

LRB – FISCAL REVIEW SECTION ANALYSIS

JUNE 18, 2003

ITEM 13, FILE 030300

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

Resolution #030300 authorizes the refunding of all or any part of General Obligation Corporate Purpose Bonds, Series J, L, R, T, W, Y and General Obligation Refunding Bonds, Series of 1993.

Background

1. Because of favorable market conditions (low interest rates), the Public Debt Commission 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.

Fiscal Impact

The Public Debt Commission intends a savings threshold for the tax-exempt debt selected for refunding a minimum savings (after issuance expenses) of \$250,000 or 2% of the refunded par value based upon a net present value basis.

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LRB – Fiscal Review
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