November 5, 2015

Bond refunding will save money for District, residents

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COLUMNIST

Fall is definitely here. I woke up this morning to temperatures in the high 50s. Sunday, I ventured into a Lady Lake store only to find that all the returning Villagers had the same idea. Welcome back to The Villages, as we head into the winter season!

We are pleased to inform you that while the seasonal residents were gone, the Sumter Landing Community Development District refunded its Series 2005 Recreation Amenity Bonds with Series 2015 Taxable Recreational Revenue Refunding Bonds and closing occurred Oct. 13.

The last few weeks have been a whirlwind of activity involving our consultants: Financial Advisors, Public Resource Management; Underwriter, Citi Group; Underwriter Counsel, Denise Ganz; Bond Counsel, Mike Williams; District Counsel, Lewis Stone; and the District Finance Department and District Clerk staff members.

We have spent countless hours preparing and reviewing documents as well as informing, explaining and answering questions from and for the rating agencies and others involved in this process. We believe it has been a very successful endeavor.

On Sept. 24, the SLCDD completed the pricing of $55,450,000 Series 2015 Sumter Landing District Taxable Recreation Bonds. A total of $54,970,000 in nontaxable Series 2005 bonds was refunded. There were 10 years of serial bonds (2016-2025) and term bonds with final maturities of 2030, 2034 and 2038.

The 2016 maturity serial bonds priced at an interest rate of 1.168 percent. The longest maturity term bonds (2035-2038) priced at an interest rate of 5.05 percent. The all-in TIC (Total Interest Cost) of all new bonds averaged 4.656777 percent.

The amount of savings over the life of the Recreation Amenity Bonds as a result of the refunding is $3,303,436.80. This is great news for the SLCDD and Villages residents. The ability of our underwriter to secure this low interest rate and the resulting savings is due in part to the following:

The SLCDD Recreation Amenity Bond rating from both Fitch and S&P was an A+ with a stable outlook. This outstanding rating is the successful result of the SLCDD's operating model and finances being explored, analyzed, questioned and thoroughly vetted by the rating agencies.

One of the most impressive aspects of the SLCDD's financial picture for the rating agencies is its substantial amount of unassigned fund balance/reserves, which has been accumulating since the District issued bonds just 10 years ago. This has been a steady and solid process resulting in a fund balance of $17,865,158.

Considering the newness and quality of infrastructure owned by the SLCDD, and the capital project needs both current and anticipated, it is not surprising the rating agencies issued an A+ rating.

With the completion of the SLCDD Bonds, the 15 Districts have completed a large number of refinancings over the last five years to reduce the interest expense to The Villages residents:

Here's a breakdown of the interest savings for each district:

- 2010: District No. 4, Phase I, Assessment Bonds – $1,405,382.48
- 2012: District No. 3, Phase I, Assessment Bonds – $378,988.94; District No. 4, Phase II, Assessment Bonds – $2,579,120.50
- 2013: District No. 3, Phase II, Assessment Bonds – $1,557,274.90; District No. 5, Phase I, Assessment Bonds – $4,150,635.75; District No. 5, Phase II, Assessment Bonds – $5,253,309.21; District No. 6, Phase I, Assessment Bonds – $14,485,922.55
- 2014: Village Center CDD, All Recreation Amenities Bonds – $20,503,721.02; Village Center CDD, VCSA Utility Bonds – $1,668,016.44; Village Center CDD, LSSA Utility Bonds – $5,233,987.06
- 2015: District No. 7 Assessment Bonds – $15,976,806.34; Sumter Landing CDD, Recreation Amenities Bonds – $3,303,436.80
- Total Interest Savings to Date – $76,496,601.99

All of the above refundings have produced substantial interest savings to the residents and property owners of The Villages. The next issues scheduled for refunding – if market conditions are right and adequate savings will result – are District No. 6 Phase II in early 2017, followed by District No. 8, Phase I in 2018.

In addition to the upcoming events addressed above, both District 1 and 2 had their bonds refunded in 2003 and 2006, respectively. In the last few years, District 1 has paid both of its bond issues in full and the residents no longer are being charged Debt Service Assessments on their annual property tax bills.

The year 2015 is the last year residents in Phase I of District No. 2 will see Debt Service Assessments on their property tax bills as their bonds approach payoff.

District No. 4, Phase III residents saw the District pay off their assessment bonds in 2013, with the debt service now being handled internally by the District. Residents of Phase III saw their interest rates drop from 6.5 percent to 4.81 percent.

Your Finance Department staff closely monitors each bond issue to make sure they are paid on time, that required market disclosure is made through the Municipal Securities Rulemaking Board's EMMA website, and opportunities to reduce interest costs are promptly executed.

For those Villagers interested in the Municipal Securities marketplace, let me recommend you enter "EMMA" into your Internet browser. This website, sponsored by the Securities and Exchange Commission's MSRB, is a free federal government website that provides information on all publicly traded municipal debt issued in the United States.

My time is up for this issue, so until we meet again here this winter at Our Place, please enjoy all the dining, athletic and entertainment opportunities that The Villages has to offer for the fall season.

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