

Legends Drive Special Tax District Election Homeowner Questions for County Staff, June 25, 2024

- Conveyance of Legends Drive deed:

- Is pro forma conveyance documents acceptable to the County?

The County is in receipt of quit claim deeds from the owner and is in the process of reviewing but does not anticipate any issues.

- Will County accept conveyance up front after all approvals and before construction and taxation begins?

Yes. The County will accept ownership of Legends Drive upon County Council approval after the third reading in September and prior to commencing improvements. Acceptance of the roadway is accomplished by a separate action from establishment of the Special Tax District (STD).

- Can the construction project begin as soon as STD taxes are collected?

The collection of the STD taxes will begin in 2024. The planning phase of the project (survey / design) will begin after Council approval; bid advertisement / construction will follow the planning phase.

- When will construction begin and how long should it take? Generally?

County will proceed as quickly as possible with the planning phase in the fall (design, bidding, surveys, etc.). Construction could potentially begin as early as January 2025 – but the actual start date will depend on construction project phasing and bids received (including contract terms / period of performance).

- Will the County maintain Legends Drive from the time of deed conveyance until construction begins? This includes police patrol.

So as not to use STD funds for the interim maintenance, the County maintenance of Legends Drive will start once construction starts.

Until then, the Legends Drive Short Term Maintenance Fund may be used to repair potholes.

- Confirm that the terms of the underlying Special Tax District petition apply, given that the Election question lacks specificity.

Yes. The provisions in the petition will apply.

- Confirm final STD mil rate.

The mill rate is capped at 16 mils based on the petition and referendum question. The County cannot raise the mil rate above 16 mils. The actual mil rate for any year is a function of the total assessed values and the STD cost. As of now, the assessed values of the properties within the STD boundaries have increased from 2023 to 2024 by over 20%. This increase is due primarily to both the quadrennial reassessment as well as the addition of new property and assessable transfer of interest (ATIs). Changes may occur before or after notices are mailed, such as deductions for applications for primary residence from new owners, disabled veteran exemptions, and valuation adjustments, which may impact the mil rate.

The STD estimated cost has not changed. The final STD cost will not be known until the project receives construction bids. The \$2.4M estimated cost includes a 20% contingency to absorb potential additional costs if needed.

Per the petition, the mil rate cannot exceed 16 mils. The County recommends using a first-year mil rate of 13 mils that is reflective of the increased assessed value. Future years mil rate may be further reduced based on additional increases in assessed value from new construction and ATIs.

Below is an example of reassessment on a primary residence property with a \$300k 2023 tax total appraised value, a 15% value increase, and the change in mil rate to 13.

Note: The BJ’s property will be added in the tax year following the year in which the certificate of occupancy is issued.

| | 2024 | Revised Assumes Max 15% increase |
|-----------------|-----------------|---|
| | Original | increase |
| Appraised Value | \$300,000 | \$345,000 |
| Ratio | 4% | 4% |
| Assessed Value | 12,000 | 13,800 |
| Mil Rate | 0.016 | 0.013 |
| STD Tax | <u>\$192</u> | <u>\$179</u> |

Additional 2024 and future housing starts will be added at completion beginning in 2025 and thereafter to total assessed values for further mil rate favorable adjustments.

- When does property tax collection begin?

The STD millage be included on the 2024 property tax notices

- Assessed property values:

- 2024 Quadrennial values?
- When will property-specific values be available?

As of now, the aggregate assessed values of the STD properties have increased from 2023 to 2024 by over 20%. This increase is due primarily to both the quadrennial reassessment as well as the addition of new property and assessable transfer of interest (ATIs). Changes may occur before or after notices are mailed, such as deductions for applications for primary residence from new owners, disabled veteran exemptions and valuation adjustments, which may impact the mil rate. Assessment notices with property specific values are expected to be mailed to property owners within our STD boundaries beginning the week of July 8th.

- Confirm bond principal and term (also, confirm bond is not a taxable bond)

The bond term is anticipated to be 15 years and the bond principal will be set after a competitive proposal or bid process. This is general obligation debt of the STD, federal and SC tax exempt. The county's other taxpayers do not guarantee this debt. Given the current assessed values, anticipated additional value growth from new construction, and assumed sufficiency of the construction estimate there's reason to believe the debt will be repaid in 15 years.

- Confirm property owner's financial responsibility is satisfied when bond is paid off.

Yes. Given the current assessed values and anticipated additional value growth from new construction, there's reason to believe the debt will be repaid in 15 years or less. Once the debt is repaid, the STD can be terminated.

- Can grants be obtained in anticipation of title conveyed to the County, i.e., can we meet with State agencies before deed conveyance?

Application for grants from federal, state, and local funds can begin upon County Council approval of the STD. For example, County Transportation Committee (CTC) funds. Any funding will help reduce cost to property owners.

- What happens if there is a cost overrun?

There can be a cost overrun which would increase the bond amount and annual debt service. The 20% STD construction contingency is available to cover additional costs. Assessed value growth from BJ's and housing or commercial construction on vacant parcels would be available to fund cost increase if that occurs. Additionally, annual debt coverage ratio funds a 10% bond contingency reserve that is available to cover cost overruns or reduce the mil rate in a subsequent year.

Upon County Council approval of the STD, a five member Advisory Board made up of Legends Drive residents will be established to oversee the STD. These board members will be monitoring and recommending to County Council during the entire process including but not limited to design, costs, loan payoff, and annual budgets including mil rate charged. These board members are our watchdogs, required by SC state law, to ensure the interest of the homeowners are protected.

- Will the County consider an on-site community meeting before Election?

No, the county will not be able to participate in an onsite meeting due to scheduling issues.