



Charleston County News Release

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Charleston County sells \$225 million in bonds for Detention Center, Roads and Greenbelts

Strong financial ratings bring in low interest rates for County Government

Charleston County Government closed two bond issues on Thursday, Dec. 13, selling \$225 million of general obligation and sales tax bonds to fund future projects, including the Detention Center expansion, road construction and greenbelt land purchases.

The first sale was for \$150 million of general obligation bonds to fund Transportation "Half-Cent" Sales Tax projects, including road construction and greenbelt land acquisition.

Ten underwriting firms bid to purchase the bonds and offer the lowest interest rate. Prager, Sealy & Co. offered the lowest total interest cost of 4.180747 percent.

The second sale was for \$75 million of general obligation bonds to fund the Charleston County Detention Center expansion project, the Consolidated 911 Dispatch Center, a county-wide radio system upgrade, a new auto repair garage, and repairs to the county's Judicial Center.

Eight underwriting firms bid on the bonds, with Lehman Brothers, Inc. coming in with the lowest rate of 4.210976 percent. Bidding on the second sale was tight, with a high/low spread of only 19-hundredths of a percent.

"We are pleased that the financial sector's confidence in Charleston County's leadership resulted in such low interest rates," said Keith Bustraan, the County's Chief Financial Officer and Deputy Administrator. "The low interest rates mean taxpayers will benefit from lower debt service payments on the money borrowed to get projects started now."

Charleston County has maintained its strong financial ratings, "AAA" from Standard & Poor's and "Aa1" from Moody's Investors Service, by proving to have strong financial management and performance with a low debt burden and reasonable capital spending.

"These strong credit ratings allow Charleston County to save hundreds of thousands of dollars in interest payments compared with lesser rated counties," Bustraan said.

General obligation bonds are issued by government entities to borrow money to pay for large-scale projects. When bonds are issued, investors purchase the bonds and charge the government an interest rate on the bonds over a set number of years.

"In order to pay for these large-scale projects without bonds, the County would have had to wait years to save up enough tax revenues, while construction and land costs would continue to soar," Bustraan said. "However, by issuing bonds, Charleston County Government can get the money it needs now to begin construction and land acquisition at the current rates."

The County will use incoming Transportation Sales Tax revenues to pay off the \$150 million of bonds and interest over the next 20 years.

Bond Issuance Highlights

\$150 million of Transportation Sales Tax General Obligation Bonds

- Purpose: Charleston County RoadWise road projects and Greenbelt land acquisition
- Total interest cost: 4.180747 percent
- Maturity date: November 1, 2026
- Winning bidder: Prager, Sealy & Co.
- Number of bidders: 10
- High/Low spread: 46-hundredths of a percent
- Source of repayment: Transportation "Half-Cent" Sales Tax revenues

\$75 million of General Obligation Bonds

- Purpose: Detention Center expansion, 911 Consolidated Dispatch Center, radio system upgrade, auto repair garage construction, and Judicial Center repairs.
- Total interest cost: 4.210976 percent
- Maturity date: November 1, 2027
- Winning bidder: Lehman Brothers, Inc.
- Number of bidders: eight
- High/Low spread: 19-hundredths of a percent
- Source of repayment: Property tax revenues

- Written by Danica R. Fri -