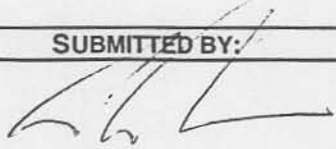


OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM _____

CITY COUNCIL COMMUNICATION 96-010
JANUARY 2, 1996 AGENDA

SUBJECT:	TYPE:	PREPARED BY:	SUBMITTED BY:
AIRPORT CAPITAL LOAN NOTE ISSUANCE	◆ RESOLUTION ORDINANCE RECEIVE/FILE	BILL FLANNERY AVIATION DIRECTOR	 ERIC A. ANDERSON CITY MANAGER

SYNOPSIS —

Staff is recommending that Council defer the decision on issuance of \$3,000,000 in Airport Revenue Capital Loan Notes until January 15. Due to the Christmas and New Year's holidays, pricing on the issue was not possible in the market. Negotiations are continuing in an effort to secure reasonable terms for the notes. Over the past several months, there has apparently been a very high demand in the local market for short-term notes, which has led to higher than anticipated proposals thus far.

FISCAL IMPACT —

There is no fiscal impact on the City of Des Moines. Principal and interest payments on the loan are obligations of the Airport System (i.e., Enterprise Fund) and are payable solely from Airport revenues.

RECOMMENDATION —

Defer the decision on the issuance of \$3,000,000 Airport Revenue Capital Loan Notes until January 15, 1996.

BACKGROUND —

The Airport Board, by Resolution No. A95-205, approved a recommendation to City Council for issuance of Airport Revenue Capital Loan Notes in an amount not to exceed \$3,000,000. By structuring the loan as Airport Revenue Capital Loan Notes, the bonds do not constitute a charge against the City's General Obligation (G.O.) Debt Capacity, and have no impact on future borrowings of the City.

On October 16, 1995, Council closed the public hearing on this matter, but action was deferred to allow negotiation and placement of the notes with a local financial institution. On December 4, 1995, Council deferred the item until January 2, 1996.