

# LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

OCTOBER 22, 2008 AGENDA

ITEM 13, FILE 080812

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #080812 is a resolution authorizing the sale and issuance of general obligation refunding notes and bonds.

## Background

1. Because of favorable market conditions (low interest rates), the Public Debt Commission's Financial Advisor has identified certain general obligation debt issues as candidates for refunding.
2. The sale of refunding debt provides funds that are escrowed for future debt service payments on the refunded debt. These escrowed bond proceeds will retire earlier issued debt that was originally issued at rates of interest higher than currently available. Debt service payments are then only due on the newly issued "refunding" bonds.

## Discussion

1. Adoption of this resolution is required to allow the Public Debt Commission to proceed with the debt refunding process.
2. The resolution authorizes the sale and issuance of general obligation refunding bonds in the amount not to exceed \$5,000,000.
3. The refunding bonds will be issued on or before December 31, 2008.

## Fiscal Impact

The Comptroller's Office indicates that this resolution has a neutral fiscal impact. The maturing interim financing is replaced by new debt. The debt service on the refunding debt is offset by the debt service on the outstanding debt.

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