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CITY OF PALM SPRINGS
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OFFICE OF THE CITY CLERK

June 14, 2017

To: David Ready
Jeff Kiehl

From: Suzanne Harrell

Re: City of Palm Springs Financing Authority
2017 Lease Revenue Refunding Bonds

Congratulations on the successful sale of the 2017 Lease Revenue Refunding Bonds.

The City Council approved the refinancing of the 2007 Lease Revenue Bonds on April 19. The staff presented updated financial information and the proposed 2017-18 budget to S&P, who affirmed the City's General Fund "AA" lease revenue bonds rating on May 17. This allowed you to enter the market and sell the bonds right after the Memorial Day holiday.

The Municipal Market Data (MMD) index tracks daily interest rates on AAA municipal bonds and is an indicator of changing market conditions. For bonds maturing in 10 years, the index dropped from 2.18% on May 1 to 1.90% by May 31, a drop of 28 basis points. That is quite an unusual move in interest rates in a 30 day period, so it was a good time to sell the Bonds.

The original annual savings estimate was \$109,000 annually, based on interest rates in March. At the Council Meeting, we indicated that the savings could be as much as \$130,000 annually with the improvement in market conditions at that time. With the further improvement in market conditions in May, the final savings was \$142,000 annually. The General Fund share of the savings is \$128,500, with the balance of \$13,500 benefiting the airport.

I hope that you and the City Council are pleased with the results.

ITEM NO. 1.5.