

## Meeting Agendas/Info

CITY COUNCIL  
COMMUNICATION:

ITEM \_\_\_\_\_

01-221

### OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

**AGENDA:**

MAY 7, 2001

**SUBJECT:**

SETTING DATE OF  
HEARING FOR  
GENERAL  
OBLIGATION  
REFUNDING BONDS  
(REFUNDING SERIES  
1992A)

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

ALLEN MCKINLEY  
ACTING FINANCE  
DIRECTOR

#### **SYNOPSIS -**

Setting the date for a public hearing to issue General Obligation Refunding Bonds on May 21, 2001, in an aggregate amount not to exceed \$6,500,000. This issuance will be used to call the General Obligation/Hotel-Motel Bonds, Series 1992A, which are costing the City more in annual debt service than the refunding issue would cost at current interest rates.

#### **FISCAL IMPACT -**

By issuing General Obligation Bonds in an amount not to exceed \$6,500,000 to retire the existing General Obligation/Hotel-Motel Bonds of 1992, which have an outstanding principal balance of \$5,845,000, the annual savings in the form of debt service would be approximately \$35,000 at current interest rates.

The new bonds would carry a net interest cost of an estimated 4.55 percent if interest rates stay constant, compared to a 6.015 percent rate on the current bonds. Over the life of the bonds, the refunding issue would result in a total net present value savings of approximately \$280,000.

Hotel/Motel Tax is the funding source for the annual principal and interest payments related to these bonds.

#### **RECOMMENDATION -**

**Approval.**

#### **BACKGROUND -**

The General Obligation/Hotel-Motel Bonds, Series 1992A (original principal of \$8,070,000), were issued on January 20, 1992 to finance swimming pools, sports complex, and playground

equipment. The bond sale is proposed for June 4, 2001 with closing on June 27, 2001. The call date on the old bonds is December 1, 2003.

---