



News Release
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BOND REFUNDING SAVES CITY \$6.4 MILLION

Sarasota, FL: The City of Sarasota finalized yesterday the refunding of its Series 2007 General Obligation Bonds, resulting in a savings of approximately \$6.4 million -- or nearly \$291,000 every year through Fiscal Year 2037. Series 2015 General Obligation Refunding Bonds were issued at lower interest rates to retire the outstanding Series 2007 General Obligation Bonds with higher rates.

The average coupon interest rate for Series 2007 bonds was 4.8 percent compared to a 3.14 percent true interest cost for the Series 2015 Bonds. At net present value, the savings for the City of Sarasota is \$3.2 million, which is 9.29 percent of refunded par.

“This is real savings to our taxpayers,” said City Manager Tom Barwin. “By working diligently to secure a lower interest rate and refund the Series 2007 bonds, we will see savings in our annual debt service and that will result in a reduction in the amount of ad valorem taxes needed to pay for debt service,” said Mr. Barwin. “A big thank you to our entire team in the Finance Department for their A+ work and continuing to be excellent stewards of the City’s finances.”

In March 2006, City of Sarasota voters overwhelmingly approved a General Obligation Bond to construct and equip a new Sarasota Police Headquarters. The Series 2007 bonds were originally issued in the amount of \$46.3 million. The subsequent Great Recession increased competition with general contractors and as a result the project cost was significantly less than anticipated and the City retained the excess bond proceeds.

Over the years, staff has monitored the bond market looking for opportunities for savings. In 2011, the City purchased and cancelled \$2.6 million of the Series 2007 Term Bonds, due in 2032 and 2037. The remaining bond proceeds along with the reduced interest cost contributed significantly to the savings.

“The Government Finance Officers Association (GFOA) best practices recommend that local governments consider refunding outstanding bonds when a 3 to 6 percent net present value can be achieved,” said Finance Director John Lege, who led a team over the past six months to refund the bonds and achieve these significant savings. “The City’s net present savings for the refunding is 9.29 percent of refunded par – three times GFOA’s recommendation for best practices,” said Mr. Lege. “Deputy Finance Director Kelly Strickland and Accounting Manager David Flatt played an important role in

bringing this bond refunding to fruition, particularly in providing information to the bond rating agencies.”

The City’s strong bond rating was a significant factor in the bond refunding and associated savings. As part of the refunding process, both Moody’s and Fitch rated the bonds high with Fitch assigning a rating of AA+ while Moody’s rated the bonds Aa2.

A strong economic recovery, high reserves, low to moderate debt burden and good revenue diversity with a low property tax rate were cited as key reasons for the outstanding ratings.

For more information contact Finance Director [John Lege](#): 941-365-2200 ext. 4104.

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About the City of Sarasota: Distinguished by Google as a Digital Capital in the U.S., the City of Sarasota is a diverse community located on Florida’s Suncoast with 53,000 year round residents, several internationally recognized cultural arts venues, stunning sunsets along Lido Beach, a 45-hole municipal golf course at the historic Bobby Jones Golf Club, and Major League spring training baseball with the Baltimore Orioles. Learn more about us at www.SarasotaGov.com

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