City of Lake Oswego Announces Successful Water Bond Sale

The City of Lake Oswego announced the successful sale of $77 million of fixed-rate full faith and credit bonds in a competitive bid process. The bond revenue will be used to pay for the upgrade and expansion of Lake Oswego's primary water infrastructure to provide water for both Lake Oswego and Tigard. The two communities formed the Lake Oswego Tigard Water Partnership and are sharing costs of water system upgrades and will share future water production.

The interest cost for the bonds will be just under 4.3%. Proceeds will be used for Lake Oswego's share of the construction and related cost of the upgrades as well as for paying off a $13 million line of credit issued last September. This bond issue may be the first of two that will be required to fund the project. Bonds will be repaid through water utility rates paid by water customers. Lake Oswego's share of total project costs is estimated to be $118 million.

The City's water bonds were rated AAA by Moody's Investors Service and Aa1 by Standard & Poors, both the highest ratings possible. The high ratings enable the City to issue the bonds as full faith and credit bonds which saves the City approximately $7 million in financing costs over the 25-year term of the bond.

For more information regarding the bond sale, contact Ursula Euler, City of Lake Oswego Finance Director, at 503-675-3746. For more information about the Lake Oswego Tigard Water Partnership Project, contact Jane Heisler, Communications Director, at 503-697-6573.

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