

MEMORANDUM

October 10, 2014

TO: County Council

FROM:  Jacob Sesker, Senior Legislative Analyst

SUBJECT: **Public Hearing/Action:** Resolution to consolidate previously authorized notes for sale and issuance as a single issue; Expedited Bill 47-14, Bond Authorization

Expedited Bill 47-14, Bond Authorization and implementing resolution, sponsored by the Council President at the request of the County Executive, were introduced on October 7, 2014. **Bill 47-14 along with Item 10, the implementing resolution, is scheduled for action after the hearing.**

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 47-14 (Item 9) increases the County bond authorization by \$388.1 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 10) will authorize the County to borrow money in an aggregate amount of \$388.1 million for the purposes of financing the cost of certain public facilities.

This packet contains

Expedited Bill 47-14
Legislative Request Report
Bond Consolidation Resolution
Memo from County Executive

Circle #

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Expedited Bill No. 47-14
Concerning: Bond Authorization
Revised: _____ Draft No. 1
Introduced: October 7, 2014
Expires: April 7, 2016
Enacted: _____
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 2014

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:

Sec. 1. The following is added to the Laws of Montgomery County 2014:

Montgomery County may at any time and from time to time sell up to \$388,100,000 in general obligation bonds under Chapter 20 for any project included in an approved Capital Improvements Program as follows:

- (a) an aggregate principal amount not exceeding \$162,000,000 for public facilities as defined in Section 20-14(a);
- (b) an aggregate principal amount not exceeding \$49,300,000 for public facilities as defined in Section 20-14(b);
- (c) an aggregate principal amount not exceeding \$167,400,000 for public facilities as defined in Section 20-14(c); and
- (d) an aggregate principal amount not exceeding \$9,400,000 for public facilities as defined in Section 20-14(d).

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

In accordance with Section 19-101 of the Local Government Article of the Maryland Code, the County Executive by Executive order may determine that all or any of the bonds and any bonds authorized by any other County laws may be consolidated for sale and issued, sold, and delivered as a single issue of bonds.

The County Executive must determine all matters relating to the amounts of 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
24 the consolidated bonds, and provisions for the use of facsimile signatures or seals. At
25 least one advertisement of the public sale of the consolidated bonds must appear in a
26 newspaper of general circulation in the County at least 10 days before the sale.

27 **Sec. 2. Expedited Effective Date.**

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

31 *Approved:*

32

Craig L. Rice, President, County Council

Date

33 *Approved:*

34

Isiah Leggett, County Executive

Date

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

36

Linda M. Lauer, Clerk of the Council

Date

37

LEGISLATIVE REQUEST REPORT

Expedited Bill 47-14
Bond Authorization

DESCRIPTION: Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$388,100,000. 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

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, Resolution No. 17-556 of the County Council adopted on September 25, 2012 and Resolution No. 17-908 of the County Council adopted on October 1, 2013 (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 Maryland Code (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 7, 2014, the County Council introduced Expedited Bill No. 47-14, Bond Authorization to authorize the County to borrow money in an aggregate amount of \$388,100,000 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 \$1,402,013,000 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 2014.

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. 47-14 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 FY15 CAPITAL APPROPRIATIONS**

	G.O. Bond Funds Required per Approved FY15 Capital Improvements Program (a)	Unexpended G.O. Bond Funds as of 6/30/14 (b)	Unexpended FY13 Capital Improvements Program (c)	G.O. Bond Funds Required as of 6/30/14 (a+b+c) (d)	G.O. Bond Authority 6/30/14 (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	219,463,000	571,818,406		791,281,406	645,145,937	-	35,469	146,100,000
Parks	16,244,000	43,477,554		59,721,554	38,458,313	-	(36,759)	21,300,000
Consolidated Fire Tax District (C) General County, Parks, and Consolidated Fire Tax District	6,565,000	36,732,242		43,297,242	44,685,750	(1,388,508)		-
	242,272,000	652,028,202	-	894,300,202	728,290,000	(1,388,508)	(1,290)	167,400,000
(B) Road and Storm Drainage	56,333,000	230,781,533		287,114,533	237,840,000	-	(25,467)	49,300,000
(D) Mass Transit	3,296,000	81,471,278		84,767,278	75,405,000	-	(37,722)	9,400,000
(F) Public Housing	2,000,000	4,366,684		6,366,684	52,270,000	(45,903,316)		-
(E) Parking Districts:								
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	-	3,015,261		3,015,261	3,300,000	(284,739)		-
Total County Government	303,901,000	971,662,959	1,193,000	1,276,756,959	1,108,428,000	(57,706,562)	(64,479)	226,100,000
Other Agencies:								
Public Schools	122,627,000	389,886,313		512,513,313	392,098,578	-	14,735	120,400,000
Community College	23,199,000	116,139,528		139,338,528	97,769,422	-	(30,895)	41,600,000
(A) Total Other Agencies	145,826,000	506,025,841	-	651,851,841	489,868,000	-	(16,160)	162,000,000
Total CIP	449,727,000	1,477,688,800	1,193,000	1,928,608,800	1,598,296,000	(57,706,562)	(80,638)	388,100,000



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

September 26, 2014

TO: Craig Rice, President
Montgomery County Council

FROM: Isiah Leggett 
County Executive

SUBJECT: Bond Authorization Legislation - Approved FY 2015 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 2015 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 7, 2014 Council Consent Calendar for introduction concurrent with the bond authorization legislation, and arrange for it to be adopted on October 14, 2014 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