

MEMORANDUM

September 18, 2013

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 26-13, 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 would authorize the County to issue debt and to consolidate that debt already issued.

- 1) Expedited Bill 26-13 (Item 6A) increases the County bond authorization by \$435.7 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 3B) will authorize the County to borrow money in an aggregate amount of \$435.7 million for the purposes of financing the cost of certain public facilities.

The bill and resolution will be introduced on September 24th. **A Public hearing is tentatively scheduled for October 1st with action immediately after the hearing.**

<u>This packet contains</u>	<u>Circle #</u>
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Expedited Bill No. 26-13
Concerning: Bond Authorization
Revised: 9/18/13 Draft No. 1
Introduced: September 24, 2013
Expires: March 24, 2015
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the request of 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
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 Laws of Montgomery County:**

2 The County may at any time and from time to time sell up to \$435,700,000 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 \$15,100,000 for public
6 facilities as defined in Section 20-14(a);
- 7 (b) an aggregate principal amount not exceeding \$86,800,000 for public
8 facilities as defined in Section 20-14(b);
- 9 (c) an aggregate principal amount not exceeding \$331,600,000 for public
10 facilities as defined in Section 20-14(c); and
- 11 (d) an aggregate principal amount not exceeding \$2,200,000 for public
12 facilities as defined in Section 20-14(i);

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
15 County.

16 In accordance with Section 2C of Article 31 of the Annotated Code of
17 Maryland (2010 Replacement Volume and 2012 Supplement), the County Executive
18 by order may determine that all or any of the bonds and any bonds authorized by any
19 other County laws may be consolidated for sale and issued, sold, and delivered as a
20 single issue of bonds.

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

29 **Sec. 2. Expedited Effective Date.**

30 The Council declares that this legislation is necessary for the immediate
31 protection of the public interest. This Act takes effect on the date on which it
32 becomes law.

33 *Approved:*

34 _____
Nancy Navarro, President, County Council Date

35 *Approved:*

36 _____
Isiah Leggett, County Executive Date

37 *This is a correct copy of Council action.*

38 _____
Linda M. Lauer, Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 26-13

Bond Authorization

<u>DESCRIPTION:</u>	Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$435,700,000. These General Obligation Bonds are to be issued upon the full faith and credit of the County.
<u>PROBLEM:</u>	There is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level as approved by the County Council.
<u>GOALS & OBJECTIVES:</u>	The goal is to provide new, additional bond authorization equal to the approved appropriation level which will be financed from future bond issues.
<u>COORDINATION:</u>	This bill does not duplicate or overlap existing law.
<u>FISCAL IMPACT:</u>	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.
<u>EVALUATION:</u>	N/A
<u>EXPERIENCE ELSEWHERE:</u>	N/A
<u>SOURCE OF INFORMATION:</u>	Joseph Beach, Finance Director, 240-777-8870

Resolution No. _____

Introduced: _____

Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

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 and Resolution No. 17-556 of the County Council adopted on September 25, 2012 (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 12 of Article 31 of the Annotated Code of Maryland (2010 Replacement Volume and 2011 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 September 24, 2013, the County Council introduced Expedited Bill No. 26-13, Bond Authorization to authorize the County to borrow money in an aggregate amount of \$435,700,000 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 \$1,824,313,000, 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 "Authorized Legislation" in Section 1, paragraph (b)(iii) is hereby amended to include Chapter ___ of the Laws of Montgomery County of 2013.

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. ___ takes effect.

This is a correct copy of Council action.

Linda M. Lauer
Clerk of the Council



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

September 16, 2013

TO: Nancy Navarro, President
Montgomery County Council

FROM: Isiah Leggett
County Executive *Timothy L. Fialotone (ACTING)*

SUBJECT: Bond Authorization Legislation - Approved FY 2014 Capital Budget and Resolution
Providing for the Consolidation of Certain Previously Authorized Notes for Sale and
Issuance as a Single Issue

RECEIVED
MONTGOMERY COUNTY
2013 SEP 18 AM 8:59

The approved Capital Budget for Fiscal Year 2014 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 September 24, 2013 Council Consent Calendar for introduction concurrent with the bond authorization legislation, and arrange for it to be adopted on October 1, 2013 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

MONTGOMERY COUNTY, MARYLAND
 ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY
 REQUIRED TO FINANCE APPROVED FY14 CAPITAL APPROPRIATIONS

	G.O. Bond Funds Required per Approved FY14 Capital Improvements Program (a)	Unexpended G.O. Bond Funds as of 5/31/13 (b)	Unrecorded FY13 Capital Improvements Program (c)	Expended FY13 MEDCO Refunding Authority (c.2)	G.O. Bond Funds Required as of 5/31/13 (a+b+c+c.2) (d)	G.O. Bond Authority 5/31/13 (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	176,216,000	538,005,896			714,221,896	395,745,937	-	(24,041)	318,500,000
Parks	7,764,000	38,477,420			46,241,420	40,058,313	-	(16,893)	6,200,000
Consolidated Fire Tax District (C) General County, Parks, and Consolidated Fire Tax District	3,949,000	53,645,152			57,594,152	50,685,750	-	8,402	6,900,000
(B) Road and Storm Drainage	187,929,000	630,128,468			818,057,468	486,490,000	-	(32,532)	331,600,000
(D) Mass Transit	60,893,000	247,148,119			308,041,119	221,240,000	-	1,119	86,800,000
(E) Parking Districts:	2,966,000	48,635,777			51,601,777	107,805,000	(56,203,223)		-
Silver Spring	400,000	4,260,261			4,660,261	52,970,000	(48,309,739)		-
Bethesda	-	-	20,115,000	(18,922,000)	1,193,000	4,458,000	(3,265,000)		-
(H) Agricultural Easements	-	-			-	4,865,000	(4,865,000)		-
(I) Façade Easements	-	-			-	2,000,000	(2,000,000)		-
(I) Façade Easements	763,000	2,550,900			3,313,900	1,100,000	-	13,900	2,200,000
Total County Government	252,951,000	932,723,524	20,115,000	(18,922,000)	1,186,867,524	880,928,000	(114,642,962)	(17,513)	420,600,000
Other Agencies:									
Public Schools	143,121,000	302,998,533			446,119,533	475,398,578	(29,279,045)		-
Community College	33,355,000	82,977,589			116,332,589	101,269,422	-	(36,833)	15,100,000
(A) Total Other Agencies	176,476,000	385,976,122	-	-	562,452,122	576,668,000	(29,279,045)	(36,833)	15,100,000
Total CIP	429,427,000	1,318,699,646	20,115,000	(18,922,000)	1,749,319,646	1,457,596,000	(143,922,007)	(54,346)	435,700,000