



WASHTENAW COUNTY

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PRESS RELEASE MAY 29, 2014

WASHTENAW COUNTY'S AAA BOND RATING FROM STANDARD & POOR'S ATTRACTED TWELVE DIFFERENT BIDDERS AND SAVED THE COUNTY MORE THAN \$2,350,000 IN INTEREST COSTS

The County of Washtenaw sold its Capital Improvement Refunding Bonds, Series 2014 on May 28, 2014, a hotly contested competitive bond sale attracting twelve bidders according Verna McDaniel, Washtenaw County Administrator, Yousef Rabhi, Chair, Washtenaw County Board of Commissioners and Kelly Belknap, Washtenaw County Finance Director. The Refunding Bonds, which refunded a prior 2007 bond issue, were awarded to Citigroup Global Markets Inc., the low bidder whose bid won by \$155,852.70 over the next best bidder.

The refunding of the 2007 bond issue was somewhat like what a homeowner would do to refinance an outstanding mortgage at a lower interest rate in order to save money. The earlier bond issue had an average interest rate of 4.295167% while the refunding bond issue had an average interest rate of 2.235985%. according to Meredith Shanle, President of Municipal Financial Consultants Incorporated, the County's financial consultant.

According to Verna McDaniel, the County originally expected to save approximately \$860,000 as a result of the refunding. The upgrade of the County's credit rating from AA+ to AAA by Standard & Poor's, the County's strong financial position, and favorable rates in the municipal bond market, actually resulted in a final net savings of more than \$2,350,000.

John R. Axe, Axe & Ecklund, P.C., who has served as the County's bond counsel since 1973, stated the AAA rating was the main reason the County received so many bids at the bond sale. Axe added that in his 41 years serving as County bond counsel, the County had never received as many competitive bids on any bond sale,.

According to Shanle, the difference between the net interest cost offered by the winning bidder and that offered by the high bidder, was more than \$870,000, which was a direct result of the competition generated among the twelve potential buyers at the competitive bond sale.