

Office of the County Auditor
Auditor's Analysis

Council Bill No. 1-2024

Introduced: January 2, 2024

Auditor: Lori Buchman

Fiscal Impact:

The Deputy Director of Finance (the Deputy) has stated that refunding the County's outstanding Special Obligation Bonds (Annapolis Junction Town Center Project) 2014 Series would result in the average interest rate decreasing from 6.05 percent to 5.08 percent, generating an estimated savings of approximately \$1.5 million, or 6.56 percent.

According to the Deputy, issuance costs, including bond counsel fees and financial advisory fees are estimated to be approximately \$600,000. Proceeds from the refunding bond issuance would be used to reimburse the County for these costs.

Purpose:

The purpose of the proposed legislation is to authorize the issuance of up to \$17.2 million of special obligation refunding bonds to refinance \$16.1 million of outstanding special obligation bonds issued in 2014 for the Annapolis Junction Town Center Project.

Other Comments:

The Administration will file an amendment to correct a technical error in the proposed legislation. Council Bill No. 5-2013 was incorrectly referenced as Council Bill No. 5-2023 on page 3, line 30.

The legislation states that the County will issue the refunding bonds through a private (negotiated) sale. According to the Deputy, these bonds will be tax-exempt, and the date of the sale is still to be determined.

The debt service associated with this bond issuance will be paid from the incremental real property taxes collected within the Annapolis Junction Town Center Special Taxing District (the District) and is not considered part of the County's general obligation debt.

Refinancing the outstanding bond issuance and lowering future debt service payments would decrease the likelihood of assessing a special tax in the District. See **Attachment A** for a history of special taxes imposed in the District.

Attachment A

Special Tax Collected	
Fiscal Year	Amount
2018	1,002,000
2019	-
2020	-
2021	31,493
2022	110,044
2023	72,750
2024	-
Total	1,216,287