

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:

ITEM _____

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

01-316

SYNOPSIS -

AGENDA:

JUNE 4, 2001

This communication supplements Council Communication No. 01-309 and Council Communication No. 01-310, which were included in the Council packet for tonight's meeting.

SUBJECT:

RESULTS OF SALE
OF GENERAL
OBLIGATION
BONDS AND
GENERAL
OBLIGATION
REFUNDING BONDS

At 12:00 PM today, the City received eight bids for its \$25,045,000 General Obligation Bonds, Series 2001A (tax-exempt). The best bid (and, therefore, the lowest interest rate) was from William R. Hough & Company, at a true interest cost of 4.9246 percent over the 18-year life of the bonds.

The City received five bids for its \$4,070,000 General Obligation Bonds, Series 2001B (double tax-exempt). The best bid (lowest interest rate) was from UBS Paine Weber Inc., at a true interest cost of 4.8161 percent.

TYPE:

Six bids were received for its \$4,235,000 General Obligation Bonds, Taxable Series 2001C. The best bid (lowest interest rate) was from UBS Paine Weber Inc., at a true interest cost of 5.57040 percent.

RESOLUTION
ORDINANCE
RECEIVE/FILE

Five bids were received for its \$9,655,000 General Obligation Refunding Bonds, Series 2001D. The best bid (lowest interest rate) was from a 22-firm syndicate led by Harris Trust and Savings Bank and joint managed by Wells Fargo Brokerage Services LLC, at a true interest cost of 4.3371 percent.

SUBMITTED BY:

ALLEN MCKINLEY
ACTING FINANCE
DIRECTOR

Five bids were received for its \$6,005,000 General Obligation Hotel-Motel Tax Refunding Bonds, Series 2001E. The best bid (lowest interest rate) was from Salomon Smith Barney, at a true interest cost of 4.254242 percent.

Various factors affect the interest rate received for bond issues such as this, including the City's general obligation bond rating. As shown in the first page attached, the City continues to hold a general obligation bond rating of Aa2 from Moody's, and AA+ from Standard and Poor's, with a "stable" outlook from both rating agencies. The remainder of the attachment is the credit analysis from Moody's.

FISCAL IMPACT -

Annual debt service on the bonds Series A-C (new money) will average \$2,825,000 through FY2018-19, then \$330,000 through FY2020-21. Debt service will be paid from property tax debt service levy and tax increment funds, as available.

Annual debt service on General Obligation Refunding Bonds, Series 2001D will average \$1,115,000 through FY2011-12. Debt service will be paid from property tax debt service levy and tax increment funds, as available. The net present value savings will approximate \$712,000.

Annual debt service on General Obligation Hotel-Motel Tax Refunding Bonds, Series 2001E will average \$240,000 through FY2002-03 and \$800,000 through FY 2011-12. Debt service will be paid from Hotel-Motel tax. The net present value savings will approximate \$405,000.

RECOMMENDATION -

Direct the sale of \$25,045,000 General Obligation Bonds, Series 2001A, to William R. Hough and Company.

Direct the sale of \$4,070,000 General Obligation Bonds, Series 2001B, to UBS Paine Weber.

Direct the sale of \$4,235,000 General Obligation Bonds, Taxable Series 2001C, to UBS Paine Weber.

Direct the sale of \$9,655,000 General Obligation Refunding Bonds, Series 2001D to Harris Trust and Savings Bank.

Direct the sale of \$6,005,000 General Obligation Hotel-Motel Tax Refunding Bonds, Series 2001E to Salomon Smith Barney.

BACKGROUND -

This bond issue will fund a portion of the City's 2001-02 Capital Improvements Program approved by Council on March 2, 2001, by Roll Call No. 01-643.

The structure of the bond issue is consistent with the City's debt management policy. Final Council action to authorize the bonds will occur in a separate action on the June 18 Council agenda. Bond closing is scheduled for June 27, 2001.

Attachments
