

# Missoula County Media Release

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## High Interest in Missoula County Library Bonds Results in Taxpayer Savings

Thanks to overwhelming interest and Missoula County's strong credit rating, bonds financing the construction of the new Missoula Public Library sold more quickly than expected, and taxpayers will save around \$400,000 as a result.

Retail sales of the \$23.75 million in general obligation bonds began at 8 a.m. Aug. 28 during a preferential order period that opened to individual investors in Missoula County first, followed by individual investors in Montana and then nationally. Missoula County and its underwriter, Bank of America Merrill Lynch, originally agreed the priority sale would last through 4 p.m., but within an hour, buyers had purchased \$21.4 million in retail orders in nearly all maturities, with \$1.65 million coming from 25 individual investors in Montana. By 10 a.m., an additional \$4 million in retail orders were received, with further over-subscriptions on some maturities.

The finance team decided to take advantage of this seller's market and strong demand by opening the sale to institutional buyers a day earlier than planned. By 2 p.m., high investor interest in quality Montana bonds produced \$56.4 million in orders. By that time, the debt issuance was 2.3 times oversubscribed. This provided the county, its underwriters and financial adviser the ability to reprice oversubscribed maturities, lowering the interest expense, or "true interest cost" (TIC), to 3.23 percent.

As a result, Missoula County reduced the annual debt service in 2019 by more than \$91,000, in addition to \$304,000 over the remaining 19 years of the voter-approved general obligation bonds, which mature in 2038.

"The County's financial health and AA rating are critical in providing Missoula County access to the credit markets at a low cost," said Andrew Czorny, Missoula County chief financial officer. "The result is lower interest rates, and Missoulians will enjoy an immediate reduction in the taxes they will pay for the voter-approved library bond debt payments."

The bonds will help cover the cost to design, construct, furnish, landscape and buy equipment for the new library-museum complex. Voters approved the \$30 million bond issue in 2016, which will pay for most of the \$36.7 million project. The library and its partners broke ground on the new structure, located at 401. E. Main St. in downtown Missoula, on Aug. 1.

For more information, call Czorny at 406-258-4919 or email [aczorny@missoulacounty.us](mailto:aczorny@missoulacounty.us).

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