

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-260

SYNOPSIS -

AGENDA:

JUNE 7, 1999

SUBJECT:

1999 GENERAL
OBLIGATION BOND
SALE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

KEVIN RIPER
FINANCE
DIRECTOR

After the seven public hearings were held on May 17, 1999 for the sale of General Obligation (G.O.) Bonds, bond counsel discovered that the Des Moines Register printed incorrectly three of the seven legal notices (announcing the date and content of the public hearings), thus invalidating those three May 17 public hearings. Therefore, three public hearings need to be republished in the newspaper (at no additional cost to the City), and the public hearings conducted again at the June 21, 1999, Council meeting. After the three public re-hearings, Council will be in a position to consider awarding the sale of bonds to the winning bidder(s) of the competitive auction to be conducted earlier that day, and to consider authorizing the issuance of the bonds. These latter two actions had previously been scheduled for June 7, 1999.

FISCAL IMPACT -

Movement in the term structure of interest rates between June 7 and June 21 will determine whether the City will face higher or lower interest costs as a result of the two-week delay in the bond sale caused by the printing errors.

RECOMMENDATION -

Receive and file.

BACKGROUND -

On May 3, 1999, Council set May 17, 1999, as the date of seven public hearings for issuance of G.O. Bonds in an aggregate amount of \$23.4 million. Unfortunately, three of the legal notices for the public hearings were printed in the newspaper with significant omissions. Of the seven legal

notices City staff sent to the newspaper, two were printed with an entire paragraph missing, and a third with two paragraphs missing. Newspaper printing errors of this magnitude for a legal notice are unprecedented in the combined experience of the City's financing team.

Since the omitted paragraphs contained information that, under State law, must be published, the three affected public hearings need to be published and conducted again on June 21.