

RESOLUTION STATING CITY COUNCIL'S INTENTION TO BASE SPECIAL
ASSESSMENT INTEREST RATES ON THE PRIME RATE

WHEREAS, (1) Section 77(22) of the City Charter allows property owners to pay over time for improvements made under the special assessments procedure, at an interest rate set by the City Council, provided the rate does not exceed 9% per year; (2) the Council has been setting the rate at 9% since 1982; (3) a methodology that will keep the interest rate in line with economic conditions is to tie the rate to the Prime Rate; (4) the City Council finds it fair to establish a rate and change it periodically;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DURHAM RESOLVES:

Sec. 1. The City Council intends to charge the following "Proposed Interest Rate" on time payments for improvements made under the special assessments procedure:

the prime interest rate as designated in The Wall Street Journal on the fourth Friday of May of each year plus an additional percentage indicated below up to a cap of 9%. The Proposed Interest Rate shall be the interest rate so determined or 9%, whichever is less.

Formula

Prime Rate plus Additional Mark-Up of 4.25%

Sec. 2. The City Council intends to charge the Proposed Interest Rate on all such special assessment projects by specifying the Proposed Interest Rate in the resolution confirming the assessment roll for all such resolutions adopted during the fiscal year that begins on July 1 following the fourth Friday in May referred to above. The interest rate set for a particular assessment roll will remain in effect for that assessment roll, regardless of changes in interest rates that may occur in later fiscal years.

Sec. 3. For projects for which resolutions confirming assessment roll are to be adopted in the current fiscal year, City Council intends to charge the Proposed Interest Rate using the procedure stated in this resolution.

Sec. 4. The City Manager is directed to prepare resolutions confirming assessment roll consistently with this resolution.

Sec. 5. The motion adopted on August 2, 1982, setting interest rate on assessments for public improvements (street, sidewalk, water and sewer) at 9%, under the subject "Street Paving Assessments and Assessment Interest Rates," is repealed.

Sec. 6. Nothing in this resolution is intended to affect the interest rate set by resolutions confirming assessment roll that were adopted before the date of adoption of this resolution.

Sec. 7. Nothing in this resolution is intended to limit the authority of the City Council to set interest rates on time payments for improvements made under the special assessments procedure. For example, the City Council may set the interest rate in any resolution confirming an assessment roll at a rate different from the Proposed Interest Rate.

Sec. 8. This resolution is effective when adopted.