

**CITY COUNCIL
COMMUNICATION:**

03-248

AGENDA:

JUNE 9, 2003

SUBJECT:

GENERAL OBLIGATION
REFUNDING BONDS
(REFUNDING SERIES
1996C)

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM _____

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

SYNOPSIS —

Setting the date for a public hearing on June 23, 2003 for the issuance of General Obligation Refunding Bonds in an aggregate amount not to exceed \$9,800,000. This issuance will be used to call the General Obligation Bonds, Series 1996C, and replace them with bonds issued at a lower interest rate, as a means of reducing interest expenses.

FISCAL IMPACT —

The refinancing of the General Obligation Bonds, Series 1996C, which have an outstanding principal balance of \$9,088,980, will provide for estimated average annual debt service savings of \$65,000 through 2014.

The new bonds would be issued at an estimated net interest cost of 3.6 percent as compared to an average interest rate of 5.5 percent on the outstanding bonds. Over the life of the bonds, the refinancing would result in an estimated total net present value savings of \$590,000.

RECOMMENDATION —

Approval.

BACKGROUND —

The General Obligation Bonds, Series 1996C, were originally issued in the amount of \$12,500,000, on April 22, 1996, to fund the City's Fiscal Year (FY) 1995-96 Capital Improvement Program. The current timeline has set July 14, 2003 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 the outstanding Series 1996C Bonds is June 1, 2004.

