

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 53

CITY COUNCIL COMMUNICATION 97-223
APRIL 28, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
REFINANCING \$30,300,000 IN SEWER REVENUE REFUNDING BONDS, SERIES 1997C	◆ RESOLUTION ORDINANCE RECEIVE/FILE	KEVIN RIPER FINANCE DIRECTOR

SYNOPSIS —

This is the concluding Council action to authorize the issuance of \$30,300,000 Sewer Revenue Refunding Bonds, Series 1997C, which will be used to call the 1987 Sewer Revenue Bonds to generate substantial savings on debt service.

FISCAL IMPACT —

Savings will result in all years subsequent to the call of the old bonds on June 1, 1997. The net savings resulting from the refunding total \$4,401,341 over the remaining term of the bonds. The annual debt service savings approximate \$310,000.

RECOMMENDATION —

Staff and the City's bond counsel and financial advisor recommend approval and authorization of the loan agreement and the issuance of the bonds.

BACKGROUND —

The 1987 Sewer Revenue Bonds carry a true interest cost of 7.09 percent. This refunding will replace those bonds at a true interest cost of 5.39 percent. The resulting annual debt service savings are approximately \$310,000 for each of the next 15 years. Closing of the bond sale is scheduled for early June.

Structure of the bond issue is consistent with the City's debt management policies. Principal and interest will be funded through a combination of ad valorem tax levy and tax increment. Bond closing is scheduled for early May 8.