

MEMORANDUM

September 14, 2018

TO: County Council

FROM: Gene Smith, Legislative Analyst *GS*

SUBJECT: Resolution to consolidate previously authorized notes for sale and issuance as a single issue; Expedited Bill 29-18, Bond Authorization

PURPOSE: Introduce subject bill and resolution

The Executive requests that the Council introduce and act on Expedited Bill 29-18 and its companion resolution (see ©1-9). The Council must act on both the bill and resolution to implement the FY19 Capital Improvements Program (CIP).

Expedited Bill 29-18 (Item 3A) increases the County's bond authorization by \$155,900,000 in certain public facility categories; the additional amount needed to fund the capital projects the in FY19 in the Council's approved CIP.¹ In addition, the bill would reduce bond authorization in certain public facility categories by \$14,193,000 because the Department of Finance has determined the authorization is no longer needed. See ©9 for a breakdown of the public facility categories that Expedited Bill 29-18 would increase and decrease.

The companion resolution (Item 2D) consolidates previous bond authorizations and increases total authorization by the amount authorized in Expedited Bill 29-18. The resolution allows the consolidated bond authorization to be issued, sold, and delivered from time to time as one or more series of bond anticipation notes.

A public hearing is tentatively scheduled for October 2. Action is tentatively scheduled for both the bill and resolution immediately following the public hearing.

<u>This packet contains</u>	<u>Circle #</u>
Expedited Bill 29-18	1
Legislative Request Report	5
Bond Consolidation Resolution	6
Memo from County Executive	8
Bond authorization by category	9

¹ Section 20-14 of the County Code defines the public facility categories that may be funded by general obligation bonds.

Expedited Bill No. 29-18
Concerning: Bond Authorization
Revised: 9/12/2018 Draft No. 1
Introduced: September 18, 2018
Expires: March 18, 2020
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: 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;
- (3) deauthorize the issuance of certain bonds previously authorized to be issued.

By amending
Montgomery County Code 2018

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 Laws of Montgomery County 2018:**

2 The County may at any time and from time to time sell up to \$155,900,000 in
3 general obligation bonds under Chapter 20 for any project included in an approved
4 Capital Improvements Program as follows:

5 (a) an aggregate principal amount not exceeding \$38,400,000 for public
6 facilities as defined in Section 20-14(a);

7 (b) an aggregate principal amount not exceeding \$37,900,000 for public
8 facilities as defined in Section 20-14(b);

9 (c) an aggregate principal amount not exceeding \$28,100,000 for public
10 facilities as defined in Section 20-14(c);

11 (d) an aggregate principal amount not exceeding \$51,500,000 for public
12 facilities as defined in Section 20-14(d).

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

15 In accordance with Section 19-101 of the Local Government Article of the
16 Annotated Code of Maryland (2013 Replacement Volume and 2017 Supplement), the
17 County Executive by order may determine that all or any of the bonds and any bonds
18 authorized by any other County laws may be consolidated for sale and issued, sold,
19 and delivered as a single issue of bonds.

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

Sec. 2. The following is amended in the Laws of Montgomery County**2018:**

Previously authorized unissued general obligation bonds of the County in the following amounts and pursuant to the following Acts of the County Council shall no longer be authorized for the issuance of general obligation bonds:

- (a) \$1,890,000 remaining unissued pursuant to Chapter 17 of the Laws of Montgomery County of 1981;
- (b) \$3,040,000 remaining unissued pursuant to Chapter 19 of the Laws of Montgomery County of 1981;
- (c) \$995,000 remaining unissued pursuant to Chapter 13 of the Laws of Montgomery County of 1982;
- (d) \$775,000 remaining unissued pursuant to Chapter 14 of the Laws of Montgomery County of 1982;
- (e) \$230,000 remaining unissued pursuant to Chapter 8 of the Laws of Montgomery County of 1983;
- (f) \$2,045,000 remaining unissued pursuant to Chapter 9 of the Laws of Montgomery County of 1983;
- (g) \$1,050,000 remaining unissued pursuant to Chapter 10 of the Laws of Montgomery County of 1983;
- (h) \$1,220,000 remaining unissued pursuant to Chapter 6 of the Laws of Montgomery County of 1984;
- (i) \$900,000 remaining unissued pursuant to Chapter 20 of the Laws of Montgomery County of 1985;
- (j) \$855,000 remaining unissued pursuant to Chapter 13 of the Laws of Montgomery County of 1986; and
- (k) \$1,193,000 remaining unissued pursuant to Chapter 19 of the Laws of Montgomery County of 2012.

LEGISLATIVE REQUEST REPORT

Expedited Bill 29-18
Bond Authorization

DESCRIPTION: 1) Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$155,900,000. These General Obligation Bonds are to be issued upon the full faith and credit of the County. 2) Legislation to deauthorize the issuance of certain bonds in the amount of \$14,193,000 previously authorized to be issued.

