

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF PRINCE GEORGE'S COUNTY

AUTHORITY DESCRIPTION

The Industrial Development Authority of Prince George's County (IDA) is a public building authority through which the County can provide physical facilities on a timely and cost effective basis. The County enters into long-term leases with the Authority as well as joint lease agreements with the Authority and the State or other governmental entities in order to meet its continuing space needs.

The Authority was established pursuant to the Maryland Economic Development Revenue Bond Act and operates on a non-profit basis. It issues tax-exempt bonds to finance public building projects approved by both the County Executive and the County Council. These borrowings are secured by leases with participating public entities. The Authority now serves as a concurrent financing structure with the Prince George's County Revenue Authority and will share the same Board of Directors.

AUTHORITY ACTIVITIES

Through a cooperative agreement with the State, the Authority completed development of the expanded Prince George's Justice Center Complex. This facility, which opened during 1992, provides space for the Circuit Court and other criminal justice programs in Upper Marlboro. The Authority also provided financing for the State's new District Court facility in Hyattsville, which became operational in 1996. In August 2003, IDA refunded the outstanding lease revenue bonds issued in 1993 and obtained an economic benefit of approximately \$1.8 million resulting in annual reduction of approximately \$156,000 in debt service. In addition, the IDA issued \$22.1 million of subordinate lease revenue bonds in August 2003 to finance the construction and equipping of an expansion of the original Upper Marlboro Justice Centers. The expansion includes an approximately 90,000 square foot, four-story expansion to be inter-connected to the Marbury Wing of the original improvement at its west end. Upon completion, the expansion space will be leased to the County for use as a courthouse and multi-service center.

FINANCIAL INFORMATION

| | FY2005 Proposed |
|--|-------------------|
| Duvall Building Debt Service | \$ 256,900 |
| Justice Center Debt Service and Expansion | 5,837,900 |
| Hyattsville District Court Debt Service* | <u>1,032,800</u> |
| Total - Debt Service | \$7,127,600 |
| County Contribution for Bond Administrative Expenses | <u>29,000</u> |
| TOTAL - INDUSTRIAL DEVELOPMENT AUTHORITY | \$7,156,600 |

*This represents the principal and interest owed by the State of Maryland to the IDA as provided in the lease agreement between the State and the IDA.

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In addition to the County's contribution of \$29,000 for bond-related administrative expenses associated with the management of the IDA (included in the Grants and Transfers section of Non-Departmental), the County has provided \$6,094,800 in debt service payments for the Prince George's County Justice Center and Expansion (included in the Debt Service section of Non-Departmental), and for the Duvall Building, both located in Upper Marlboro. The State pays a portion of debt service on the Justice Center and expansion submitted at \$1.5 million annually.

The County has entered into a lease with the State to recover costs associated with maintenance and operations of the space occupied by State offices. Operating and maintenance costs has been fixed at \$9 per foot for the FY 2000 through FY 2005 (and thereafter), however, operating and maintenance costs are subject to escalation review and adjustment. This cost is \$1.1 million per fiscal year. That reimbursement is shown as a project recovery in the section entitled "Other Non-Departmental Expenses" included in the Non-Departmental section of this document.