



Council Communication

Office of the City Manager

Date

November 29, 2006

Agenda Item No. 3
Roll Call No. 06-
Communication No. 06-770
Submitted by: Allen McKinley, Finance
Director

AGENDA HEADING:

Awarding the Sale of Series 2006D Stormwater Management Utility Bonds.

SYNOPSIS:

Recommend awarding the sale of Series 2006D Stormwater Management Utility Bonds in the amount of \$16,750,000 to LaSalle Financial Services, Inc. (New York, NY) for the financing of stormwater improvements in the City's Fiscal Year 2006-07 and Fiscal Year 2007-08 portion of the approved Capital Improvement Program.

FISCAL IMPACT:

Amount: \$16,750,000 plus interest and fees

Funding Source: The City pledges that annual debt service will be paid from revenues of the City's Stormwater Management Utility System. This is a revenue bond issue, not a general obligation bond issue. Hence, the debt will not count toward the City's constitutional debt limit.

ADDITIONAL INFORMATION:

Bids were received today for the sale of \$16,750,000 Stormwater Management Utility Bonds, Series 2006D. The issue was rated AA+ by Standard and Poor's and Aa3 by Moody's, reflecting no change since the last rating for this type of debt in 2004.

Seven bids were received, as listed below, with the low bid coming from LaSalle Financial Services, Inc. at a True Interest Cost (TIC) of 4.022684%. The complete listing of bids received is as follows:

LaSalle Financial Services, Inc.	4.022684
Merrill Lynch and Co.	4.024058
Piper Jaffray	4.034868
Morgan Stanley DW Inc.	4.056401
Prager, Sealy & Co., LLC	4.092603
Harris Bank	4.100500
Citigroup Global Markets Inc.	4.109279

In June 2004, Stormwater Utility Management Bonds Series 2004F (15 year debt) was awarded at a TIC of 4.363061%. In July, General Obligation Bonds Series 2006A (20 year debt) was awarded at a TIC of 4.619517%.

PREVIOUS COUNCIL ACTION(S):

Date: November 20, 2006

Roll Call Number: 06-2312

Action: [Directing](#) advertisement for sale of \$16,750,000 Stormwater Management Utility Revenue Bonds, Series 2006D, (bonds will be sold on November 29 at 10:00 AM and a special Council meeting will be held at 4:00 PM) ([Council Communication No. 06-744](#)) Moved by Hensley to adopt. Motion Carried 6-0.

Date: November 6, 2006

Roll Call Number: 06-2202 and 06-2203

Action: Public Hearing [on](#) issuance of Stormwater Management Utility Revenue Bonds, not to exceed \$17,000,000, and [authorization](#) for additional action. (Bonds will be sold on Wednesday, November 29 in the morning and a Special City Council Meeting will be held at 4:00 PM to approve the sale). ([Council Communication No. 06-684](#)). Moved by Coleman to adopt. Motion Carried 6-0.

Date: September 25, 2006

Roll Call Number: 06-1875

Action: Setting date of hearing [on](#) issuance of Stormwater Management Utility Revenue Bonds, not to exceed \$17,000,000, (11-6-06). ([Council Communication No. 06-625](#)) Moved by Vlassis to adopt. Motion Carried 6-0.

Date: September 11, 2006

Roll Call Number: 06-1783

Action: Approving [intent](#) under treasury regulation to issue debt to reimburse Des Moines Stormwater Utility for expenditures paid in conjunction with proposed projects. ([Council Communication No. 06-561](#)) Moved by Vlassis to adopt. Motion Carried 6-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of bond documents on December 4, 2006.