

ST. MARY'S COUNTY GOVERNMENT
DEPARTMENT OF FINANCE
L. Jeannett Cudmore, Chief Financial Officer



Commissioners of St. Mary's County
James R. Guy, President
Eric Colvin, Commissioner
Michael L. Hewitt, Commissioner
Todd B. Morgan, Commissioner
John E. O'Connor, Commissioner

ADVANCED MEMORANDUM

DATE: January 29, 2020

SUBJECT: Senant Bill 261 – St. Mary's County – Public Facility Bonds

Good afternoon, leadership and members of the Appropriations Sub-Committee, on behalf of the Commissioners of St. Mary's County it is our privilege to come before you this afternoon and present information pertaining to the County's Bond Authorization for its on-going Capital Improvement Program. Before I introduce myself, allow me to introduce other County staff in attendance:

Ms. Jody Quasney, Deputy Director, Finance, St. Mary's County Government
Mr. Gary Whipple, Deputy Director, Facilities & Capital Projects Manager, St. Mary's Co Govt.

My name is Jeannett Cudmore, Chief Financial Officer, with St. Mary's County Government. Again, thank you for hosting us in Annapolis for this Bond Bill.

You have the Fiscal and Policy Note, which breaks down the request. The County asks for Bond Authority based on proposed budget needs during the Budget process and Exhibit 2 provides a listing of projects which are the basis for the request. The County has always requested the Bond Authority prior to Budgeting for Bonds as a revenue source. The Commissioners want to make sure they have Bond Authority in place for any Bonds that are budgeted, because once the Budget is approved and the beginning of the fiscal year begins, the County would like to move immediately into implementing these Capital Projects on behalf of its citizens.

The County only sells Bonds based on Cash Flow needs, and expenditures on approved capital projects are closely monitored on a quarterly basis to ensure the Finance Department has an accurate and timely assessment of its obligations. When expenditures on bond-funded CIP projects reach \$10 million, the County needs to start the process of selling bonds. It takes about 6 months from start of updating the Public Offering Statement to closing the Bonds.

Exhibit 1 shows the Bond Authority requested - \$145.9 M since 2008 –

The Bond Authority for 2008 has been completely used and the remaining balances are:

2013 \$15,224,310
2017 \$26,300,000
2018 \$24,600,000
2019 \$30,000,000

Total current Bond Authority: **\$96,124,310** - obligated to CIP FY2020 and prior budget years: **\$95,582,954**.

Balance of **\$541,356** will be used for the FY2021 Bonds with this request of \$33,000,000 – see Exhibit 2

The estimated annual expense after the sale of the Bonds will be approximately \$2.2 million, based on the current interest rate, with estimated sale date in FY2023, based on term of 20 years.

The County is currently planning for a \$30,000,000 Bond Sale with closing date of May 12, 2020 and will use the remaining 2013 Bond Authority and \$14,776,690 of the 2017 Authority. This will leave a balance of \$66.1 million in authority.

Ending June 30, 2019 debt for the County was **\$93,651,454** and Metropolitan Commission was **\$92,297,615** for a combined **\$185,949,069**, 1.47% of assessable base. The County's Debt Service as a percentage of revenues was 5.17% at June 30, 2019. We are well within Debt Affordability on both ratios and continues through FY2026.

This concludes our prepared remarks and we remain available for questions and additional information.

Jeannett Cudmore
Chief Financial Officer
St. Mary's County Government