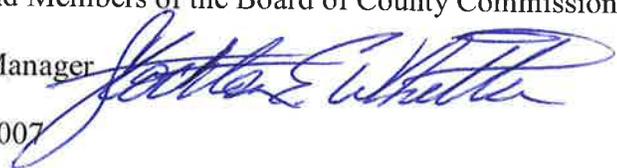




BOARD OF COUNTY COMMISSIONERS

**County Manager's Office**

2725 Judge Fran Jamieson Way  
Building C, Room 301  
Viera, Florida 32940

TO: The Honorable Chairman and Members of the Board of County Commissioners  
FROM: Stockton Whitten, County Manager   
SUBJ: Refinancing LOGT Series 2007  
DATE: December 14, 2015

Leading up to and as a follow-up to the discussion of road funding and associated transportation bonds I ask the County's Finance Advisor to explore the possibility of refinancing the above referenced bonds in advance of the August 1, 2017 call date. Here are the key points of his analysis.

- The LOGT, Series 2007 bonds are outstanding in the par amount of \$48,435,000 with interest rates of 5.00% and a final maturity of August 1, 2037.
- If the County were to move forward with a refinancing there would be approximately \$1.8 million in negative arbitrage associated with the refunding escrow.
- Interest rates remain low and based on current market conditions; he is estimating the County could achieve \$3.3 million of net present value debt service savings which equates to an annual savings of approximately \$220,000 through 2037.
- If the County were to wait until closer to the call date to refund the Bonds the above referenced negative arbitrage could decrease and thus increase savings, however we also run the risk of interest rates rising and negatively impacting the projected savings.

As the Board is aware when we refund/refinance bonds there are no extensions of maturity and no new money proceeds generated. In this particular case I believe it is in the best interest of the County to refund the bonds as the negative arbitrage is significantly mitigated by the projected annual savings. This level of savings is in excess of the minimum target set in the Board's Budget & Financial Policy for refundings which is savings in excess of 3.0% of the refunded bonds par amount.

If the Board is inclined to accept my recommendation I would ask that you authorize County Staff and the County's financing team (Public Financial Management – Financial Advisor; Nabors, Giblin & Nickerson – Bond Counsel and Bryant Miller Olive – Disclosure Counsel) to undertake preparation of the financing documents (Bond Resolution and related documents) to refund outstanding Local Option Fuel Tax Revenue Bonds, Series 2007 for debt service savings. Once documents are drafted, they will be brought before the Board for consideration at a future meeting.