on December 1, 2016 and semiannually on the 1<sup>st</sup> day of June and December thereafter. Interest and principal shall be paid to the registered holder of a Bond as shown on the records of ownership maintained by the Registrar on the 15<sup>th</sup> day of the month preceding said interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

## **PAYMENT OF AND SECURITY FOR THE BONDS**

The Bonds are general obligations of the City and the unlimited taxing powers of the City are irrevocably pledged for their payment. Upon issuance of the Bonds, the City will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due. The City is required to levy ad valorem taxes upon all taxable property in the City without limit as to rate or amount sufficient to pay the debt service except to the extent that other monies are deposited in the debt service fund for such purposes.

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

The City's obligation to pay the principal of and interest on the Bonds is on parity with the City's obligation to pay the principal of and interest on any other of its general obligation debt secured by a covenant to levy taxes within the City, including any such debt issued or incurred after the issuance of the Bonds. The resolutions authorizing the Bonds do not restrict the City's ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Bonds. For a further description of the City's outstanding general obligation debt upon issuance of the Bonds and the annual debt service on the Bonds, see DIRECT DEBT under INDEBTEDNESS herein. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see DEBT LIMIT under INDEBTEDNESS herein.

## **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 DTC AND 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 highest 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](http://www.dtcc.com) and [www.dtc.org](http://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 Tender/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 Tender/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 Tender/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 and other entities issuing obligations on behalf of the City do not reasonably expect to issue additional obligations during the calendar year 2016.

## **LITIGATION**

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

## **LEGAL MATTERS**

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 Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Preliminary Official Statement, and will express no opinion with respect thereto. The FORM OF LEGAL OPINION as set out in APPENDIX A to this Preliminary Official Statement, will be delivered at closing.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering legal opinions, 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 opinions are rendered, or of the future performance of parties to the transaction. Nor does the rendering of opinions guarantee the outcome of any legal dispute that may arise out of the transaction.

There is no Bond trustee or similar person to monitor or enforce the provisions of the resolutions for the Bonds. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal or interest on the Bonds, there is no provision for acceleration of

maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the resolutions for the Bonds) may have to be enforced from year to year. The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the 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. See LEVIES AND TAX COLLECTIONS herein, for a description of property tax collection and enforcement.

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

## **TAX MATTERS**

### **With Respect to the Series 2016A Bonds:**

Tax Exemptions and Related Considerations: Federal tax law contains a number of requirements and restrictions that apply to the Series 2016A 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 Series 2016A 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 Series 2016A Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2016A Bonds.

Subject to the City's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2016A Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations. However, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the federal alternative minimum tax for such corporations.

Prospective purchasers of the Series 2016A Bonds should be aware that ownership of the Series 2016A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2016A Bonds should consult their tax advisors as to collateral federal income tax consequences.

Bank Qualification: In the resolution authorizing the issuance of the Series 2016A Bonds, the City will designate such Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations.

Tax Accounting Treatment of Discount and Premium on Certain Series 2016A Bonds: The initial public offering price of certain Series 2016A Bonds (the "Discount Bonds") may be less than the amount payable on such Series 2016A Bonds at maturity. An amount equal to the difference between the initial public offering price of Discount Bonds (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion

of such original issue discount allocable to the holding period of such Discount Bonds by the initial purchaser will, upon the disposition of such Discount Bonds (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Series 2016A Bonds described above under “TAX MATTERS”. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of Discount Bonds, taking into account the semi-annual compounding of accrued interest, at the yield to maturity on such Discount Bonds and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with “subchapter C” earnings and profits, 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, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of Discount Bonds by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bonds in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bonds were held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Series 2016A Bonds (the “Premium Bonds”) may be greater than the amount of such Series 2016A Bonds at maturity. An amount equal to the difference between the initial public offering price of Premium Bonds (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of Premium Bonds in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of Premium Bonds. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity.

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

Disclaimer Regarding Federal Tax Discussion: The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner’s particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership, and disposition of the Series 2016A Bonds, including the tax consequences under federal, state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

Related Tax Matters: The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2016A Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement

of an audit could adversely affect the market value and liquidity of the Series 2016A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2016A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2016A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, or clarification of the Code may cause interest on the Series 2016A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series 2016A Bonds from realizing the full current benefit of the tax status of such interest. For example, Representative David Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series 2016A Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts and estates in the highest tax bracket, and the Obama Administration proposed legislations that would limit the exclusion from gross income of interest on obligations like the Series 2016A Bonds to some extent for taxpayers whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2016A Bonds. The introduction or enactment of any such legislative proposals or clarification of the Code may also affect, perhaps significantly, the market price for, or marketability of, the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their own tax advisors regarding any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion.

