

CITY COUNCIL
COMMUNICATION:

03-223

AGENDA:

MAY 19, 2003

SUBJECT:

SALE OF GENERAL
OBLIGATION BOND
ISSUE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM _____

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

SYNOPSIS —

Authorizing the sale of General Obligation Bonds to pay for the City's 2003-04 Capital Improvement Program (CIP).

The City will receive competitive bids from underwriters at 10 AM, Monday, May 19, 2003. 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.

FISCAL IMPACT —

The funding amounts for various capital projects are consistent with the FY 2003-04 CIP, adopted by the City Council on February 24, 2003. 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. Annual debt service on the bond issue will be provided to Council in a separate communication on Monday, May 19, 2003, after bids are received.

RECOMMENDATION —

Authorize the sale of General Obligation Bonds, Series 2003C (tax-exempt), and Series 2003D (urban renewal), in an aggregate par amount of \$31,000,000.

BACKGROUND —

The approved 2003-04 CIP calls for the following improvements to be financed with bond proceeds:

Bridge and Viaduct	\$711,000
Fire Protection Improvements	\$1,356,000
Library Improvements	\$3,339,000
Sidewalk Improvements	\$421,000
Municipal Improvements	\$2,598,000
Parks Improvements	\$4,492,000
Street Improvements	\$14,814,000
Traffic Control Improvements	\$426,000
Neighborhood and Economic Development	\$2,843,000

**CITY COUNCIL
COMMUNICATION**
03-223
MAY 19, 2003
PAGE TWO

Improvements

Total \$31,000,000

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 Series 2003C and 2003D bonds have been rated AA+ by Standard and Poor's and Aa2 by Moody's Investors Service. These ratings are consistent with recent years, but are dependent on the City balancing its operating budget following recent revenue reductions by the State.

