

# Gallatin County Refunding Bond Summary Information

## Refinancing of 2009 Detention Center General Obligation Bonds Results in Significant Savings for County Taxpayers

**REFINANCING OF 2009 BONDS COMPLETE.** On Tuesday, May 24, the County Commissioner’s adopted the final Bond Resolution in the process of refinancing the County’s callable 2009 General Obligation Bonds outstanding in the amount of \$20,235,000 to take advantage of low interest rates. County officials were pleased to lock new rates that are less than half of the current rates on the County’s outstanding Bonds.

**SAVINGS FOR COUNTY TAXPAYERS.** The overall reduction in debt service from the refinancing equals **\$2,468,890.48** over the remaining term until the Bonds are paid on July 1, 2029. Taxpayers will experience lower annual debt service levies commencing in the 2016/17 fiscal year.

The true interest cost rate of the new refunding Bonds is **1.915%**. The Bonds that were refinanced had an average rate of **4.459%** and **so in all the County’s rate was cut by more than half**. Yields to investors ranged from 1.03% in the first maturity in 2020 to 2.34% in the final maturity in 2029. The Bonds were offered locally to individual and institutional investors through D.A. Davidson & Co.

**DETENTION CENTER ELECTION IN 2008.** The Series 2009 Bonds were issued in the principal amount of \$32 million for purposes of constructing a new County detention center following approval of voters in November 2008. The estimated rate projected to voters at the time of the election was 5.00% and the true interest cost rate was finalized in January of 2009 at 4.05%, a savings at that time of \$2,952,714 over the original estimates. In 2008/09 the County’s tax base was \$209,835,090 and the estimated mills to pay debt service were 12.43. In the current fiscal year, 2015/16, the County’s taxable value is \$237,835,957, a growth of 13.34% over the past seven years and after the refinancing the estimated annual mills will be 9.85.

The original \$2,952,714 in savings over election projections combined with the current refinancing savings of \$2,468,890 result in taxpayers paying a combined \$5,421,604 million less in debt service over the term of the detention center bonds.

**COUNTY BOND CREDIT RATING AFFIRMED BY S&P AT AA+.** As a part of the refinancing process, the County affirmed its credit rating of “AA+” on its general obligation bonds to with a stable outlook from Standard & Poor’s Ratings Services (S&P). The credit rating helps secure low interest rates due to the County’s strong credit quality as evaluated by S&P. The S&P rating report specifically indicates the favorable rating is due to the County’s:

- Strong economy
- Very strong liquidity
- Very strong management
- Strong debt/contingent liability position
- Strong budgetary performance
- Strong institutional framework score

### Comparative Figures

	2008 Election Estimates	Series 2009 Bond Issuance	2016 Bond Refinancing Results	Change Since 2008 Election Estimates
Interest Rate	5.00%	4.05%	1.915%	Lower by 61%
Debt Service Savings	NA	\$2,952,714	\$2,468,890	Less by \$5,421,604
County Taxable Value	\$209,835,090	Same	\$237,835,957	Growth of 13.34%
Estimated Mills	12.43	11.73	9.85	Lower by 20.84%
Sample \$200,000 Home	\$49.39 annually	\$46.60 annually	\$26.60 annually	Lower by 46.14%