

Resolution No.: 18-537
Introduced: June 14, 2016
Adopted: June 28, 2016

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: Resolution to authorize Certificates of Participation for the benefit of Montgomery College for the acquisition and improvement of property at 9221 Corporate Boulevard, Rockville, Maryland

Recitals

To authorize Montgomery County, Maryland (the "County"), pursuant to and in accordance with Section 16-304 of the Education Article of the Annotated Code of Maryland (2014 Replacement Volume and 2015 Supplement) to execute and deliver a trust agreement between the County and a financial institution (the "Trust Agreement") and to issue and sell certificates of participation in a principal amount not to exceed \$29,000,000 (the "Certificates") under a conditional purchase agreement or a funding agreement with a financial institution (in either case, the "Conditional Purchase Agreement"), in order to finance the costs of the acquisition and renovation by Montgomery College Foundation, Inc. (the "Foundation") for use by Montgomery College (the "College") of certain property described as 9221 Corporate Boulevard, Rockville, Maryland (the "Property"), which is useful and necessary for the use and benefit of the County and the College; to provide that the County's obligation to make payments under the Conditional Purchase Agreement will be subject to annual appropriation by the County Council of the County (the "County Council") and will not constitute general obligation indebtedness of the County; to provide for the execution and delivery of a loan agreement between the County and the Foundation (the "Loan Agreement"); to provide that the County Executive of the County (the "County Executive") may provide for the date of maturity, fix the rate or rates of interest or method for determining the rates, fix the denomination and provide for the manner of sale of such Certificates; to make certain covenants with respect to the Certificates; to provide that the County Executive and other County officials must take all necessary, proper or convenient action to effect the issuance, sale and delivery of the Certificates; and generally to provide for and determine various matters in connection with the execution and delivery of the Trust Agreement and Conditional Purchase Agreement and the issuance, rating, sale and delivery of the Certificates by the County.

Background

1. The Foundation desires to acquire the Property for the benefit of the College which is useful and necessary for the operation of the College. The County Executive and the County Council recognize that there is a significant need for quality education in the County and the purchase of the Property will allow the College to improve its academic and administrative activities and to enhance the delivery of the educational options available in the County.
2. The Director of Finance of the County (the "Director of Finance") has determined that the most cost effective method for the County to finance the purchase and renovation of the Property for the benefit of the College, taking into account the overall financing needs of the County, is to enter into the Trust Agreement and Conditional Purchase Agreement to issue the Certificates and to enter into the Loan Agreement. The Conditional Purchase Agreement will be a limited obligation of the County, subject to annual appropriation by the County Council, and not upon the faith and credit or taxing power of the County. The County will loan the proceeds of the Certificates to the Foundation, to provide funding for the acquisition and renovation of the Property by the Foundation for use by the College as an administrative facility. The Foundation will lease the Property to the College under a lease agreement (the "Lease Agreement") and direct the College to send the lease payments to the County or a trustee designated by the County under the terms of an assignment of rents and leases agreement acceptable to the County (the "Assignment of Rents and Leases Agreement"). The amount of the lease payments received from the College are expected to be equal to annual debt service payment requirements.

Action

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

Section 1. All terms used herein with an initial capital letter shall have the meanings given such terms in the Recitals and Background sections of this Resolution.

Section 2. The County Council hereby authorizes the execution and delivery of the Trust Agreement and the Conditional Purchase Agreement and the issuance of the Certificates in a principal amount not exceeding \$29,000,000. The County's obligation to make payments under the Conditional Purchase Agreement is subject to annual appropriation by the County Council. The Conditional Purchase Agreement will not constitute indebtedness of the County under the Constitution and Laws of the State of Maryland, the Montgomery County Code, or the Public Local Laws of Montgomery County, Maryland or for any other purpose. The Conditional Purchase Agreement will not be a general obligation of the County and will not constitute an indebtedness of the County within the meaning of any Constitutional or statutory limitation or a charge against the general credit or taxing powers of the County.