PROBLEM: 1) There is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level as approved by the County Council. 2) Some prior authorizations in certain categories are no longer required.

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 and to remove some prior authorizations that are no longer required.

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: Alexandre A. Espinosa, Finance Director, 240-777-8870

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Resolution No.: _____
Introduced: September 18, 2018
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: 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, Resolution No. 17-908 of the County Council adopted on October 1, 2013, Resolution No. 17-1247 of the County Council adopted on October 14, 2014 and Resolution No. 18-305 of the County Council adopted on October 27, 2015 (collectively, the "Note Resolution"), authorized Montgomery County, Maryland (the "County") to issue, at one time or from time to time, bond anticipation notes (the "Notes") of the County. The Notes are to be issued pursuant to and in accordance with certain laws of the County (the "Authorizing Legislation") and Section 19-212 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2017 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 September 18, 2018, the County Council introduced Expedited Bill No 29-18, Bond Authorization to authorize the County to borrow money in an aggregate amount of \$155,900,000 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 \$626,820,000 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) of Resolution 16-1104 is hereby amended to include Expedited Bill No. 29-18.

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. 29-18 takes effect.

This is a correct copy of Council action.

Megan Davey Limarzi, Esq.
Clerk of the Council

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OFFICES OF THE COUNTY EXECUTIVE
Rockville, Maryland 20850

Isiah Leggett
County Executive

MEMORANDUM

September 12, 2018

TO: Hans Riemer, Council President
Montgomery County Council

FROM: Isiah Leggett
County Executive

SUBJECT: Bond Authorization Legislation - Approved FY 2019 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 2019 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 by category, necessary to fully implement this program and deauthorize the issuance of certain bonds previously authorized. Accordingly, I am transmitting the attached bill providing for these actions. 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 resolution placed on the September 18, 2018 Council Consent Calendar for introduction concurrent with the bond authorization legislation, and arrange for it to be adopted on October 2, 2018 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 Alexandre A. Espinosa at extension 7-8870.

IL: jc
Attachments



MONTGOMERY COUNTY, MARYLAND
 ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY
 REQUIRED TO FINANCE APPROVED FY19 CAPITAL APPROPRIATIONS

	Estimated FY18 Remaining Appropriation per OMB 260P2 Report (a)	G.O. Bond Funds Required per Approved FY19 Capital Improvements Program * (b)	G.O. Bond Funds Required as of 6/30/19 (a+b) (c)	G.O. Bond Authority 6/30/18 (d)	Proposed Deauthorization (e)	Adjusted G.O. Bond Authority 6/30/18 (d-e) (f)	Adjustments for Excess G.O. Bond Authority (g)	Adjustments For Rounding (h)	Required Additional G.O. Bond Authority (c-f-g-h) (i)
County Government:									
General County	206,774,000	52,724,000	259,498,000	499,783,150		499,783,150	(240,285,150)		-
Parks	21,701,000	9,717,000	31,418,000	35,217,813		35,217,813	(3,799,813)		-
Consolidated Fire Tax Distric	28,280,000	22,863,000	51,143,000	23,079,514		23,079,514	-	(36,514)	28,100,000
(C) General County, Parks, and Consolidated Fire Tax Distric	256,755,000	85,304,000	342,059,000	558,080,477	-	558,080,477	(216,021,477)	(36,514)	28,100,000
(B) Road and Storm Drainag	94,605,000	63,879,000	158,484,000	120,643,107		120,643,107	-	(59,107)	37,900,000
(D) Mass Transit	35,632,000	33,234,000	68,866,000	17,441,244		17,441,244	-	(75,244)	51,500,000
(F) Public Housing	13,690,000	-	13,690,000	52,270,000	(4,870,000)	47,400,000	(33,710,000)		-
(E) Parking Districts:									
Silver Spring			-	4,458,000	(4,458,000)	-	-		-
Bethesda			-	4,865,000	(4,865,000)	-	-		-
(H) Agricultural Easements			-	2,000,000		2,000,000	(2,000,000)		-
(I) Façade Easements			-	3,300,000		3,300,000	(3,300,000)		-
Total County Government	400,682,000	182,417,000	583,099,000	763,057,828	(14,193,000)	748,864,828	(255,031,477)	(170,865)	117,500,000
Other Agencies:									
Public Schools	127,298,000	95,719,000	223,017,000	277,865,633		277,865,633	(54,848,633)		-
Community College	50,351,000	16,535,000	66,886,000	28,572,539		28,572,539	-	(86,539)	38,400,000
(A) Total Other Agencies	177,649,000	112,254,000	289,903,000	306,438,172	-	306,438,172	(54,848,633)	(86,539)	38,400,000
Total CIP	578,331,000	294,671,000	873,002,000	1,069,496,000	(14,193,000)	1,055,303,000	(309,880,110)	(257,404)	155,900,000

* Excludes the MCG Reconciliation PDF project.

6