

# LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

JULY 26 2006 AGENDA

ITEM 17, FILE 060400

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #060400 is a resolution authorizes the sale and issuance of general obligation refunding bonds in the amount not to exceed \$5,000,000.

## **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, 2006.

## **Fiscal Impact**

The Comptroller's Office estimates the refunding, will generate a savings (after issuance expenses) of \$20,000 per year through 2011, and declining thereafter.

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