

MEMORANDUM

October 16, 2015

TO: County Council

FROM: Jacob Sesker, Senior Legislative Analyst *JS*

SUBJECT: **Introduction:** Resolution to consolidate previously authorized notes for sale and issuance as a single issue; Expedited Bill 42-15, Bond Authorization

Every year, the Executive sends to the Council a bill increasing the bond authorization and one or more resolutions consolidating the new bond authority with previous commercial paper bond anticipation note authority. **The Council must act on both the bill and the resolution(s).**

The Council President, at the request of the County Executive, has sponsored two items (one bill and one resolution) to be considered concurrently. The bill and the resolution together would authorize the County to issue debt and to consolidate that debt with other debt already authorized so that the bonds can be sold as a single issue.

- 1) Expedited Bill 42-15 (Item 4A) increases the County bond authorization by \$563.1 million, the amount needed to fund the capital projects the Council approved this year and fully implement the Council's approved CIP.
- 2) Resolution (Item 2B) will authorize the County to borrow money in an aggregate amount of \$563.1 million for the purposes of financing the cost of certain public facilities.

The bill and resolution will be introduced on October 20. **A Public hearing is tentatively scheduled for October 27 at 1:30 p.m. with action immediately after the hearing.**

<u>This packet contains</u>	<u>Circle #</u>
Expedited Bill 42-15	1
Legislative Request Report	4
Bond Consolidation Resolution	5
Memo from County Executive	8

Expedited Bill No. 42-15
Concerning: Bond Authorization
Revised: 10/14/15 Draft No. 1
Introduced: October 20, 2015
Expires: April 20, 2017
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the request of the County Executive

AN EXPEDITED ACT to:

- (1) authorize the County to issue certain bonds;
- (2) authorize the bonds and bonds previously authorized to be issued to be consolidated for sale and issued, sold and delivered as a single issue.

By adding to the Laws of Montgomery County

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. The following is added to the 2015 Laws of Montgomery County:**

2 The County may at any time and from time to time sell up to \$563,100,000 in
3 general obligation bonds under Chapter 20 for any project included in an approved
4 Capital Improvements Program as follows:

- 5 (a) an aggregate principal amount not exceeding \$267,200,000 for public
6 facilities as defined in Section 20-14(a);
7 (b) an aggregate principal amount not exceeding \$113,600,000 for public
8 facilities as defined in Section 20-14(b);
9 (c) an aggregate principal amount not exceeding \$148,100,000 for public
10 facilities as defined in Section 20-14(c);
11 (d) an aggregate principal amount not exceeding \$34,200,000 for public
12 facilities as defined in Section 20-14(d); and

13 Any bonds issued and sold by the County under this Act constitute an
14 irrevocable pledge of the full faith and credit and unlimited taxing power of the County.

15 In accordance with Section 19-101 of the Local Government Article of the
16 Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement), the
17 County Executive by order may determine that all or any of the bonds and any bonds
18 authorized by any other County laws may be consolidated for sale and issued, sold,
19 and delivered as a single issue of bonds.

20 The County Executive must determine all matters relating to the amounts of
21 bonds to be sold, advertisement, sale, issuance, delivery and payment of the
22 consolidated issue, such as the forms, dates and denominations of the consolidated
23 bonds, the principal maturities, the method for determining the interest payable on the
24 consolidated bonds, and provisions for the use of facsimile signatures or seals. At least
25 one advertisement of the public sale of the consolidated bonds must appear in a
26 newspaper of general circulation in Montgomery County at least 10 days before the
27 sale.

LEGISLATIVE REQUEST REPORT

Bill 42-15
Bond Authorization

DESCRIPTION: Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$563,100,000. These General Obligation Bonds are to be issued upon the full faith and credit of the County.

PROBLEM: There is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level as approved by the County Council.

GOALS AND OBJECTIVES: The goal is to provide new, additional bond authorization equal to the approved appropriation level which will be financed from future bond issues.

COORDINATION: This bill does not duplicate or overlap existing law.

FISCAL IMPACT: Future annual debt service costs are incurred at the time the bonds are actually sold, and are included in the Approved Operating Budget and Annual Appropriations for Debt Service.

EVALUATION: N/A

EXPERIENCE ELSEWHERE: N/A

SOURCE OF INFORMATION: Joseph Beach, Finance Director, 240-777-8870

Resolution No. _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the request of the County Executive

Subject: Resolution to Consolidate Previously Authorized Notes for Sale and Issuance as a Single Issue

Background

1. Resolution No. 16-1104, adopted by the County Council for Montgomery County, Maryland (the "County Council"), on September 15, 2009 as amended by Resolution No 16-1567 of the County Council adopted on November 30, 2010, Resolution No. 17-318 of the County Council adopted on December 6, 2011, Resolution No. 17-556 of the County Council adopted on September 25, 2012, Resolution No. 17-908 of the County Council adopted on October 1, 2013 and Resolution No. 17-1247 of the County Council adopted on October 14, 2014 (collectively, the "Note Resolution"), authorized the County to issue, at one time or from time to time, bond anticipation notes (the "Notes") of Montgomery County, Maryland (the "County"). The Notes are to be issued pursuant to and in accordance with certain laws of Montgomery County, Maryland (the "Authorizing Legislation") and Section 19-212 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) (the "Bond Anticipation Note Act"), for the public purposes and uses as set forth in the Authorizing Legislation and to pay the costs of issuing the Notes.
2. On October 20, 2015, the County Council introduced Expedited Bill No 42-15, Bond Authorization to authorize the County to borrow money in an aggregate amount of \$563,100,000 for the purposes of financing the cost of certain public facilities.
3. The County wishes to add the authority provided in the Expedited Bill with the authority remaining under the Note Resolution so that the aggregate amount of all the authority may be consolidated for sale and issued, sold and delivered from time to time as one or more series of bond anticipation notes.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

Section 1. The Note Resolution is hereby amended as follows:

1. The "Authorized Amount" means \$1,465,113,000 less the aggregate principal amount of Notes paid after the effective date of this Resolution with proceeds of general obligation bonds and other legally available funds, as that amount may be amended from time to time by resolution of the County Council.

