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City of Milford

Bond Refunding Saves Milford \$893,536

City's Perfectly Timed Refinancing Will Yield Budget Savings

Milford, CT, February 24, 2016: Mayor Ben Blake today announced that the City will capture \$893,536 in taxpayer savings by refinancing \$16 million in bonds on a day when interest rates for municipal bonds were at record low levels, and subscriber demand for Milford bonds was high.

This initiative continues a series of cost cutting measures which help to make Milford government more cost effective. In addition to the tax relief found in the present bond refunding, the city realized savings of approximately \$3.9 million in the last few years from four prior refunding issues.

"I am pleased to announce today the city will be refinancing \$16 million in bonds, securing a very favorable 1.96 percent net interest rate on bonds which were originally financed at an average rate of 3.7 percent. The sale will yielded a total savings of \$893,536, or 5.07 percent of the initial obligation. We were able to take advantage of existing market conditions to seize the opportunity and return \$893,536 to the taxpayers of Milford," Blake said.

"Today's announcement is the result of outstanding planning, management and timing and could not have happened without the help of Matthew Spoerndle, Director of Phoenix Advisors, LLC and Peter Erodici, Milford's Director of Finance." Blake said.

Blake also cited Milford's outstanding bond rating as a key to this transaction. "Milford would not be able to secure these rates if we did not maintain excellent bond ratings. The three rating agencies, Moody's, Standard & Poor's and Fitch – recently gave our city high marks for prudent fiscal practices amid the downturn in the real estate market. All three affirmed the city's bond ratings (Aa1 for Moody's, AA+ for S&P and Fitch)".

Blake pointed out that in other parts of the country, agencies have downgraded bond ratings for cities or states that struggle to maintain obligations to retirees. Milford's pension fund is fully funded, and the city has kept pace with requirements to fund retiree health care that is not seen everywhere.

Blake concluded, "This is outstanding news for Milford. We will be able to use the savings to provide tax relief for upcoming budgets."