Opinion: Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

#### **With Respect to the Series 2016B Bonds:**

Federal Taxability and Related Considerations: The following discussion is a summary of certain Federal income tax consequences relating to the purchase, ownership, and disposition of the Series 2016B Bonds, based on certain relevant provisions of the Code. This discussion does not purport to deal with all aspects of Federal income taxation that may affect particular investors in light of their individual circumstances, and is limited to investors who hold the Series 2016B Bonds as capital assets under Section 1221 of the Code, which generally means property held for investment. Prospective investors, particularly those subject to special rules, should consult their tax advisors regarding the consequences of purchasing, owning, and disposing of the Series 2016B Bonds for Federal income tax purposes, and for State and local tax purposes.

In general, interest on the Series 2016B Bonds is includable in the gross income of the owners thereof as ordinary interest income for Federal income tax purposes.

Not Qualified Tax-Exempt Obligations: The City will NOT designate the Series 2016B 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").

## **STATE TAXABILITY**

Interest on the Bonds is not exempt from present state of Iowa income taxes. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of such state and local taxes.

## **CHANGES IN FEDERAL AND STATE TAX LAW**

From time to time, there are executive, regulatory and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. One such proposal is the American Jobs Act of 2011 (S.1549) (the “Jobs Act”) which was introduced in the Senate on September 13, 2011 at the request of President Obama. If enacted in its current form, the Jobs Act could adversely impact the marketability and market value of the Bonds and prevent certain bondholders (depending on the financial and tax circumstances of the particular bondholder) from realizing the full benefit of the tax exemption of interest on the Bonds. In addition, on September 29, 2011, President Obama submitted to Congress a legislative proposal entitled the “Debt Reduction Act of 2011” (the “Reduction Act”). If enacted, as proposed, the Reduction Act would require the Office of Management and Budget to establish a steadily declining ratio for debt as a percentage of Gross Domestic Product and would impose a penalty in the event that Congress failed to meet the requirements, including automatic sequestration of spending and the reduction in the value of certain tax incentives, including interest on tax-exempt municipal Bonds, potentially (in the extreme) eliminating the exemption from taxation that tax- exempt municipal Bonds held at the time of issuance.

It cannot be predicted whether or in what form any such proposals might be enacted or whether if enacted it would apply to Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. It is possible that further legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding the Jobs Act and/or the Reduction Act and any other pending or proposed federal income tax legislation. The likelihood of the Jobs Act or the Reduction Act being enacted or whether the currently proposed terms of the Jobs Act and/or the Reduction Act will be altered or removed during the legislative process cannot be reliably predicted.

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

## **RATING**

The Bonds have an uninsured rating of ‘\_\_\_’ by Moody’s Investors Service (Moody’s). In addition, Moody’s currently rates the City’s outstanding unsecured General Obligation Debt as ‘\_\_\_’. Such ratings reflect only the view of the rating agency and any explanation of the significance of such rating may only be obtained from the respective rating agency. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of the ratings may have an effect on the market price of the Bonds.

## **INVESTMENT CONSIDERATIONS**

**A PROSPECTIVE PURCHASER OF THE BONDS SHOULD BE AWARE THAT THERE ARE CERTAIN INVESTMENT CONSIDERATIONS ASSOCIATED WITH THE BONDS. EACH PROSPECTIVE PURCHASER OF THE BONDS IS ENCOURAGED TO READ THIS PRELIMINARY OFFICIAL STATEMENT IN ITS ENTIRETY, AND TO GIVE PARTICULAR ATTENTION TO THE CONSIDERATIONS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF DEBT SERVICE AND THE MARKET PRICE ON THE BONDS. THE FOLLOWING STATEMENTS REGARDING CERTAIN INVESTMENT CONSIDERATIONS SHOULD NOT BE CONSIDERED A COMPLETE DESCRIPTION OF ALL CONSIDERATIONS IN THE DECISION TO PURCHASE THE BONDS.**

Additional Indebtedness: The City reserves the right to issue additional bonds payable from the same sources and ranking on a parity with each series of the Bonds.

Investment Rating: The rating assigned to the Bonds by Moody's Investors Service, Inc. (the "Rating Agency") reflects only the Rating Agency's view of the likelihood the Bondholders will receive payments of interest when due and principal on the Bonds on their respective maturity dates. There is no assurance that the rating will remain for any given period of time or that the rating will not be lowered, suspended or withdrawn by the Rating Agency if, in the Rating Agency's judgment, circumstances so warrant based upon factors prevailing at the time. The lowering, suspension or withdrawal of the investment rating initially assigned to the Bonds could adversely affect the market price and the market for the Bonds.

