



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b>	FY 17 Revised Appropriation and Transfer	<b>Executive Order No.</b>	011-17	<b>Subject Suffix</b>	
<b>Originating Department</b>	Department of Liquor Control	<b>Department Number</b>		<b>Effective Date</b>	2/7/17

### BACKGROUND

1. State law provides for the Director of Finance and the Director of the Department of Liquor Control (DLC), with the approval of the County Executive, to determine the amount of working capital required by the Department and to retain from the Department's net profits (before making any deposit into the General Fund of the County) the funds necessary to service DLC-related debt and provide adequate working capital for the operation of the DLC. Because of this State law, both the County Attorney and the Attorney General have advised that the determination of the amount of funds required for these purposes is within the exclusive province of the County Executive, and is not subject to the County budget process.
2. In FY09, Capital Improvement Project #850900-DLC Liquor Warehouse was approved by the County Executive and the County Council approved the issuance of debt (Resolution 16-676 as amended by Resolution 16-683) for the State Transportation Participation project, Bethesda Metro Station South Entrance, and Glenmont Metro Parking Expansion, as well as the Liquor Warehouse. The DLC Liquor Warehouse project which provides for the consolidation of all Department of Liquor Control functions into the 200,000-square foot Finmarc building on Edison Park Drive in Gaithersburg, MD, was completed at a lower cost than expected. Certain remaining bond proceeds of \$1,846,690.43 from the County's \$46,645,000 Revenue Bonds (Department of Liquor Control), 2013 Series A (the "2013 Bonds") are available to be used in a manner consistent with IRS regulations and the Trust Agreement, dated as of May 1, 2009 by and between the County and U.S. Bank, National Association, ("U.S. Bank"), as supplemented by the Second Supplemental Trust Agreement, dated as of August 1, 2013 (the "Trust Agreement"). The Trust Agreement allows such remaining bond proceeds to be transferred from the Project Fund to the Bond Fund and to be used for debt service payments. It is intended that such remaining bond proceeds be used for FY17 and FY18 debt service.
3. Pursuant to Article 2B, Section 15-207(e) of the Maryland Annotated Code, the County Executive establishes the FY17 Department of Liquor Control working capital and contribution to the County's General Fund, as set forth below.

### ACTION

1. It is ordered that the FY17 Department of Liquor Control working capital is as follows: Personnel Costs - \$33,528,815. Operating Expense - \$31,327,915. Total working capital is \$64,856,730.
2. It is ordered that the Director of Finance transfer from the Liquor Control Fund to the General Fund, at the end of each of the first three quarters of the fiscal year, an amount equal to one fourth of the amount of \$20,712,444. This amount includes the transfer for: earnings of \$17,185,388, overhead costs of \$3,358,024, and transfer to the Telecommunications NDA of \$169,032. The County Executive on the advice of the Department of Liquor Control, the Office of Management and Budget, and the Department of Finance, will decide the final quarterly transfer at the end of the fiscal year.
3. It is ordered that for a portion of the amount transferred to the General Fund relating to bond debt service (\$9,835,000), an amount equal to a portion of the remaining available bond proceeds (\$1,739,469) of the 2013 Bonds will be transferred by U.S. Bank from the Construction Account of the Project Fund to the Bond Interest and Principal Accounts of the Bond Fund as directed by the Director of Finance, and the remaining bond debt service (\$8,095,531), payable from DLC pledged revenues, will be transferred to U.S. Bank in accordance with the amounts and timeframes stipulated in the Trust Agreement and the written directions of the Director of Finance.

Isiah Leggett, County Executive

Approved as to Form and Legality   
County Attorney

1/26/2017  
Date