Section 3. The County will cause the Certificates, in one or more tax-exempt or taxable series as designated by the County Executive or Chief Administrative Officer of the County (the “Chief Administrative Officer”) from time to time, to be sold at a public, competitive sale or in such other manner permitted by law and determined by the County Executive or Chief Administrative Officer to be in the best interests of the County. The proceeds of the sale of the Certificates, including any premium paid for such Certificates, together with investment earnings thereon, shall be applied to pay all or a portion of the costs of the acquisition and renovation of the Property by the Foundation for the benefit and use by the College, the costs of issuance of the Certificates and capitalized interest for a period of time during construction, all as may be further specified and provided in the Trust Agreement or Conditional Purchase Agreement and other related documents necessary to consummate the transaction contemplated therein and approved pursuant to this Resolution. The County will loan the proceeds of the sale of the Certificates to the Foundation pursuant to the Loan Agreement with terms and provisions approved by the County Executive. The County Executive is further authorized to review and approve the terms related to the County in the Lease Agreement and the Assignment of Rents and Leases Agreement.

The Director of Finance is hereby authorized to cause to be prepared a Preliminary Official Statement and an Official Statement, and any necessary supplement or addenda thereto. The Preliminary Official Statement and the Official Statement shall contain such financial and other data as are customarily found in such publications and as may be deemed appropriate by the Director of Finance.

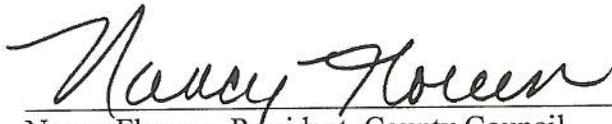
Section 4. The County Executive may determine to refund all or a portion of any outstanding indebtedness authorized by this Resolution pursuant to the authority granted in Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2015 Supplement) (“Section 19-207”) and nothing in this Resolution is intended to limit the refunding authority as so provided in Section 19-207. The County Executive shall have the authority to determine whether any refunding bonds issued pursuant to this Section should be sold on a competitive basis following the solicitation of bids or on a private (negotiated) basis in order to achieve optimum savings to the County in the aggregate cost of debt service.

Section 5. The County Executive or Chief Administrative Officer by executive order or otherwise must specify, prescribe, determine, provide for, or approve all matters, forms, documents, agreements, financing structures or procedures that the County Executive, or Chief Administrative Officer, deem appropriate to effect the authorization, sale, security, issuance, delivery, and payment of or for the Certificates, subject to certain limitations, and are hereby authorized to determine all matters in connection with the Certificates, including but not limited to, the dates of maturity, the rates of interest, the denominations, the form of obligations and the manner of sale of the Certificates. The maturity date of the Certificates shall in no event exceed thirty years from the date of their issuance.

Section 6. The members of the County Council, the County Executive, the Chief Administrative Officer, the County Attorney of the County, the Director of Finance, the Clerk of the County Council, and other employees of the County as deemed appropriate by the County

Executive for and on behalf of the County, are hereby authorized and empowered to approve, execute, and deliver the Trust Agreement, the Conditional Purchase Agreement, the Loan Agreement, the Assignment of Rents and Leases Agreement, and all instruments, certificates and documents in any manner deemed appropriate by the County Executive and otherwise take any and all such action as may be necessary, proper or required to carry out the authority conferred by this Resolution, and to effectuate the issuance, sale and delivery of the Certificates, subject to the limitations set forth in this Resolution.

Section 7. This Resolution shall take effect upon approval of the President for the County Council.

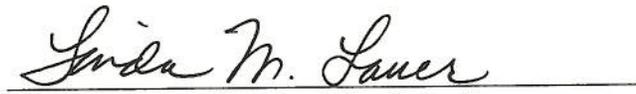


Nancy Floreen, President, County Council



Date

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council