Secondary Market: Although the City anticipates that the Underwriter(s) will make a market for the Bonds, such market making may be discontinued at any time. There can be no assurance that there will be a secondary market for the Bonds, and the absence of such could result in investors not being able to resell their Bonds should they need or wish to do so.

Redemption of Bonds: The Bonds due after June 1, 2024 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. The redemption of the Bonds prior to their stated maturity may subject Bondholders to the risk of reinvestment at a time when comparable returns are not available.

## **FINANCIAL ADVISOR**

The City has retained Independent Public Advisors, LLC, Johnston, Iowa as financial advisor (the "Financial Advisor") in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Financial Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Financial Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. Independent Public Advisors, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **CONTINUING DISCLOSURE**

In order to permit bidders for the Bonds and other Participating Underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the resolution authorizing the issuance of the Bonds and the Continuing Disclosure Certificate, to provide annual reports of specified information and notice of the occurrence of certain material events as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth as APPENDIX C to this Preliminary Official Statement.

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**CERTIFICATION**

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City of Windsor Heights, Iowa, by Independent Public Advisors, LLC., Johnston, Iowa, and said Preliminary Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of \$1,470,000\* General Obligation Refunding Bonds, Series 2016A, or \$2,830,000\* Taxable General Obligation Refunding Bonds, Series 2016B.

CITY OF WINDSOR HEIGHTS, IOWA  
/s/ Brett Klein, City Administrator

\*Preliminary; subject to change.

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## PROPERTY VALUES

### IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs all County Auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The assessments finalized as of January 1 of each year are applied to the following fiscal year. The 2015 final Actual Values were adjusted by the Polk County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2015, the Taxable Value rollback rate was 55.6259% of Actual Value for residential property; 46.1068% of Actual Value for agricultural property; 90% of Actual Value for commercial, industrial, and railroad property, 86.25% of Actual Value for multiresidential property, and 100% of Actual Value for utility property.

The Legislature's intent has been to limit the growth of statewide taxable valuations for most classes of property to 3% annually; utility taxable valuation growth is limited to 8%. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

### 1/1/2015 VALUATIONS (Taxes payable July 1, 2016 through June 30, 2017)

	100% <u>Actual Value</u>	Taxable Value <u>(With Rollback)</u>
Residential	\$306,536,227	\$168,720,293
Commercial	32,972,536	25,636,822
Industrial	0	0
Multiresidential	5,950,247	4,889,735
Railroad	0	0
Utilities w/o Gas & Electric	571,849	571,849
Gross valuation	\$346,030,859	\$199,818,699
Less military exemption	<u>(521,338)</u>	<u>(521,338)</u>
Net valuation	\$345,509,521	\$199,297,361
TIF increment (used to compute debt service levies and constitutional debt limit)	\$46,953,860	\$46,799,260
Taxed separately		
Ag. Land & Buildings	\$0	\$0
Utilities – Gas & Electric	\$4,173,294	\$2,569,782

**2015 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY<sup>1</sup>**

	<u>Taxable Valuation</u>	<u>Percent Total</u>
Residential	\$168,720,293	83.365%
Ag. Land & Ag. Buildings	\$0	0.000%
Commercial, Industrial, Other, Railroad & Utility	26,208,671	12.950%
Multiresidential	4,889,735	2.416%
Utilities – Gas & Electric	<u>2,569,782</u>	<u>1.270%</u>
Total Gross Taxable Valuation	\$202,388,481	100.00%

**TREND OF VALUATIONS**

The 100% Actual Valuations, before rollback and after reduction of military exemption, include Ag. Land, Ag. Buildings, TIF Increment, and Gas & Electric Utilities. The Taxable Valuations, with the rollback and after the reduction of military exemption, exclude the Taxable TIF Increment, Ag. Land and Ag Buildings. Iowa cities certify operating levies against Taxable Valuation excluding the Taxable TIF Increment and debt service levies are certified against Taxable Valuations including the Taxable TIF Increment.

