

**CITY COUNCIL  
COMMUNICATION:**

**03-290**

**AGENDA:**

JUNE 23, 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 —**

Holding a public hearing on June 23, 2003, and taking additional actions 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.

