

**CITY COUNCIL  
COMMUNICATION:**

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

**02-293**

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

**AGENDA:**

**SYNOPSIS -**

JUNE 3, 2002

Authorizing the sale of General Obligation Bonds to pay for the City's 2002-03 Capital Improvement Program (CIP).

**SUBJECT:**

SALE OF GENERAL  
OBLIGATION  
BONDS

The City will receive competitive bids from underwriters at 11:00 AM, Monday, June 3, 2002. 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.

**TYPE:**

**FISCAL IMPACT -**

**RESOLUTION**

ORDINANCE  
RECEIVE/FILE

The funding amounts for various capital projects are consistent with the 2002-03 CIP, adopted by the City Council on March 4, 2002. Annual debt service on this year's General Obligation 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 bond issue will be provided to Council in a separate communication on Monday, June 3, 2002, after bids are received.

**SUBMITTED BY:**

MERRILL R.  
STANLEY  
FINANCE  
DIRECTOR

**RECOMMENDATION -**

**Authorize the sale of General Obligation Bonds, Series 2002E (tax-exempt), Series 2002F (Urban Renewal) and Taxable Series 2002G, in an aggregate par amount of \$41,640,000.**

**BACKGROUND -**

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

Series 2002E (Tax-		
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Exempt)		
	Projects Paid from Taxes	
	Bridge and Viaduct	\$1,030,000
	Fire Protection	246,000
	Flood Control Improvements	186,000
	Library Improvements	745,000
	Municipal Improvements	4,034,000
	Parks Improvements	4,259,000
	Sidewalk Improvements	242,000
	Street Improvements	10,725,000
	Traffic Control Improvements	470,000
	Neighborhood Development	2,200,000
	Development Opportunities	2,000,000
	Subtotal	\$26,137,000
	Projects Paid from Tax Increment	
	Downtown Sidewalk System Improvements	\$1,000,000
	Street Improvements	3,170,000
	Traffic Control Improvements	70,000
	Subtotal	\$4,240,000
	Total Projects, Series 2002E (Tax-Exempt)	\$30,377,000
	Series 2002F - (Urban Renewal)	
	Projects Paid from Taxes	
	Library Facilities	\$3,000,000
	SE Ag Park	400,000
	SE Development Plan	40,000

	Subtotal	\$3,440,000
	Projects Paid from Tax Increment	
	Downtown Sidewalk System Improvements	\$1,759,338
	Street Improvements	1,910,000
	Neighborhood Development	1,250,000
	Subtotal	\$4,919,338
Total Projects, Series 2002F		\$8,359,338
Series 2002G - (Taxable)		
	Projects Paid from Taxes	
	Neighborhood Development	\$850,000
	Sec Taylor Stadium Infrastructure	750,000
	Subtotal	\$1,600,000
	Projects Paid from Tax Increment	
	Neighborhood Development	\$350,000
	Sec Taylor Stadium Infrastructure	220,000
	Subtotal	\$570,000
Total Projects, Series 2002G		\$2,170,000

Total issuance and contingency costs allocated to the bonds are \$733,662- the majority of which is the underwriter's discount for

selling the City's bonds-for a total sale of \$41,640,000. 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 6, 2002.

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 bonds are scheduled to close on Friday, June 28, 2002.

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