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CATAWBA COUNTY TO SEEK REFINANCING OF DEBT AT LOWER INTEREST RATES

County is expected to save more than \$850,000 over thirteen years if refinancing is approved

The Catawba County Board of Commissioners on November 19 adopted a resolution authorizing the refinancing of a portion of the County's installment payment obligations, money borrowed to finance the expansion of the County Jail that was completed in 2007.

If the refinancing is approved by a State commission, the County is expected to save more than \$850,000 over thirteen years by refinancing the debt at a lower interest rate.

"Local governments in North Carolina are allowed to refinance existing debt to take advantage of lower interest rates subject to certain restrictions," said Rodney Miller, Catawba County Finance Director. "One of those restrictions is that the North Carolina Local Government Commission (LGC), a division of the State Treasurer's Office, approves the transaction. The LGC requires a Net Present Value savings of at least 3% in order to begin the refinancing process. The LGC will consider the County's request on December 4.

With interest rates remaining at historic lows, County staff have determined that the 2005 Certificates of Participation that helped financed the jail expansion may be refunded at current interest rates to achieve approximately 7.9% net present value savings, amounting to the more than \$850,000 in savings over the next 13 years.

"The County solicited bids from regional banks for a sale date which is expected for mid-December," Miller added. "We have obtained a very attractive 2.08% interest rate from PNC Bank."

The Board of Commissioner resolution authorized the refinancing of up to \$11.5 million. Catawba County last refinanced its 2004 COPs in December 2011, resulting in an interest savings of more than \$2 million. The County is expected to save more than \$2.8 million as a result of the two refinancings.