

## Meeting Agendas/Info

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**01-629**

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

**AGENDA:**

**SYNOPSIS -**

DECEMBER 17, 2001

**SUBJECT:**

SEWER REVENUE  
REFUNDING BONDS  
(REFUNDING  
SERIES 1992D AND  
1989 SRF)

Setting the date for a public hearing on January 7, 2002, for the issuance of Sewer Revenue Refunding Bonds in an aggregate amount not to exceed \$12,000,000. This issuance will be used to call the bonds, Series 1992D and 1989 State Revolving Fund (SRF) Loan, and replace them with bonds issued at a lower interest rate, as a means of reducing interest expenses.

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**FISCAL IMPACT -**

The refinancing of the Series 1992D, which have an outstanding principal balance of \$6,955,000, and the 1989 SRF, which have an outstanding principal balance of \$4,325,000, will provide for an estimated average annual debt service savings of \$57,000 through 2012.

**SUBMITTED BY:**

MERRILL R.  
STANLEY  
FINANCE  
DIRECTOR

The new bonds would have an estimated net interest cost of 3.9 percent as compared to an average rate of 5.7 percent on the outstanding bonds. Over the life of the bonds, the refinancing would result in an estimated total net present value savings of \$450,000.

**RECOMMENDATION -**

**Approval.**

**BACKGROUND -**

Series 1992D were originally issued in the amount of \$25,105,000, on May 19, 1992, to refund bonds issued on June 1, 1984 and March 1, 1985, and to construct the Beaver Creek and Saylor Creek Interceptors and make improvements to the Wastewater Treatment Plant facilities. The 1989 SRF were originally issued in the amount of \$9,284,000 on November 6, 1989 to fund the construction of the Pleasant Hill and Four-Mile Creek Interceptors. The current timeline has January 28,

2002 as the prescribed sale date for the Refunding Bonds, but is subject to change in response to fluctuating conditions in the municipal bond market. The call date on both issues to be refunded is June 30, 2002.

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