

Urban Planning - Class Period 13

Class Goal: Understand municipal bonds

Municipal bonds are issued by state and local governments (municipalities) to raise money for public works projects like the construction and maintenance of hospitals, schools, police facilities and waste management facilities.

A **bond issuer** (the municipality) sells the bond to the **bond holder** (the investor).

The bond holder lends the issuer a fixed amount of money for a certain amount of time in exchange for regularly scheduled interest payments.

The bond holder looks at the income of the municipality (usually how much it is making by taxing its businesses and residents) and determines how much the municipality can pay monthly to see if it is a good investment. Municipalities are typically safe investments (although cities in California have declared bankruptcy).

In SimCity 5, bonds are available to you for times when you don't have enough money to build or maintain something for the city. Before you take out a bond, figure out how important the building is to the sims and how much tax or city improvement you will get from it.

The bond pane is located on the right side of the budget panel. There you will see Bond A, Bond B and Bond C. The letters don't matter; you can issue them in any order.



Clicking any of the bond buttons will bring up a pop-up box. Until you have a City Hall, your bond limit is \$25,000. After you have a City Hall, you can issue a \$50,000 bond. Adding the Department of Finance gives you access to a \$100,000 bond. You're limited to three total bonds at all times.

After issuing a bond, you have to start making increased hourly payments. The rate is the same regardless of the value of the bond; 11.52% interest, and the more valuable the bond, the more money you'll have to pay each hour. In early cities, if a bond will bring in more residents, it may be a good investment. In later cities, if you can use it for an important civic improvement, like a university which will raise the educational level of your Sims, then that may be a good investment, as well.

As you can see from the bond pane picture, you can also pay off the remaining amount due on the bond at any time. Paying off the bond will save you money in the long run.

(Source: ign.com)

[Here's a good video for teachers from Fidelity.](#)