

Supervisor Romaine Announces Town Bond Refinance Will Save Taxpayers \$2 Million

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Farmingville, NY - On March 25, the Town of Brookhaven refunded (refinanced) two outstanding bond issues (\$40.6 million), Series 2005 and 2006(A), achieving a \$2.2 million reduction in interest costs over the remaining life of the debt, or 5.8% of the par amount, which is the stated or face value of the bond. The \$2.2 million represents true budgetary savings to the taxpayer over the next 12 years.

The financial markets demonstrated a strong interest in the Town of Brookhaven bonds yesterday, with an unprecedented 13 investment firms bidding on the issue. The Town will pay an interest rate of 1.88%, which is significantly lower than the expected rate of 2.1%.

"The Town is in a sound financial position and has a very strong credit rating, so we can take advantage of historically low interest costs," said Supervisor Romaine. "While bond ratings for other municipalities have been downgraded, our conservative fiscal management policies are paying off by saving taxpayers millions of dollars and reducing our outstanding debt. I commend the Town's financial team for getting us to this point and I will work closely with them to help stay the course."

Councilwoman Jane Bonner, Town Board Liaison to the Finance Department said, "This is good news for the taxpayer and a clear indication that we are moving in the right direction. Just like homeowners across the Town, we must continue to cut spending, save money and live within our budget. The sound financial decisions that we make today, will have a positive financial impact well into the future."

On Wednesday, March 19, the Town received an affirmation of its credit rating of AA+ from Standard & Poor's (S&P). The ratings agency also revised its Outlook from Stable to Positive. In affirming their rating, S&P noted that they "view the town's management conditions as very strong, with strong financial practices combined with a consistent ability to maintain balanced budgets." Moody's Investor Services also affirmed the town's credit rating of Aa2 with a Stable Outlook on Thursday, March 20. Both ratings are in the top tier of the agencies ratings categories and considered high quality investment grade.

In addition, the Town of Brookhaven sold a municipal tax free bond on February 20 in the amount of \$90.6 million at an unexpectedly low interest rate of 2.66%. The interest rate received was considerably lower than the 3.1% predicted, but slightly higher than the blended rate last year of 2.52%. In addition, the Town sold a taxable bond in the amount of \$5.7 million at an interest rate of 2.65%. As a result, overall long term savings for the taxpayer could reach up to \$6.5 million.

The Supervisor also announced in February that the Town is reducing the time to maturity on its bonds. The Town used to issue 20 year bonds. Last year maturity was reduced to 16.5 years and again this year maturity was reduced to 13 years for our February bond offering. A shorter maturity allows the Town to pay down its debt faster and reduces the total amount of outstanding debt faster. It also helps the Town's credit rating and appeals more to investors because the Town's ability to pay back its debt in the future is more predictable than a 20 year horizon.

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