

MEMORANDUM

TO: County Council

FROM: *MF* Michael Faden, Senior Legislative Attorney

SUBJECT: **Public Hearing/Action:** Expedited Bill 56-10, Bond Authorization
Resolution to consolidate previously authorized notes for sale and issuance as a
single issue

Expedited Bill 56-10, Bond Authorization, along with the implementing resolution, both sponsored by the Council President at the request of the County Executive, were introduced on November 23, 2010. Action is scheduled immediately after this hearing.

Every year, the Executive sends to the Council related items for approval after the Council approves the Capital Improvements Program in May.

- This Bill increases the amount of bonds the County is authorized to sell by \$721.3 million, the additional amount needed to fund the capital projects the Council approved this year which are funded by County bonds.
- The resolution (Item 4H) will increase the amount of bond anticipation notes the County is authorized to sell by \$721.3 million, the additional amount needed to fund the capital projects the Council approved this year which are funded by County bonds. Bond anticipation notes are sold as needed to fund capital projects and then are repaid when the County sells bonds, usually once a year. Bond anticipation notes are sold in anticipation of being repaid by a later bond issue.

This packet contains

Expedited Bill 56-10
Legislative Request Report
Bond Anticipation Resolution
Memo from County Executive

Circle

1
4
5
7

Expedited Bill No.: 56-10
Concerning: Bond Authorization
Revised: 11/17/2010 Draft No.: 1
Introduced: November 23, 2010
Expires: May 23, 2012
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the request of the County Executive

AN EXPEDITED ACT to:

- (1) authorize the County to issue certain bonds; and
- (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 2010

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 2010 Laws of Montgomery**
2 **County:**

3 The County may at any time and from time to time sell up to \$721,300,000
4 in general obligation bonds under Chapter 20 for any project included in an
5 approved Capital Improvements Program as follows:

- 6 (a) an aggregate principal amount not exceeding \$108,700,000 for public
7 facilities as defined in Section 20-14(a);
- 8 (b) an aggregate principal amount not exceeding \$192,000,000 for public
9 facilities as defined in Section 20-14(b);
- 10 (c) an aggregate principal amount not exceeding \$341,600,000 for public
11 facilities as defined in Section 20-14(c);
- 12 (d) an aggregate principal amount not exceeding \$32,600,000 for public
13 facilities as defined in Section 20-14(d); and
- 14 (e) an aggregate principal amount not exceeding \$46,400,000 for public
15 facilities as defined in Section 20-14(f).

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

19 In accordance with Section 2C of Article 31 of the Maryland Code, the
20 County Executive by order may determine that all or any of the bonds and any
21 bonds authorized by any other County law may be consolidated for sale and issued,
22 sold, and delivered as a single issue of bonds.

23 The County Executive must determine all matters relating to the amounts of
24 bonds to be sold, advertisement, sale, issuance, delivery, and payment of the
25 consolidated issue, such as the forms, dates, and denominations of the consolidated
26 bonds, the principal maturities, the method for determining the interest payable on
27 the consolidated bonds, and provisions for the use of facsimile signatures or seals.

28 At least one advertisement of the public sale of the consolidated bonds must appear
29 in a newspaper of general circulation in the County at least 10 days before the sale.

30 **Sec. 2. Expedited Effective Date.**

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

34 *Approved:*

35

Nancy Floreen, Council President Date

36 *Approved:*

37

Isiah Leggett, County Executive Date

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

39

Linda M. Lauer, Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 56-10
Bond Authorization

DESCRIPTION: Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$721,300,000. 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: 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.

ECONOMIC IMPACT: To be requested.

EVALUATION: N/A

EXPERIENCE ELSEWHERE: N/A

SOURCE OF INFORMATION: Jennifer E. Barrett, Finance Director, 240-777-8870

APPLICATION WITHIN MUNICIPALITIES: N/A

PENALTIES: N/A.

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. 14-1307, adopted by the County Council on June 11, 2002 as amended and restated by Resolution No 16-1104 of the County Council adopted on September 15, 2009, 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 the County (the "Authorizing Legislation") and Section 12 of Article 31 of the Maryland Code (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 November 23, 2010, the County Council introduced Expedited Bill 56-10, Bond Authorization, to authorize the County to borrow money in an aggregate amount of \$721,300,000 to finance the cost of certain public facilities.
3. The County wishes to add the authority provided in Expedited Bill 56-10 with the authority remaining under Resolution No. 16-1104 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. Resolution No. 16-1104 is hereby amended as follows:

1. The amount of \$1,348,703,000 in Section 1, paragraph (a) "Authorized Amount" is deleted and replaced with \$2,070,003,000.
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 2010.

3. Section 8, paragraph (a) is amended by inserting “and Expedited Bill 56-10, introduced on November 23, 2010 [Chapter __ of the Laws of Montgomery County of 2010]” immediately after “Chapter 22 of the Laws of the Montgomery County of 2009”.
4. Section 8, paragraph (b) is amended by inserting “and Expedited Bill 56-10, introduced on November 23, 2010 [Chapter __ of the Laws of Montgomery County of 2010]” immediately after “Chapter 22 of the Laws of the Montgomery County of 2009”.
5. Section 8, paragraph (c) is amended by inserting “and Expedited Bill 56-10, introduced on November 23, 2010 [Chapter __ of the Laws of Montgomery County of 2010]” immediately after “Chapter 22 of the Laws of the Montgomery County of 2009”.
6. Section 8, paragraph (d) is amended by inserting “and Expedited Bill 56-10, introduced on November 23, 2010 [Chapter __ of the Laws of Montgomery County of 2010]” immediately after “Chapter 22 of the Laws of the Montgomery County of 2009”.
7. Section 8, is amended by adding paragraph (g) is amended by inserting “and Expedited Bill 56-10, introduced on November 23, 2010 [Chapter __ of the Laws of Montgomery County of 2010]” immediately after “Chapter 22 of the Laws of the Montgomery County of 2009”.

Section 2. The effect of the amendments in Section 1 is to increase the County’s authority to issue bond anticipation notes under Resolution No. 16-1104.

Section 3. Except as specifically amended by this Resolution, Resolution No. 16-1104 is hereby fully ratified and confirmed.

Section 4. This Resolution takes effect when the law introduced as Expedited Bill 56-10 takes effect.

This is a correct copy of Council action.

Linda M. Lauer
Clerk of the Council

Bill



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

059511

2010 NOV 16 AM 11:42

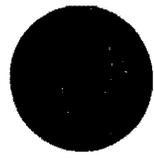
RECEIVED
MONTGOMERY COUNTY
COUNCIL

MF
ce
SBF
lae → LL
BD
CHS

Isiah Leggett
County Executive

MEMORANDUM

November 5, 2010



TO: Nancy Floreen, President
Montgomery County Council

FROM: Isiah Leggett
County Executive

SUBJECT: Bond Authorization Legislation - Approved FY 2011 Capital Budget and Council 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 2011 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 resolution placed on the November 23, 2010 Council Consent Calendar for introduction concurrent with the bond authorization legislation and arrange for it to be adopted 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 Jennifer Barrett at extension 78870.

IL:js

Attachments