

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM **52**

CITY COUNCIL COMMUNICATION 97-197
APRIL 21, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
LOAN AGREEMENT AND ISSUANCE OF AIRPORT REVENUE CAPITAL LOAN NOTES, SERIES 1997A	◆ RESOLUTION ORDINANCE RECEIVE/FILE	KEVIN RIPER FINANCE DIRECTOR

SYNOPSIS —

This is the concluding Council action authorizing the issuance of \$3,515,000 Airport Revenue Capital Loan Notes, which will fund five Airport parking, utility, and runway projects, plus the related costs of issuance.

FISCAL IMPACT —

The Airport Revenue Loan Notes will be repaid solely from Airport Enterprise revenues that are derived from parking, air carrier, and other vendor charges. No general taxing authority of the City is pledged as security.

Annual debt service for the five-year life of the Notes is shown on the attached schedule. The notes carry a true interest cost of 5.0256 percent—the result of the bidding conducted on April 7, and awarded by Council at its meeting that evening.

RECOMMENDATION —

Staff and the City's bond counsel and financial advisor recommend approval and authorization of the loan agreement and the issuance of the Notes.

BACKGROUND —

The Series 1997A Airport Revenue Capital Loan Notes will fund the following Airport activities:

CAT II Centerline Lighting (13L/31R)	\$ 900,000
Parking Garage Design	1,100,000
Parking Revenue Control Equipment	600,000
Utility Relocation	450,000
Interim Parking Modifications	350,000
Miscellaneous and financing costs	115,000
Total Costs	<u>\$ 3,515,000</u>

All the above-related activities are included in the approved 1997-98 CIP.

In conjunction with issuing the Notes, the City is pledging to fulfill a number of covenants and obligations, such as setting Airport fees and charges at a level sufficient to cover operations and

maintenance, all debt service and a margin of safety; expending the note proceeds within three years; and providing *continuing disclosure* information annually to the capital markets.

Closing of the Note sale is scheduled for April 29, 1997. Attached is the Official Statement for the issue, which was published in preliminary form late in March, and distributed to potential buyers of the Notes.