

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	October 27, 2008
	Agenda Item No. 23 Roll Call No. <u>08-</u> Communication No. <u>08-637</u> Submitted by: Allen McKinley, Finance Director/Treasurer	

AGENDA HEADING:

Resolution fixing date for a meeting on the authorization of a loan agreement and issuance not to exceed \$12,000,000 Aviation System Revenue Capital Loan Notes of Des Moines, Iowa and providing for publication of notice thereof.

SYNOPSIS:

Setting a date of hearing for consideration on the authorization to issue \$12,000,000 of Aviation System Revenue Capital Loan Notes to supplement or replace the current authorized \$12,000,000 Commercial Paper Program.

FISCAL IMPACT:

Amount: \$12,000,000 plus interest

Funding Source: 2008-2009 Operating Budget, Page 63, Aviation Department Airport Operations Fund EN002 AIR010100.

ADDITIONAL INFORMATION:

On August 21, 2000, the City Council established the Airport’s Commercial Paper (Series C) Program with an initial authorization of \$5,000,000. On April 7, 2003, the City Council approved an expansion of the program to \$12,000,000 and a time extension to June 30, 2007. On June 18, 2007, the City Council extended the program to June 30, 2008 and most recently on June 23, 2008, City Council extended the program to June 30, 2009. The time extensions have occurred because the Airport was not ready to transition from the Commercial Paper Series C Program to long-term debt.

With the recent turmoil in the financial markets and the “freezing up” of the credit markets, Commercial Paper (short-term borrowing) rates have risen dramatically and the principal amount has become more difficult to “roll” when the paper reaches maturity. Terms have shortened from the maximum of 270 days to 30 days, and at times, even overnight.

In order to provide more flexibility, the Finance Department is proposing a local placement of Capital Loan Notes to supplement or replace the Commercial Paper Program. The Airport will not be increasing their overall indebtedness through this proposal. It is also possible that depending on the bids received the local placement of the Capital Loan Notes may result in a permanent financing.

PREVIOUS COUNCIL ACTION(S):

Date: June 23, 2008

Roll Call Number: 08-1108

Action: Extension of Airport's Commercial Paper Series C Program, including Letter of Credit with Bank of America, for one year, through June 30, 2009. (Council Communication No. 08-388) Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Public hearing and authorization to proceed. If authorized to proceed, the award of bid on capital loan notes will be presented to the City Council for approval.

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