

**CITY COUNCIL
COMMUNICATION:
N:**

ITEM _____

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

00-251

SYNOPSIS -

AGENDA:

Authorizing the sale of General Obligation (G.O.) Bonds to pay for the City's 2000-01 Capital Improvement Program (CIP).

JUNE 5, 2000

The City will receive competitive bids from underwriters at 11:00 A.M., Monday, June 5, 2000. At tonight's City Council meeting, Council will be asked to award the sale to the firm or group of firms with the best bid (lowest interest rate) and to authorize issuance of the bonds.

SUBJECT:

**SALE OF GENERAL
OBLIGATION
BONDS**

FISCAL IMPACT -

TYPE:

The funding amounts for various capital projects are consistent with the 2000-01 CIP, adopted by the City Council on March 6, 2000, by Roll Call No. 00-681. Annual debt service on this year's G.O. Bond issue will be paid, as usual, from: (i) the property tax debt service levy approved by City Council and certified to the State; and (ii) tax increment funds, as available. Annual debt service on the 20-year bond issue will be provided to Council in a separate communication on Monday, June 5, 2000, after bids are received.

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

RECOMMENDATION -

**KEVIN RIPER
FINANCE
DIRECTOR**

Authorize the sale of General Obligation Bonds, Series 2000D (tax-exempt) and Taxable Series 2000E, in an aggregate par amount of \$24,950,000.

BACKGROUND -

The approved CIP calls for the following improvements to be financed with bond proceeds:

Series 2000 D (Tax-Exempt)

Projects Paid from Taxes

	Bridge and Viaduct	\$ 148,134
	Fire Prevention	2,130,947
	Library Improvements	343,341
	Municipal Improvements	948,908
	Parks Improvements	3,755,347
	Sidewalk Improvements	285,647
	Street Improvements	4,665,341
	Traffic Control Improvements	529,719
	Neighborhood and Economic Development	<u>2,061,517</u>
	Subtotal	\$14,868,901
	<u>Projects Paid from Tax Increment</u>	
	Parks Improvements	\$ 50,000
	Street Improvements	2,090,000
	Neighborhood and Economic Development	<u>5,500,000</u>
	Subtotal	\$ 7,640,000
	Total Projects, Series 2000D (Tax-Exempt)	\$22,508,901
	Series 2000E - (Taxable)	
	<u>Projects Paid from Tax Increment</u>	
	Neighborhood and Economic Development	\$2,000,000
	Total Projects, Series 2000E	<u>2,000,000</u>
	Grand Total Projects, Series 2000D and E	\$24,508,901

Total issuance and contingency costs allocated to Series 2000D and 2000E are \$441,099-the majority of which is the underwriter's discount for selling the City's bonds-for a total sale of \$24,950,000. Attached are more detailed bond-sizing spreadsheets (three pages) and a list of the projects considered during each of the six public hearings on May 15, 2000 (four pages).

The structure of the bond issue is consistent with the City's debt management policy. There is narrow adherence to the City's self-imposed debt limit policy of 70 percent of the constitutional debt limit. Indeed, the projected three-year average debt margin touches the 30

percent level at the end of Fiscal Year 2000-01, as shown in the CIP document presented to Council in early January.

Attachments

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