



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-307

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

AGENDA:

SYNOPSIS -

JUNE 3, 2002

This communication supplements Council Communication No. 02-293 which was included in the Council packet for tonight's meeting.

SUBJECT:

At 11 AM today, the City received five bids for its \$30,920,000 General Obligation Bonds, Series 2002E (tax-exempt). The best bid (and, therefore, the lowest interest rate) was from UBS/Paine Webber, at a true interest cost of 4.807899 percent over the 20-year life of the bonds.

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

The City received three bids for its \$8,515,000 General Obligation Bonds, Series 2002F (Urban Renewal). The best bid (lowest interest rate) was from US Bancorp Piper Jaffray, at a true interest cost of 4.4899 percent over the 20-year life of the bonds.

TYPE:

Nine bids were received for its \$2,205,000 General Obligation Bonds, Taxable Series 2002G. The best bid (lowest interest rate) was from UBS/Paine Webber, at a true interest cost of 4.6072 percent over the five-year life of the bonds.

RESOLUTION
ORDINANCE
RECEIVE/FILE

Various factors affect the interest rate received for bond issues such as this, including the City's general obligation bond rating. 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. We have attached the credit analyses from Moody's and Standard and Poor's.

SUBMITTED BY:

MERRILL R.
STANLEY
FINANCE
DIRECTOR

FISCAL IMPACT -

Annual debt service on the bonds will range from \$2,300,000 to \$3,540,000. Debt service will be paid from property tax debt service levy and tax increment funds, as available.

RECOMMENDATION -

Direct the sale of \$30,920,000 General Obligation Bonds, Series 2002E, to UBS/Paine Webber.

Direct the sale of \$8,515,000 General Obligation Bonds, Series 2002F, to US Bancorp Piper Jaffray.

Direct the sale of \$2,205,000 General Obligation Bonds, Taxable Series 2002G, to UBS/Paine Webber.

BACKGROUND -

This bond issue will fund a portion of the City's 2002-03 Capital Improvements Program approved by Council on March 4, 2002.

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 17 Council agenda. Bond closing is scheduled for June 28, 2002.

Attachments
