



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

02-024

SYNOPSIS -

AGENDA:

JANUARY 7, 2002

On November 5, 2001, Council approved the issuance of General Obligation Refunding Bonds in an aggregate amount not to exceed \$4,000,000. This issuance will be used to call the Taxable General Obligation Hotel-Motel Tax Bonds, Series 1993A, and replace them with bonds issued at a lower interest rate, as means of reducing interest expenses. The new bonds will also be taxable.

SUBJECT:

\$3,185,000 GENERAL
OBLIGATION
REFUNDING
BONDS, SERIES
2002A (REFUNDING
SERIES 1993A)

FISCAL IMPACT -

The refinancing of the Taxable Urban Renewal Tax Increment Revenue Bonds, Series 1993A, which have an outstanding principal balance of \$3,890,000, will provide for estimated average annual debt service savings of \$103,000 through 2012. This cost savings calculation includes the impact of releasing a Debt Service Reserve Fund in the amount of \$516,328.30, which will no longer be required, and will be used to call a portion of the outstanding bonds.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

The new bonds would have an estimated net interest cost of 5.62 percent as compared to an average rate of 7.78 percent on the outstanding bonds. Over the life of the bonds, the refinancing would result in an estimated total net present value savings of \$292,470.

SUBMITTED BY:

MERRILL R.
STANLEY
FINANCE
DIRECTOR

RECOMMENDATION -

Authorize:

- 1) Completion and distribution of Preliminary Official Statement relating to the issuance of General Obligation Refunding Bonds; and**
- 2) Direct the advertisement for selling the bonds on January 28, 2002.**

BACKGROUND -

The Taxable Urban Renewal Tax Increment Revenue Bonds, Series 1993A, were originally issued in the amount of \$5,200,000, on May 24, 1993, to fund the Tax Increment Fund (TIF) portion of the Sec Taylor Stadium project. The call date on the outstanding bonds is June 1, 2002.
