

1/15/2019 11:16am Item VII.C.1.

From COMMISSIONER CAVANAUGH

Proposed \$120 Million Bond Offering

- Public Building Commission vs. Douglas County

The bond underwriter (Ameritas) estimates an interest rate difference of 5 to 10 basis point (.05% to .10%) on County AAA bonds compared to PBC Aa+ bonds.

- Assumed Interest Rate (30 year bond):

Douglas County	3.9%
Public Building Commission	4.0%

- Average Annual Interest Cost:

County	\$2.34 MM
PBC	<u>\$2.40 MM</u>
	\$60,000 per year

\$60,000 x 30 years: \$1.8MM difference

- Trade-off:

Douglas County offering requires vote of the people, PBC does not. Vote of people requires longer time period to be approved which increases risk of upward movement in interest rates.