

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-323

SYNOPSIS -

AGENDA:

JULY 12, 1999

SUBJECT:

RESOLUTION
DECLARING AN
OFFICIAL INTENT
UNDER TREASURY
REGULATION 1.150-2
TO ISSUE DEBT TO
REIMBURSE THE CITY
FOR CERTAIN
ORIGINAL
EXPENDITURES PAID
IN CONNECTION WITH
SPECIFIED PARKING
SYSTEM PROJECTS

A downtown Parking System study is under way, with the results expected late this calendar year. If that study recommends either a refinancing of the City's Series 1990 Parking System Revenue Bonds, or a "new-money" bond issue, or both, then a parking revenue bond issue within the next 12 months is a distinct possibility. (The adopted Capital Improvements Program for 1999-2000 includes such a bond issue.) The City's parking fund is incurring now certain expenses-primarily to acquire land and prepare sites to be used for new parking spaces-that are eligible to be financed by bond proceeds. A Resolution of Intent to reimburse permits the City to reimburse the parking fund's current cash outlays from future bond proceeds, if any. A Resolution of Intent to reimburse does not commit the City to any future bond issuance; it merely allows fiscal flexibility in the event Council authorizes a parking revenue bond sale in the future. Finally, a parking revenue bond would be enterprise fund debt-not a general obligation of the City-so it would not count against the City's debt limit.

TYPE:

FISCAL IMPACT -

None.

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

SUBMITTED BY:

KEVIN RIPER
FINANCE DIRECTOR

Approval of Resolution Declaring an Official Intent under Treasury Regulation 1.150-2 to issue debt to reimburse the City for certain original expenditures paid in connection with specified Parking System Projects.

FLOYD BENTZ
CITY ENGINEER

BACKGROUND -

U.S. Treasury Department regulations under the Internal Revenue Code permit reimbursement of certain public expenditures from the proceeds of future bond issues provided the governing body has adopted a Resolution of Intent to reimburse. Fiscally, this mechanism permits the City to choose to match long-lived assets (land acquisition and site preparation, for example) with long-term liabilities (bonds), rather than permanently depleting current cash balances.