

CITY OF ANNAPOLIS FINANCIAL ADVISORY COMMISSION
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BY E-MAIL AND HAND DELIVERY

Mayor and City Council of the City of Annapolis
160 Duke of Gloucester Street
Annapolis, Maryland 21401

Re: Ordinance No. O-20-12 (Issuance of Bonds)

Dear Mayor Cohen and Members of the City Council:

I am writing to you on behalf of the City of Annapolis Financial Advisory Commission (“Commission”). Thank you for referring to us for review and comment Ordinance No. O-20-12 (Issuance of Bonds). This Ordinance would authorize the issuance of the City’s General Obligation Bonds in an amount up to \$7,690,000. The Commission received a briefing on the Ordinance from the City’s Finance Director.

The Commission recommends that the City Council adopt Ordinance O-20-12 with two amendments, as follows:

1. On page 2 of the proposed Ordinance, the proposed funding of “Capital Grants \$260,000” should be deleted from the purpose of the proposed bond authorization. We understand that this item is to provide funding for grants to non-profit organizations approved in the budget. This purpose may run afoul of IRS regulations regarding the permissible use of tax-exempt bonds. Furthermore, the Commission believes that it is inappropriate for the City to issue debt to provide support to non-profit organizations. Such funding, if it is to be made at all, should come from PAYGO funds.

2. On page 13 of the proposed Ordinance, the last two sentences in the first paragraph of Section 6 should be amended to provide specific parameters within which the Mayor may execute the delegated authority to sell the authorized bonds at private, rather than public, sale. The Commission does not object to giving the Mayor the flexibility to sell the authorized bonds in a manner that may result in a financially more advantageous situation for the City. However, the authority should be subject to reasonable guidelines and limitations.

Thank you for the opportunity to comment on proposed Ordinance O-20-12.

Sincerely,



Frederick C. Sussman, Chair

cc: Commission Members (By e-mail)
Michael Mallinoff, City Manager (By e-mail)
Bruce Miller, Finance Director (By e-mail)
Shirley S. Tripodi, Assistant Finance Director (By e-mail)
Hilary Raftovich, Boards and Commissions Coordinator (By e-Mail)
Jessica Cowles, Legislative and Policy Analyst (By e-mail)