



BOND REFUNDING RESULTS IN SAVINGS, REAFFIRMED RATINGS

MontgomeryCountyVA.gov

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Montgomery County, Virginia – The Montgomery County Economic Development Authority recently sold \$12.7 million in Aa3/AA- tax-free lease revenue refunding bonds, resulting in total savings for the County of \$1,015,675 from FY11 to FY23. By refunding the existing debt, the County will save approximately \$100,000 per year or 8.01 percent of the old bonds with no extension of final maturity. The industry standard for measuring when it is economical to refinance bond issues is 3 percent.

“Montgomery County’s sound financial management practices and a conservative budget approach should continue to support stable finances,” according to Moody’s Investor Service. Standard & Poor’s cited the County’s “history and demonstrated commitment to making annual appropriations for various County and school projects.”

As part of the refunding, Moody’s and Standard & Poor’s current general obligation debt ratings for the County of Aa2 and AA, respectively, were reaffirmed.

The bonds were sold to a syndicate led by Davenport & Company LLC, at a total interest cost of 2.72 percent. The rate obtained was approximately 23 basis points lower than anticipated when determining the feasibility of refunding the bonds. The County received three bids for the bonds.

The refunding bonds were sold to take advantage of current market conditions and low interest rates in order to refund outstanding bonds that have higher interest rates.

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