

**CITY COUNCIL  
COMMUNICATION**

**:**

**02-274**

**AGENDA:**

MAY 20, 2002

**SUBJECT:**

SET DATE OF SALE  
AND APPROVE  
PRELIMINARY  
OFFICIAL  
STATEMENT FOR  
2002 GENERAL  
OBLIGATION  
BONDS

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

MERRILL R.  
STANLEY  
FINANCE  
DIRECTOR

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

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

**SYNOPSIS -**

On May 6, 2002, the City Council held six separate public hearings for issuance of General Obligation Bonds. The next step in the financing process is City Council approval of completion and the distribution of a Preliminary Official Statement to potential buyers of the City's bonds in the capital markets. The bond structure recommended by the financing team includes \$41,645,000 of bonds to be sold on June 3, 2002.

**FISCAL IMPACT -**

The funding amounts for various capital projects are consistent with the Fiscal Year (FY) 2002-03 Capital Improvement Program (CIP), adopted by City Council on March 4, 2002. 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.

**RECOMMENDATION -**

**Authorize completion and distribution of Preliminary Official Statement relating to the issuance of General Obligation Bonds.**

**BACKGROUND -**

At its May 6, 2002 meeting, the City Council held public hearings and approved the issuance of the General Obligation Bonds.

The approved 2002-03 CIP calls for the following improvements to be financed with bond proceeds:

Bridge and Viaduct	\$ 1,048,600
Fire Protection	250,400
Flood Control Improvements	189,400
Library Improvements	3,812,600
Municipal Improvements	4,106,900
Parks Improvements	5,323,400
Sidewalk Improvements	3,055,500
Street Improvements	16,090,400
Traffic Control Improvements	549,800
Neighborhood and Economic Development	7,218,000
<b>Total</b>	<b>\$ 41,645,000</b>

Total issuance and contingency costs allocated to the bonds are \$738,662-the majority of which is the underwriter's discount for selling the City's bonds. 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 6, 2002.

The General Obligation Bond issue includes \$700,000 for police vehicles, which were considered for leasing in a competitive process. The results of the process indicated that the lowest cost financing was available through bonding.

Also included is \$1.6 million as the final in a four-year series of General Obligation Bonds totaling \$16.2 million for the Gateway Project. (Last year the City borrowed \$4 million for Gateway.) Debt service on the bonds issued for Gateway will be paid from tax increment.

The structure of the bond issue is consistent with the City's debt management policy: more specifically, adherence to the City's self-imposed debt limit policy of 80 percent of the constitutional debt limit.

The bond sale, and Council approval thereof, are scheduled for Monday, June 3, 2002. Closing is scheduled for Friday, June 28, 2002.

Attachments