

**Indian River County
Inter-Office Memorandum
Office of Management and Budget**

TO: Members of the Board
of County Commissioners

FROM: Kristin Daniels
Director, Office of Management & Budget

DATE: December 27, 2019

SUBJECT: **Interest Rate Change on All County Financing
(Petition Paving, Utility Assessment Projects,
Utility Impact Fees, etc.)**

DESCRIPTIONS AND CONDITIONS

In January of each year the Board of Commissioners adjusts the fixed interest rates charged by the County for financing utility assessments, utility impact fees, petition paving assessments and any other financing. County policy has been to set this rate equivalent to the prime interest rate as published in the Wall Street Journal and other financial news outlets, with the exception that the rate will not be set lower than 5.00% for County financing, as approved by the Board of County Commissioners on December 15, 2015. The 5.00% interest rate was equivalent to the maximum interest rate on County utility revenue bonds, and was established to prevent the County from lending at lower rates than our own borrowing costs.

On July 9, 2019 the Board approved early payoff of the Series 2009 Water & Sewer Revenue Bonds. The remaining Series 2015 Water & Sewer Revenue Bonds carry a true interest rate of 1.80%, thus staff recommends waiving the minimum interest rate previously set at 5.00%.

The prime interest rate listed on Bloomberg on Monday, December 27, 2019, was 4.75%. Staff recommends decreasing the current interest rate of 5.50% charged by the County, down to 4.75%. The only exception to this interest rate would be for projects directly affiliated with a bond issue for which the bond covenants dictate a different interest rate.

RECOMMENDATION

Staff recommends that the Board of County Commissioners approve the fixed interest rate of 4.75%. Staff further recommends that this rate remain in effect for calendar year 2020 for all County financing with the exception of projects directly affiliated with a bond issue for which the bond covenants dictate a different interest rate.

ATTACHMENT

County Financing Interest Rate History

Meeting Date January 7, 2020