<u>Assessment Year</u>	<u>Payable Fiscal Year</u>	<u>100% Actual Valuation</u>	<u>Taxable Valuation (With Rollback)</u>	<u>Taxable TIF Increment</u>
2011	2012-13	383,753,462	188,395,992	46,553,120
2012	2013-14	383,805,896	195,001,048	45,925,370
2013	2014-15	380,943,322	193,616,997	45,823,120
2014	2015-16	382,843,762	195,838,727	44,975,678
2015	2016-17	396,636,675	201,867,143	46,799,260

**LARGER TAXPAYERS<sup>2</sup>**

<u>Taxpayer</u>	<u>Property Type</u>	<u>1/1/2015 Taxable Valuation</u>
Colby West Univ Trust	Commercial	\$22,441,500
Electrical Engineering & Equipment Company	Commercial	5,634,000
WH Development LLC	Commercial	4,905,000
TKG Iowa Storage LLC	Commercial	4,281,956
JKoester Properties LLC	Commercial	3,106,425
Williams Turf Farms Inc	Commercial	3,069,000
Windsor Heights LP	Commercial	2,773,024
Windsor Place LLC	Commercial	2,721,776
Charles I Colby & Ruth Colby West University Trust	Commercial	2,596,500
Mid American Energy	Utility	2,569,326

<sup>1</sup> Before military exemption, and exclusive of taxable TIF increment.

<sup>2</sup> Represents the top taxpayers grouped by taxpayers with identically spelled names. Due to name variations of the same taxpayer this list may not necessarily represent the top 10 taxpayers.

## LEGISLATION

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

Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation debt: “The governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding the applicable period of time specified in section 76.1. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.” Iowa Code section 76.1 provides that the annual levy shall be sufficient to pay the interest and approximately such portion of the principal of the bonds as will retire them in a period not exceeding twenty years from the date of issue, except for certain bonds issued for disaster purposes and bonds issued to refund or refinance bonds issued for such disaster purposes which may mature and be retired in a period not exceeding thirty years from date of issue.

2013 Property Tax Legislation: During its 2013 session the Iowa Legislature enacted, and the Governor signed, Senate File 295 (“SF 295”). Among other things, SF295 limits annual assessed value growth with respect to residential and agricultural property (from 4% to 3%), reduces the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. SF295 also creates a new classification for multiresidential properties (which were previously taxed as commercial properties), and assigns an incremental rollback percentage over several years for such multiresidential properties, such that the rollback determination will match that for residential properties in the 2022 assessment year. As a result of SF 295, local governments expect to experience reductions in property tax revenues over the next several fiscal years. SF 295 includes state-funded replacement for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. The City does not expect the state replacement funding to fully address the property tax reductions resulting from SF 295.

## INDEBTEDNESS

### DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2015 Actual Valuations applicable to fiscal year 2016-17 is as follows:

	1/1/2015 (Fiscal Year 2016-17)
Actual Valuation of Property	\$397,158,013
Less Military Exemption	(521,338)
Net Valuation	\$396,636,675
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	\$193,831,834
Less: Applicable General Obligation Debt	(10,200,000)
Constitutional Debt Margin	\$9,631,834

### DIRECT DEBT

#### General Obligation Debt Paid by Property Taxes

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/01/16</u>
07/13A	\$450,000	Corporate Purpose	06/19	\$225,000
01/14A	3,090,000	Corporate Purpose	06/33	2,860,000
05/14	325,000	Corporate Purpose	06/19	<u>270,000</u>
Subtotal				\$3,355,000

#### General Obligation Debt Paid by Tax Increment (Includes the Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 07/01/16</u>
03/07A	\$1,500,000	Park Improvements	06/17	\$180,000
06/08A	1,980,000	Park & Street Improvements	06/16 <sup>3</sup>	0
06/08B	3,805,000	Civic Center/Street Projects (Taxable)	06/16	0
02/11A	3,360,000	Taxable Refunding	06/21	1,855,000
05/12A	1,375,000	Refunding	06/18	510,000
07/16A	1,472,000	Refunding	06/28	1,470,000 *
07/16B	2,830,000	Taxable Refunding	06/28	<u>2,830,000</u> *
Subtotal				\$6,845,000

\*Preliminary; subject to change.

**Total General Obligation Debt Subject to the Debt Limit**

**\$10,200,000**

<sup>3</sup> The 2017-2028 maturities are being refunded by the Bonds.

