LYRB

City of Orem, Utah
Water & Storm Sewer Revenue Refunding Bonds, Series 2016

Purpose: Refund in advance of the call date, the City's Water & Sewer Revenue Bonds, Series 2008 for an economic savings

Summary Facts:

- The Series 2008 Bonds are callable at par at any time on or after July 15, 2018
- The City will issue refunding bonds on a tax-exempt basis and take advantage of historically low interest rates
- Proceeds from the Series 2016 Bonds will be placed into an escrow account to defease the Series 2008 Bonds maturing on or after July 15, 2018
- The escrow account will be invested in U.S. Government securities that will pay interest on the refunded portion of the Series 2008 Bonds January 15, 2017, July 15, 2017 and January 15, 2018. On July 15, 2018, the escrow will pay the interest due, together with the remaining principal balance.
- The True Interest Cost on the outstanding 2008 Bonds is 5.098%
- The True Interest Cost for the Series 2016 Bonds Refunding Bonds is projected to be approximately 1.955%.
- The projected par amount of the Series 2016 Bonds will be approximately $4,275,000
- The City will realize a **significant savings, currently estimated to be ~ $1,015,904 on a net present value basis** or a net present value savings of 20.523%
- **The average annual savings is approximately $88,800**
- The maturity of the Series 2016 Bonds will not extend past the final maturity of the Series 2006 Bonds.
- No new money will be included in the Series 2016 Bonds.
- The City's net pledge of its water and sewer revenues will be the security for the Series 2016 Bonds just as they were used to secure the Series 2008 Bonds
- Proposed timing matters
    - City Council meeting on June 21st to consider adoption of the Super Parameters Resolution and related documents (no public hearing will be required)
    - Projected closing on, or about August 23rd but may be driven by market conditions.