2. The definition of "Authorizing Legislation" in Section 1, paragraph (b)(iii) of Resolution 16-1104 is hereby amended to include Expedited Bill 42-15.

Section 2. The effect of the amendments in Section 1 is to increase the County's authority to issue bond anticipation notes under the Note Resolution.

Section 3. Except as specifically amended by this Resolution, the Note Resolution is hereby fully ratified and confirmed.

Section 4. This Resolution takes effect when the law introduced as Expedited Bill No. 42-15 takes effect.

This is a correct copy of Council action.

Linda M. Lauer
Clerk of the Council

**MONTGOMERY COUNTY, MARYLAND
 ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY
 REQUIRED TO FINANCE APPROVED FY16 CAPITAL APPROPRIATIONS**

	G.O. Bond Funds Required per Approved FY16 Capital Improvements Program (a)	Unexpended G.O. Bond Funds as of 6/30/15 (b)	Unexpended FY13 Capital Improvements Program (c)	G.O. Bond Funds Required as of 6/30/15 (a+b+c) (d)	G.O. Bond Authority 6/30/15 (e)	Adjustments for Excess G.O. Bond Authority (f)	Adjustments For Rounding (g)	Required Additional G.O. Bond Authority (d-e-f-g) (h)
County Government:								
General County	76,734,000	745,547,096		822,281,096	674,135,937	-	45,159	148,100,000
Parks	6,518,000	46,973,798		53,491,798	53,610,313	(118,515)		-
Consolidated Fire Tax Distric (C) General County, Parks, and Consolidated Fire Tax Distric	6,336,000	27,213,931		33,549,931	38,507,750	(4,957,819)		-
(B) Road and Storm Drainage	89,588,000	819,734,825	-	909,322,825	766,254,000	(5,076,333)	45,159	148,100,000
(D) Mass Transit	71,793,000	257,572,451		329,365,451	215,780,000	-	(14,549)	113,600,000
(F) Public Housing	64,878,000	10,020,160		74,898,160	40,670,000	-	28,160	34,200,000
(E) Parking Districts:	7,725,000	11,783,691		19,508,691	52,270,000	(32,761,309)		-
Silver Spring	-	-	1,193,000	1,193,000	4,458,000	(3,265,000)		-
Bethesda	-	-		-	4,865,000	(4,865,000)		-
(H) Agricultural Easements	-	-		-	2,000,000	(2,000,000)		-
(I) Façade Easements	-	2,252,261		2,252,261	3,300,000	(1,047,739)		-
Total County Government	233,984,000	1,101,363,389	1,193,000	1,336,540,389	1,089,597,000	(49,015,381)	58,770	295,900,000
Other Agencies:								
Public Schools	140,680,000	427,910,174		568,590,174	311,923,578	-	(33,404)	256,700,000
Community College	20,754,000	74,624,263		95,378,263	84,875,422	-	2,841	10,500,000
(A) Total Other Agencies	161,434,000	502,534,438	-	663,968,438	396,799,000	-	(30,563)	267,200,000
Total CIP	395,418,000	1,603,897,827	1,193,000	2,000,508,827	1,486,396,000	(49,015,381)	28,207	563,100,000



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

October 7, 2015

TO: George Leventhal, Council President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Bond Authorization Legislation - Approved FY 2016 Capital Budget and Resolution Providing for the Consolidation of Certain Previously Authorized Notes for Sale and Issuance as a Single Issue

The approved Capital Budget for Fiscal Year 2016 provides for certain increased appropriation authority that will require funding initially from Commercial Paper Bond Anticipation Notes, and permanent financing from future County general obligation bond issues.

The Council, therefore, will have to consider the related additional bond authority necessary to fully implement this program. Accordingly, I am transmitting the attached bill providing for additional County bond authorization. This legislation was prepared by the Department of Finance and reviewed by the County's bond counsel, McKennon Shelton & Henn LLP. The fiscal impact with respect to the legislation is contained within the approved Operating Budget and consists of the related annual debt service on the Notes and bonds following their ultimate issue.

I am transmitting concurrently the resolution that consolidates the new authority with all previous commercial paper bond anticipation note authority. This "consolidating resolution" will take effect from the date on which the bond authority becomes effective.

I would appreciate it if you could arrange to have the consolidating and refunding resolutions placed on the October 20, 2015 Council Consent Calendar for introduction concurrent with the bond authorization legislation, and arrange for it to be adopted on October 27, 2015 when the bond authority bill is approved.

A copy of a schedule prepared by the Controller's Office reflecting the composition of the additional bond authority is enclosed for your information. If you have any questions please contact Joseph F. Beach at extension 7-8870.

IL: jc
Attachments