

Supervisor Romaine Announces \$96.3 Million Bond Sale Savings Could Reach Up To \$6.5 million

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Farmingville, NY - On February 20, the Town of Brookhaven sold a municipal tax free bond 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.

Municipal Bond interest rates have increased dramatically throughout 2013, reaching highs of nearly 3.5%. According to Supervisor Romaine, "The Town has carefully monitored interest rates and municipal bond volumes to determine the best timing into the market for our bond sale, and I am pleased with the results and exceptionally low interest rates compared to the market highs throughout 2013. The taxpayers will save as much as \$6.5 million in interest costs over the next 13 years as a result of our carefully planned borrowing strategy."

On Wednesday, February 18, 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. Both ratings are in the top tier of the agencies ratings categories and considered high quality investment grade.

"Our timing to go into the market put us in a very favorable position because of the greater demand and competition for our bonds. Given the positive results, we will now consider taking advantage of a refunding opportunity which should save the Town approximately one million dollars next year. This is all good news for the taxpayers who will save millions of dollars in the long term."

Councilwoman Jane Bonner, Town Board Liaison to the Finance Department said, "This is a clear indication that our fiscally conservative approach during these tough economic times has set us on the right path. The bottom line is that we've made sound financial decisions that will save taxpayer dollars now and in the future."

The Supervisor also announced 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. 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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