**ANNUAL FISCAL YEAR DEBT SERVICE PAYMENTS**

**General Obligation Debt Paid by Property Taxes**

**Current Outstanding  
G.O. Debt**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Principal and Interest</u>
FY 2016-17	\$260,000	\$355,415
FY 2017-18	275,000	365,728
FY 2018-19	285,000	370,590
FY 2019-20	215,000	295,158
FY 2020-21	145,000	221,420
FY 2021-22	150,000	223,375
FY 2022-23	155,000	224,925
FY 2023-24	155,000	221,050
FY 2024-25	165,000	226,943
FY 2025-26	170,000	227,240
FY 2026-27	175,000	227,140
FY 2027-28	180,000	226,540
FY 2028-29	190,000	230,240
FY 2029-30	195,000	228,400
FY 2030-31	205,000	230,600
FY 2031-32	215,000	232,400
FY 2032-33	<u>220,000</u>	228,800
Total	\$3,355,000	

**General Obligation Debt Paid by Tax Increment (Includes the Bonds, Excludes the Refunded Bonds)**

Fiscal Year	<u>Current Outstanding G.O. Debt</u>		<u>The Series 2016A Bonds</u>		<u>The Series 2016B Bonds</u>		<u>Total G.O. Debt</u>	
	<u>Principal</u>	<u>Principal and Interest</u>	<u>Principal*</u>	<u>Principal and Interest</u>	<u>Principal*</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Principal and Interest</u>
FY 2016-17	\$775,000	\$987,556	\$105,000	\$127,601	\$185,000	\$263,852	\$1,065,000	\$1,379,009
FY 2017-18	610,000	670,643	115,000	139,111	210,000	294,791	935,000	1,104,545
FY 2018-19	370,000	415,335	115,000	137,835	215,000	295,990	700,000	849,160
FY 2019-20	385,000	417,015	120,000	141,397	220,000	296,217	725,000	854,629
FY 2020-21	<u>405,000</u>	421,808	120,000	139,765	225,000	295,541	750,000	857,114
FY 2021-22			120,000	138,001	230,000	294,219	350,000	432,220
FY 2022-23			125,000	141,105	235,000	292,158	360,000	433,263
FY 2023-24			125,000	138,930	245,000	294,520	370,000	433,450
FY 2024-25			125,000	136,555	255,000	296,117	380,000	432,672
FY 2025-26			130,000	139,005	260,000	292,013	390,000	431,018
FY 2026-27			135,000	141,210	270,000	292,341	405,000	433,551
FY 2027-28			<u>135,000</u>	138,159	<u>280,000</u>	291,676	<u>415,000</u>	429,835
<b>Total</b>	<b>\$2,545,000</b>		<b>\$1,470,000</b>		<b>\$2,830,000</b>		<b>\$6,845,000</b>	

\*Preliminary; subject to change.

## CONDUIT DEBT

On March 14, 2013, the City issued \$7,500,000 of revenue bonds on behalf of ChildServe Inc; the City of Windsor Heights, Iowa Revenue Bonds (Childserve Inc. Project) Series 2013. The bonds and related interest are payable solely from revenue derived from the project. Bond principal and interest do not constitute liabilities of the City.

## INDIRECT DEBT

<u>Taxing District</u>	<u>1/1/2015 Taxable Valuation</u>	<u>Portion of Taxable Value In the City</u>	<u>Percent Applicable</u>	<u>GO Debt<sup>4</sup></u>	<u>City's Indirect Portion</u>
Polk County	22,662,536,006	248,666,403	1.10%	\$288,130,523	\$3,161,534
Des Moines Independent CSD	7,487,146,657	128,878,050	1.72%	0	0
West Des Moines CSD	4,529,501,971	119,788,353	2.64%	26,705,000	706,247
Urbandale-Windsor Heights San. Dist.	404,348,881	239,264,360	59.17%	0	0
Des Moines Area Comm. College	42,301,482,075	248,666,403	0.59%	91,590,000	<u>538,406</u>
<b>TOTAL</b>					<b>\$4,406,187</b>

## DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/2015 Actual Market Value \$396,636,675</u>	<u>Debt/4,903 Population</u>
Direct General Obligation Debt	\$10,200,000	2.572%	\$2,080.36
Indirect General Obligation Debt	<u>4,406,187</u>	<u>1.111%</u>	<u>898.67</u>
Combined Debt	\$14,606,187	3.683%	\$2,979.03

## LEVIES AND TAX COLLECTIONS (000's)

<u>Year</u>	<u>Taxes Levied</u>	<u>Current Collections</u>	<u>% of Taxes Levied</u>
2010-11	\$4,279,748	\$4,276,659	99.93%
2011-12	4,343,024	4,347,011	100.09%
2012-13	4,259,782	4,291,935	100.75%
2013-14	4,392,418	4,459,234	101.52%
2014-15	4,755,302	4,786,797	100.66%
2015-16	4,758,427	In process of collection	

After the assessment of property in a calendar year, taxes are levied for collection in the following fiscal year. Taxes are certified to the County Auditor in March. The County Treasurer collects taxes for all taxing entities in the County. Statutory dates for payment without penalty are September 30 for the first installment and March 31 for the second installment. Penalty rates are established by State law at 1% per month.

