

Resolution No.:	<u>15-1480</u>
Introduced:	<u>May 18, 2006</u>
Adopted:	<u>May 25, 2006</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Authority to Substitute Current Revenue for General Obligation Bonds in FY 2006

Background

1. On May 26, 2005 the County Council approved Resolution 15-1025 authorizing the Executive to substitute \$33.755 million in General Fund current revenue for general obligation bonds in FY 2006. This total was intended to be funded with \$22.018 million of Recordation Tax current revenues and \$11.737 million of other General Fund current revenues. Of this total, \$11.737 million can be substituted for general obligation bond funds for any project which is funded with County general obligation bonds and for which the debt service is appropriated from a tax-supported fund. Another \$22.018 million can be substituted for general obligation bonds for any Montgomery County Public Schools project which is funded with County general obligation bonds and for which the debt service is appropriated from a tax-supported fund.
2. On November 22, 2005 the Council was advised that the County's closing FY 2005 reserves were \$71.5 million more than had been anticipated. By increasing the amount of General Fund current revenue to be substituted for general obligation bonds in FY 2006, the amount of general obligation debt issuance in FY 2006 could be reduced commensurately, resulting in lower debt service payments for the subsequent 20 years.
3. On January 17, 2006 the Council adopted Resolution 15-1272 authorizing the Executive to substitute \$10 million more General Fund current revenue for general obligation bonds in FY 2006, for a total of \$43.755 million. This total was intended to be funded with \$22.018 million of Recordation Tax current revenues and \$21.737 million of other General Fund current revenues.
4. In developing the FY 2007 budget the Council has decided it would rather use the additional \$10 million to help fund the FY 2007 Operating Budget.

Action

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

1. The Council amends Resolution 15-1272 to authorize the Executive to substitute \$33.755 million in General Fund current revenue for general obligation bonds in FY 2006. This total is intended to be funded with \$22.018 million of Recordation Tax current revenues and \$11.737 million of other General Fund current revenues.
2. Of this total, \$11.737 million can be substituted for general obligation bond funds for any project which is funded with County general obligation bonds and for which the debt service is appropriated from a tax-supported fund. Another \$22.018 million can be substituted for general obligation bonds for any Montgomery County Public Schools project which is funded with County general obligation bonds and for which the debt service is appropriated from a tax-supported fund.
3. The Executive must notify the Council not later than 30 days after each substitution.

This is a correct copy of Council action.



Elda M. Dodson, CMC, Acting Clerk of the Council