



**CITY COUNCIL  
COMMUNICATION:**

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

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

**02-022**

**SYNOPSIS -**

**AGENDA:**

Public hearing 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.

JANUARY 7, 2002

**SUBJECT:**

PUBLIC HEARING  
AND PRELIMINARY  
OFFICIAL  
STATEMENT FOR  
SEWER REVENUE  
REFUNDING  
BONDS, SERIES  
2002D (REFUNDING  
SERIES 1992D AND  
1989 SRF)

The Preliminary Official Statement (POS) has been prepared for distribution to potential buyers of the City's bonds in the capital markets. The bonds will be advertised for sale on January 28, 2002.

The POS has been drafted showing the refunding of the Series 1992D Bonds only, because that is the most realistic scenario at this time due to market conditions. Should the markets improve prior to the sale date, we would be able to amend the POS to reflect the second issue, since the public hearing is being held for a sufficient amount.

**FISCAL IMPACT -**

**TYPE:**

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 estimated average annual debt service savings of \$57,000 through 2012.

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**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 -**

**1) Approve the issuance of Sewer Revenue Refunding Bonds in an aggregate amount not to exceed \$12,000,000;**

**2) Authorize the completion and distribution of the POS relating to the issuance of Sewer Revenue Refunding Bonds; and**

**3) Direct the advertisement of sale of the bonds for January 28, 2002.**

**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 call date on both issues to be refunded is June 30, 2002.

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