<sup>4</sup> School district figures exclude Sale and Service Tax Revenue Bonds.

## TAX RATES

<b>Taxing District</b>	<b>FY2011/12 \$/\$1,000</b>	<b>FY2012/13 \$/\$1,000</b>	<b>FY2013/14 \$/\$1,000</b>	<b>FY2014/15 \$/\$1,000</b>	<b>FY2015/16 \$/\$1,000</b>
City of Windsor Heights	13.31486	13.31499	13.89892	15.34886	15.07588
Polk County	6.80992	6.80992	6.94381	7.16880	7.30880
Des Moines Independent CSD	18.34848	18.34845	18.34842	18.14592	18.42809
West Des Moines CSD	13.84954	13.30184	13.26452	13.26572	13.24189
Broadlawns Hospital	2.92193	2.97819	2.99567	3.11769	3.21296
Urbandale-Windsor Heights Sanitary Sewer District	0.38435	0.47069	0.47163	0.44216	0.29126
County Assessor	0.24628	0.24382	0.27822	0.27750	0.27920
County Ag Extension	0.03696	0.03866	0.03945	0.04061	0.04102
Des Moines Area Community College	0.59018	0.58466	0.69120	0.65724	0.67574
Regional Transit Authority	0.57800	0.72800	0.80800	0.87300	0.93800
State of Iowa	<u>0.00320</u>	<u>0.00330</u>	<u>0.00330</u>	0.00330	0.00330
<b>Consolidated Tax Rates</b>	<b>FY2011/12 \$/\$1,000</b>	<b>FY2012/13 \$/\$1,000</b>	<b>FY2013/14 \$/\$1,000</b>	<b>FY2014/15 \$/\$1,000</b>	<b>FY2015/16 \$/\$1,000</b>
City Resident in Des Moines School District	43.23416	43.52068	44.47862	46.07508	46.25425
City Resident in West Des Moines School District	38.73522	38.47407	39.39472	41.19488	41.06805
City Resident in West Des Moines School District; Outside Sanitary Sewer District	38.35087	38.00338	38.92309	40.75272	40.77679

## LEVY LIMITS

A city's general fund tax levy is limited to \$8.10 per \$1,000 of taxable value, with provision for an additional \$0.27 per \$1,000 levy for an emergency fund which can be used for general fund purposes (Code of Iowa, Chapter 384, Division D). Cities may exceed the \$8.10 limitation upon authorization by a special levy election. Further, there are limited special purpose levies, which may be certified outside of the above-described levy limits (Code of Iowa, Section 384.12). The amount of the City's general fund levy subject to the \$8.10 limitation is \$8.10 for FY 2015-16. In addition, the City has certified special purpose levies outside of the above described levy limits for, public library (voter-imposed), for Police and Fire retirement and for other employee benefits and debt service. The City is using the emergency levy in FY 2015-16, and does levy for employee benefits. Debt service levies are not limited.

**FUNDS ON HAND (Cash and Investments as of February 29, 2016)**

General Fund	\$3,576,679
Special Rev Bonds & TIF	2,269,232
Road Use	434,908
Trust & Agency	255,140
DOJ Fund	2,457
Capital Project	163,864
Water	12,787
Sewer	24,766
Garbage	197,532
Stormwater	368,857
Internal Service Fund <sup>5</sup>	(161,026)
Police Pension	<u>25,191</u>
Total Cash and Investments	\$7,170,387

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<sup>5</sup> The negative fund balance in the Internal Service Fund account will be resolved with a funds transfer from the General Fund.

# THE CITY

## CITY GOVERNMENT

The City of Windsor Heights, Iowa (the “City”), incorporated in 1941, is a suburb of the City of Des Moines, Iowa. The City operates under a mayor-council form of government (with an appointed administrator) consisting of a five member City Council, and a Mayor who is not a voting member of the council. The City Administrator/Clerk is responsible for implementation of City Council policies and management of City operations, and is responsible for the City records. The City provides police, fire, and emergency medical service and public works services for the residents of the community.

## EMPLOYEES, PENSIONS AND OPEB

The City has approximately 30 full-time and over 28 part-time employees (including seasonal and on-call employees), of which all full-time employees are enrolled in the Iowa Public Employees Retirement System (IPERS) pension plan administered by the State of Iowa.

