

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**00-193**

**SYNOPSIS -**

**AGENDA:**

MAY 1, 2000

**SUBJECT:**

SETTING DATE OF  
HEARING FOR  
GENERAL  
OBLIGATION BOND  
ISSUE

Setting the date for six separate public hearings on May 15, 2000, for issuance of General Obligation Bonds in an aggregate amount not to exceed \$24,950,000. This will begin the annual springtime process of borrowing from the capital markets to pay for the City's FY 2000-01 Capital Improvements Program (CIP). Like last year, this year a large number of public hearings are required, because the diverse nature of the FY 2000-01 CIP projects yields a wide range of categories for which, under State law, separate public hearings must be held.

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**FISCAL IMPACT -**

The funding amounts for various capital projects are consistent with the FY 2000-01 CIP, adopted by City Council on March 6, 2000. Annual debt service on this year's General Obligation Bond issue will be paid, as usual, from: (1) the property tax debt service levy approved by City Council and certified to the State; and (2) tax increment funds, as available.

**SUBMITTED BY:**

KEVIN RIPER  
FINANCE DIRECTOR

**RECOMMENDATION -**

**Approval.**

**BACKGROUND -**

CIP improvements to be financed include projects in the following categories: bridge and viaduct, fire protection, library, municipal buildings, parks, sidewalk, street, traffic control, and neighborhood/economic development.

Attached are two lists of the various projects to be financed by this bond issue. The first list is the "bond-sizing spreadsheet." This three-page document follows the same structure and

sequence as the CIP document, and lists every project to be financed, and the associated dollar amount of the borrowing, including issuance costs. The second list is from bond counsel, and lists the same projects, sorted into separate public hearings that will be conducted on May 15, 2000.

This spring's borrowing includes \$7.5 million as the second in a four-year series of General Obligation Bonds expected to total \$16.2 million for the Gateway Project. (Last year the City borrowed \$3.1 million for Gateway.) Debt service on the bonds issued for Gateway will be paid from tax increment. Under federal law and U.S. Treasury Department regulations, the interest on some of the bonds to be issued this year for Gateway is also expected to be taxable to investors. Therefore, investors will demand from the City a higher interest rate (approximately 200 "basis points," equal to two percentage points) on the portion of this debt that is taxable than on the remainder of the bond issue, which will be tax-exempt.

Attachments