



**CITY COUNCIL  
COMMUNICATION:**

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

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

**02-037**

**SYNOPSIS -**

**AGENDA:**

JANUARY 28, 2002

Authorization is necessary for the issuance of General Obligation Refunding Bonds in an aggregate amount estimated at \$3,185,000. This issuance will be used to call the Taxable Urban Renewal Tax Increment Revenue Bonds, Series 1993A, and replace them with bonds issued at a lower interest rate, as a 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)

The City will receive competitive bids from underwriters at 12:00 PM on Monday, January 28, 2002. At tonight's City Council meeting, Council will be asked to award the sale to the firm or group of firms with the best bid (lowest interest rate) and to authorize issuance of the bonds. Information regarding bids received will be provided just prior to the Council meeting.

**TYPE:**

**FISCAL IMPACT -**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

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.

**SUBMITTED BY:**

MERRILL R.  
STANLEY  
FINANCE  
DIRECTOR

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.

**RECOMMENDATION -**

**Direct the sale of General Obligation Refunding Bonds, Series 2002A.**

**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.

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