The City contributes to the Iowa Public Employees’ Retirement System (“IPERS”), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2015 (the “IPERS CAFR”) indicates that as of June 30, 2014, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 83.7%, and the unfunded actuarial liability was \$5.455 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See “APPENDIX B — INDEPENDENT AUDITOR’S STATEMENTS” for additional information on IPERS.

In fiscal year 2015, the Issuer's IPERS contribution totaled approximately \$182,997, compared to a contribution in fiscal year 2014 of \$169,069.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the IPERS CAFR. According to IPERS, as of the end of fiscal year 2015, there were approximately 346,109 total members participating in IPERS, including Issuer employees.

Fiscal Year Ended June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability [b]	Unfunded Actuarial Accrued Liability (UAAL) [b] – [a]	Funded Ratio [a] / [b]	Covered Payroll [c]	UAAL as a % of Covered Payroll ([b]-[a]) / [c]
2012	23,530,094,461	29,446,197,486	5,916,103,025	79.91%	6,786,158,720	87.18%
2013	24,711,096,187	30,498,342,320	5,787,246,133	81.02%	6,880,131,134	84.12%
2014	26,460,428,085	32,004,456,088	5,544,028,003	82.68%	7,099,277,280	78.09%
2015	27,915,379,103	33,370,318,731	5,454,939,628	83.65%	7,326,348,141	74.46%

Source: IPERS Comprehensive Annual Financial Report (Fiscal Year 2015)

When calculating the funding status of IPERS for fiscal year 2015, the following assumptions were used: (1) the amortization period for the total unfunded actuarial liability is 30 years (which is consistent with the maximum acceptable amortization period set forth by the Governmental Accounting Standards Board (“GASB”) in GASB Statement No. 25); (2) the rate of return on investments is assumed to be 7.5%; (3) salaries are projected to increase 4.0-17% for IPERS, depending on years of service; and (4) the rate of inflation is assumed to be 3.0% for prices and 4.0% for wages.

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

In addition to IPERS, Chapter 410 of the Code of Iowa established a retirement system for duly appointed members of the police department whose appointment occurred before March 2, 1934 or police officers who had been making payments of membership fees and assessments prior to July 1, 1971.

The plan is administered by the City and provides retirement, disability and death benefits. The benefits are established by state statute and provide for full retirement benefits at age 50 with 22 years or more of service. Full benefits are equal to 50 percent of the monthly salary upon retirement or disability and 25 percent of the monthly salary upon death.

The City has two eligible police officers. Both are retired and are receiving benefits.

Consistent with Iowa Code section 509A.13, the Issuer offers post-retirement health and dental benefits (“OPEB”) to all full-time employees of the Issuer who retire before attaining age 65. The group health insurance plan provided to full-time Issuer employees allows retirees to continue medical coverage until they reach age 65. Although retirees pay 100% of the “cost of coverage”, the pre-age 65 group of retirees is grouped with the active employees when determining the cost of coverage. The computation creates an implicit rate subsidy that would not exist if the cost of the coverage for this group (pre-age 65 retirees) was computed separately and paid 100% by that group.

**UNION CONTRACTS**

City employees are represented by the following bargaining units:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
Teamsters Local 238	June 30, 2017

## INSURANCE

The City's insurance coverage is as follows:

<u>Type of Insurance</u>	<u>Occurrence/Aggregate Limit</u>
Workers' Compensation	
Each Accident	\$1,000,000
Memorandum	\$1,000,000 Limit
Each Employee	\$1,000,000
Commercial Property General Liability	
Each Occurrence	\$1,000,000 Limit
General aggregate limit (other than products-completed operations)	\$2,000,000 Limit
Products (completed operations aggregate limit)	\$2,000,000 Limit
Personal and advertising injury limit	\$1,000,000 Limit
Fire damage limit	\$100,000 Limit
Medical expenses limit	\$5,000 Limit
Commercial Inland Marine	
Contractors equipment	\$573,090 Limit
Miscellaneous Property	\$239,500 Limit
Commercial Auto	

## GENERAL INFORMATION

### LOCATION AND TRANSPORTATION

The City, with a corrected 2010 Census population of 4,903 comprises an area of 1,600 land acres. The City is located in central Iowa, and is the only community that borders the cities of Des Moines, Urbandale, Clive and West Des Moines. Major highways that serve the City include U.S. Interstate Highways No. 35, 80 and 235. Commercial airline service is available at Des Moines International Airport.

