



Brevard County Board of County Commissioners

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Legislation Text

File #: 1409, **Version:** 1

Subject:

Refinance the Non-Ad Valorem Revenue Note, Series 2014 and Local Option Fuel Tax Refunding Revenue Bond, Series 2014

Fiscal Impact:

The County will realize approximately \$1.3 million of net present value debt service savings from the refinancing the Non-Ad Valorem Revenue Note, Series 2014 and \$1 million of net present value debt service savings with respect to the refinancing of the Local Fuel Tax Refunding Revenue Bond, Series 2014. This equates to an annual savings of approximately \$100,000 through 2033 on the Non-Ad Valorem Revenue Note, Series 2014 and an annual savings of approximately \$165,000 through 2026 on the Local Option Fuel Tax Refunding Revenue Bond, Series 2014,

Dept/Office:

County Manager's Office

Requested Action:

Request the Board of County Commission adopt a Resolution, not to exceed \$33.5 million, accepting the proposal of TD Bank, N.A. to refund the County's outstanding Non-Ad Valorem Revenue Note, Series 2014 and Local Option Fuel Tax Refunding Revenue Bond, Series 2014; lowering the interest rate to 1.5 percent and 1.26 percent respectively. Delegate the authority to the Chair to execute the Resolution along with other documents required to close the transaction, and to authorize the County Manager to approve all necessary budget change requests to implement this request.

Summary Explanation and Background:

The County directed our Financial Advisor, PFM Financial Advisors LLC (PFM) to distribute a request for proposals (RFP) to identify financial institutions that could provide the County with a fixed rate, tax-exempt term loan at the lowest overall borrowing cost to refund the non-Ad Valorem Revenue Note, Series 2014. The County received 12 proposals. Based on the County's Financial Team, which consist of the County Manager's Office, the Budget Office, County Finance, PFM, and Nabors, Giblin & Nickerson, P.A. (County's Bond Counsel), determined that TD Bank, N.A., provided the best combination of interest rate and terms most favorable to the County. TD Bank, N.A., initially offered a fixed interest rate of 1.67 percent which would be held through a closing date of on or before March 30, 2020.

Given the significant decline in interest rate following the receipt of the proposal, the County approached TD Bank, N.A., about their ability to lower their proposed interest rate on the refunding of the Non-Ad Valorem Revenue Note, Series 2014 as well as gauge their interest in providing a proposal to refund the Local Option

Fuel Tax Refunding Revenue Bond, Series 2014. TD Bank, N.A., submitted a proposal lowering the interest rate on the refunding of the Non-Ad Valorem Revenue Note, Series 2014 to 1.52 percent from 1.67 percent as well as proposal for the refunding of the Local Option Fuel Tax Refunding Revenue Bond, Series 2014 with an interest rate of 1.26 percent.

The County was provided an option for early prepayment at par, however the County's Financial Team is recommending this refinancing be non-callable; due to the cost to include a par call option, the historically low interest rates, as well as the short maturities of the debt being refunded.

The Non-Ad Valorem Revenue Note, Series 2014 was issued to finance the cost of various energy, water and wastewater performance savings capital improvements. Those County Departments/Offices that pay the debt will realize an annual savings of approximately \$100,000 through 2033.

The Local Option Fuel Tax Refunding Revenue Bond, Series 2014 was issued to refinance debt issued to fund road construction projects. The annual savings of approximately \$165,000 through 2026 will be realized by the County's road program.

Clerk to the Board Instructions: