

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 97-187
APRIL 7, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
SALE OF \$3,515,000 AIRPORT REVENUE CAPITAL LOAN NOTES	◆ RESOLUTION ORDINANCE RECEIVE/FILE	KEVIN RIPER FINANCE DIRECTOR

SYNOPSIS —

On the April 7, 1997, Council is a resolution calling for the sale of \$3,515,000 Airport Revenue Capital Loan Notes, Series 1997A. The capital loan notes are being sold to fund five Airport parking, utility, and runway projects, plus the related costs of issuance.

FISCAL IMPACT —

The Airport Revenue Loan Notes will be repaid solely from Airport Enterprise Revenues that are derived from parking, air carrier, and other vendor charges. No general taxing authority of the City is pledged as security. The City solicited proposals from 15 investment firms with offices in Des Moines, Chicago, Kansas City, Minneapolis, and St. Louis (see attached list of interested bidders). The City received three bids on the capital loan notes. Nine of the 15 investment bankers participated in the bidding syndicates. The following is a summary of those bids:

Syndicate Manager	Price	Net Interest Cost	True Interest Rates
Miller-Schroeder Financial, Inc.	\$ 3,492,504.00	\$ 541,274.33	5.0256 %
Principal Financial Securities	\$ 3,506,086.45	\$ 548,455.22	5.0867 %
Dain/Boxworth/Piper/Jaffrey/ Chiles-Heider/Securities Corp.	\$ 3,492,152.50	\$ 553,634.17	5.1415 %

A summary of bids with additional analysis is attached.

RECOMMENDATION —

Staff, and the City's Bond Counsel and Financial Advisor have reviewed all bids for conformance to the terms of sale and mathematical accuracy. City staff and the Financial Advisor recommend award of the Airport Revenue Capital Loan Notes Series 1997A to the investment banking firm of Miller-Schroeder Financial, Inc., whose true interest cost bid of 5.0256 percent has been determined to be the lowest.

BACKGROUND —

The Series 1997A Airport Revenue Capital Loan Notes will fund the following Airport activities:

CAT II Centerline Lighting (13L/31R)	\$ 900,000
Parking Garage Design	1,100,000
Parking Revenue Control Equipment	600,000
Utility Relocation	450,000
Interim Parking Modifications	350,000
Miscellaneous and financing costs	<u>115,000</u>
Total Costs	<u>\$ 3,515,000</u>

All the above-related activities are included in the approved 1997-98 CIP.

A debt service schedule is attached that incorporates the bid detail of the lowest and recommended proposal.

\$3,515,000 AIRPORT REVENUE CAPITAL LOAN NOTES, SERIES 1997A
CITY OF DES MOINES, IOWA

UNDERWRITERS SOLICITED FOR BIDDING:

Norwest Investment Services, Inc.

Boatmen's National Bank, St. Louis

Dougherty, Dawkins, Inc.

FBS Investment Services, Inc.

Kirkpatrick Pettis

Merrill Lynch & Co

Miller & Schroeder Financial Inc.

Piper Jaffray Inc.

Raymond James & Associates, Inc.

Ruan Securities Corporation

Dain Bosworth, Inc

Securities Corp. of Iowa

Principal Financial Securities, Inc.

Chiles Heider, division of Smith Barney

Morgan Keegan, Inc.

30 DUNUGGEN COURT
 IOWA CITY, IA 52240-2831
 319-351-4614 FAX: 319-455-2175

SPRINGSTED
Public Finance Advisors



\$3,515,000
CITY OF DES MOINES, IOWA
AIRPORT REVENUE CAPITAL LOAN NOTES, SERIES 1997A
(SUBJECT TO AMT)
(BOOK ENTRY ONLY)

AWARD: **MILLER & SCHROEDER FINANCIAL, INC.**

SALE: **April 7, 1997** **Moody's Rating: Aaa**
AMBAC Insured

Bidder	Interest Rates	Price	Net Interest Cost	True Interest Rate
MILLER & SCHROEDER FINANCIAL, INC.	4.25% 1998 4.50% 1999 4.70% 2000 4.90% 2001 5.10% 2002	\$3,492,504.00	\$541,274.33	5.0256%
PRINCIPAL FINANCIAL SECURITIES INC. MORGAN KEEGAN & CO., INC. FITZGERALD, DAVIS & ASSOCIATES HUTCHINSON, SHOCKEY, ERLEY & COMPANY	5.00% 1998-2002	\$3,506,086.45	\$548,455.22	5.0867%
DAIN BOSWORTH INCORPORATED SECURITIES CORPORATION OF IOWA CHILES HEIDER, DIVISION OF SMITH BARNEY PIPER JAFFRAY INC.	4.25% 1998 4.70% 1999 4.90% 2000 5.00% 2001 5.15% 2002	\$3,492,152.50	\$553,634.17	5.1415%

These Notes are being reoffered at par.

BBI: 5.88%
 Average Maturity: 3.07 Years

City of Des Moines, Iowa

Airport Revenue Capital Loan Notes, Series 1987A
Post Sale Debt Service (Actual)

DATE	Airfield Portion				Parking Portion				Total				
	PRINCIPAL	RATE	INTEREST	FISCAL TOTAL	PRINCIPAL	RATE	INTEREST	FISCAL TOTAL	PRINCIPAL	INTEREST	FISCAL PRINCIPAL	FISCAL TOTAL	FISCAL YEAR
1-Jun-87	0	0.000%	0	0	0	0.000%	0	0	0	0	0	0	96/87
1-Dec-87	160,000	4.250%	29,227	211,147	580,000	4.250%	80,207	730,362	750,000	109,433	750,000	0	97/98
1-Dec-88	180,000	4.500%	18,520	188,520	630,000	4.500%	47,818	725,235	810,000	82,075	810,000	0	98/99
1-Jun-89	190,000	4.700%	14,470	204,470	455,000	4.700%	33,443	521,885	645,000	66,138	645,000	0	99/00
1-Dec-00	195,000	4.900%	10,005	205,005	455,000	4.900%	22,750	500,500	650,000	47,913	650,000	0	00/01
1-Jun-01	205,000	5.100%	5,228	210,228	455,000	5.100%	11,603	478,205	660,000	32,755	660,000	0	01/02
1-Jun-02	\$930,000		\$147,592	\$1,077,592	\$2,585,000		\$371,187	\$2,956,187	\$3,515,000	\$518,778	\$3,515,000	\$4,033,778	

Bonds Dated: 1-Apr-97
 First Interest: 1-Dec-97
 Bonds Mature: 1-Jun