### LARGER EMPLOYERS

A representative list of larger employers and employees in the City is as follows [update pending]:

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate # of Employees</u>
Wal-Mart	Retail Distributor	400
Hy-Vee Foods	Grocery	280
YMCA	Child & Youth Services	250
Sam's Club	Retail Distributor	187
Electrical Engineer & Equipment Co. (3E)	Electrical Equipment	122
Cowles Elementary School	Elementary School	75
Clive Elementary School <sup>6</sup>	Elementary School	70
Iowa Natural Resources Department	Air Quality Department	62
RE/MAX <sup>6</sup>	Real Estate	61
City of Windsor Heights	Municipal Government	53
City Wide Heating and Air Conditioning	Heating and Cooling	42
Schott Mauss & Associates <sup>6</sup>	Law Firm	19

Source: Telephone survey conducted May 2013, except as noted.

Additional major employers in the Des Moines metropolitan area include, but are not limited to the following:

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate # of Employees</u>
Wells Fargo & Co	Financial Services	14,000
Mercy Hospital Medical Center	Healthcare (Hospitals and Clinics)	7,055
UnityPoint Health-Des Moines <sup>7</sup>	Healthcare	6,435
Hy-Vee Food Stores	Retail Food Stores	6,400
Principal Financial Group	Insurance	6,066
Nationwide/Allied Insurance	Insurance	4,269
Des Moines Independent School District	Education	4,000
DuPont Pioneer	Seed Manufacturing	3,000
John Deere Companies	Agricultural Equipment & Financial Service	1,900

Source: Des Moines Business Record 2015 Book of Lists.

<sup>6</sup> Could not be reached for update; figure as of March 2012.

<sup>7</sup> Formerly Iowa Health Systems.

## BUILDING PERMITS<sup>8</sup>

City officials report the following construction activity as of February 29, 2016. Permits for the City are reported on a calendar basis.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Single Family Homes					
No. of new homes:	0	0	0	0	0
Valuation:	\$0	0	0	0	0
No. of Additions & Alterations:	2	4	2	5	3
Valuation:	\$170,572	\$53,570.36	\$102,000	\$203,492	\$27,261
Commercial/Industrial/Other:					
No. of new buildings	0	0	2	2	0
Valuation:	0	0	\$3,027,067	\$4,701,568	0
No. of Additions & Alterations:	5	2	0	1	2
Valuation	\$554,781	\$3,005,000	0	58,000	137,772
Total Permits:	7	6	4	3	5
Total Valuation:	\$725,353	\$3,058,570.36	\$3,129,067	\$4,963,063	\$165,033

## US CENSUS DATA

1980 US Census	5,474
1990 US Census	5,190
2000 US Census <sup>9</sup>	4,891
2010 US Census	4,860

Source: U.S. Census Bureau website.

## UNEMPLOYMENT RATES

		Polk County	State of Iowa
Annual Averages:	2011	6.1%	5.9%
	2012	5.4%	5.2%
	2013	4.8%	4.7%
	2014	4.2%	4.2%
	2015	3.6%	3.7%

Source: Iowa Workforce Development Center.

<sup>8</sup> January 1, 2016 through February 29, 2016.

<sup>9</sup> Official U.S. Census report of 4,805 has been corrected by the City based on additional information.

## **EDUCATION**

Public education is provided to the City by the Des Moines Independent Community School District and the West Des Moines Community School District. In addition, there are several parochial schools within the Des Moines metro area.

The Des Moines Independent Community School District provides public education, with a certified enrollment for the 2015-16 school year of 32,581. The district owns and operates 38 elementary schools, 10 junior high schools, 5 high schools and 10 other specialized schools.

The West Des Moines Community School District provides public education, with a certified enrollment for the 2015-16 school year of 9,013. The district owns and operates 8 elementary schools, 1 early childhood center, 2 junior high schools, 1 ninth grade high school, 1 tenth through twelfth grade high school and 1 alternative high school.

Continuing educational opportunities within commuting distance include Drake University (Des Moines), Grand View College (Des Moines), Upper Iowa University (West Des Moines), American Institute of Business (Des Moines), Des Moines Area Community College (Ankeny), Iowa State University (Ames) and Simpson College (Indianola).

## **FINANCIAL STATEMENTS**

The City's INDEPENDENT AUDITOR'S REPORTS for the fiscal year ended June 30, 2015 is reproduced in APPENDIX B. The City's certified public accountant has not consented to distribution of the audited financial statements and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the City's prior Independent Auditor's Reports may be obtained from the City's Financial Advisor, Independent Public Advisors, LLC.

**APPENDIX A: FORM OF LEGAL OPINIONS**

**APPENDIX B: JUNE 30, 2015 INDEPENDENT AUDITOR'S REPORTS**

**APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**APPENDIX D: NOTICE OF SALE**