



Montgomery
County Council

Committee: Directly to Council
Staff: Gene Smith, Legislative Analyst
Purpose: To introduce agenda item – no vote expected
Keywords: Debt

AGENDA ITEM #5B
September 17, 2019
Introduction

SUBJECT

Expedited Bill 26-19, Bond Authorization
Lead Sponsor is the Council President at the request of the County Executive

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- None

DESCRIPTION/ISSUE

The Executive requests that the Council introduce the subject bill in conjunction with its companion resolution (Item #4K for today) to implement the FY20 Capital Improvements Program (CIP) (see ©1). The subject bill increases the bond authorization up to \$339,200,000 in certain public facilities categories as defined in the County Code (see ©2-4). Attached on ©5 is a chart that details the current bond authorization allowed by law and how Expedited Bill 29-16 provides additional authorization.

SUMMARY OF KEY DISCUSSION POINTS

- The subject Bill and companion resolution must be adopted to implement the FY20 CIP.
- The subject bill will increase the County’s authorization to borrow funds related to 1) school construction by \$245,000,000; to public roads by \$88,600,000; and 3) County Government facilities by \$5,600,000.
- Expedited Bill 26-19 and the subject resolution are tentatively scheduled for a public hearing and action on October 1, 2019.

This report contains:

Executive memo	© #1
Expedited Bill 26-19	© #2
Bond authorization chart	© #5
Legislative Request Report	© #6

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

September 9, 2019

TO: Nancy Navarro, Council President
Montgomery County Council

FROM: Marc Elrich 
County Executive

SUBJECT: Bond Authorization Legislation - Approved FY 2020 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 2020 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. Accordingly, I am transmitting the attached bill providing for this action. 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 17, 2019 Council Consent Calendar for introduction concurrent with the bond authorization legislation, and arrange for it to be adopted on October 1, 2019 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 Michael J. Coveyou, Acting Director of Finance at extension 7-8870.

ME: jc
Attachments

Expedited Bill No. 26-19
Concerning: Bond Authorization
Revised: 9/9/2019 Draft No. 1
Introduced: September 17, 2019
Expires: March 17, 2021
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the Request of the 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.

By amending Montgomery County Code 2019

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>
[[[Double boldface brackets]]]	<i>Deleted from existing law or the bill by amendment.</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 2019:**

2 The County may at any time and from time to time sell up to \$339,200,000 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 \$245,000,000 for public
6 facilities as defined in Section 20-14(a);
7 (b) an aggregate principal amount not exceeding \$88,600,000 for public
8 facilities as defined in Section 20-14(b); and
9 (c) an aggregate principal amount not exceeding \$5,600,000 for public
10 facilities as defined in Section 20-14(c).

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

14 In accordance with Section 19-101 of the Local Government Article of the
15 Annotated Code of Maryland (2013 Replacement Volume and 2018 Supplement),
16 the County Executive by order may determine that all or any of the bonds and any
17 bonds authorized by any other County laws may be consolidated for sale and issued,
18 sold, and delivered as a single issue of bonds.

19 The County Executive must determine all matters relating to the amounts of
20 bonds to be sold, advertisement, sale, issuance, delivery and payment of the
21 consolidated issue, such as the forms, dates and denominations of the consolidated
22 bonds, the principal maturities, the method for determining the interest payable on
23 the consolidated bonds, and provisions for the use of facsimile signatures or seals.
24 At least one advertisement of the public sale of the consolidated bonds must appear
25 in a newspaper of general circulation in Montgomery County at least 10 days before
26 the sale.

**MONTGOMERY COUNTY, MARYLAND
 ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY
 REQUIRED TO FINANCE APPROVED FY20 CAPITAL APPROPRIATIONS**

	Estimated FY19 Remaining Appropriation per BASIS Report (a)	G.O. Bond Funds Required per Approved FY20 Capital Improvements Program * (b)	G.O. Bond Funds Required as of 6/30/19 (a+b) (c)	G.O. Bond Authority 6/30/19 (d)	Proposed Deauthorization (e)	Adjusted G.O. Bond Authority 6/30/19 (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	246,519,928	24,032,000	270,551,928	422,655,715		422,655,715	(152,103,787)		-
Parks	17,282,854	10,795,000	28,077,854	25,003,023		25,003,023		(25,169)	3,100,000
Consolidated Fire Tax Distric (C) General County, Parks, and Consolidated Fire Tax Distric	41,628,643	6,840,000	48,468,643	46,080,538		46,080,538		(111,895)	2,500,000
	305,431,426	41,667,000	347,098,426	493,739,276	-	493,739,276	(146,640,850)	(137,064)	5,600,000
(B) Road and Storm Drainage	98,978,115	73,153,000	172,131,115	83,539,180		83,539,180		(8,065)	88,600,000
(D) Mass Transit	16,105,424	31,500,000	47,605,424	58,544,084		58,544,084	(10,938,660)		-
(F) Public Housing	1,581,705	-	1,581,705	47,400,000		47,400,000	(45,818,295)		-
(E) Parking Districts:									
Silver Spring			-	0		-			-
Bethesda			-	0		-			-
(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	422,096,669	146,320,000	568,416,669	688,522,540	-	688,522,540	(208,697,806)	(145,129)	94,200,000
Other Agencies:									
Public Schools	197,544,000	187,455,000	384,999,000	159,987,047		159,987,047		11,953	225,000,000
Community College	9,310,134	43,452,000	52,762,134	32,693,413		32,693,413		68,721	20,000,000
(A) Total Other Agencies	206,854,134	230,907,000	437,761,134	192,680,460	-	192,680,460	-	80,674	245,000,000
Total CIP	628,950,803	377,227,000	1,006,177,803	881,203,000	-	881,203,000	(208,697,806)	(64,455)	339,200,000

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LEGISLATIVE REQUEST REPORT

Expedited Bill 26-19

Bond Authorization

DESCRIPTION:	Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$339,200,000. 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:	The goal is 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 sold and are included in the Approved Operating Budget and Annual Appropriations for Debt Service.
ECONOMIC IMPACT:	To be completed by Executive staff.
EVALUATION:	N/A
EXPERIENCE ELSEWHERE:	N/A
SOURCE OF INFORMATION:	Michael J. Coveyou, Acting Director, Finance, 240-777-8870
APPLICATION WITHIN MUNICIPALITIES:	N/A.
PENALTIES:	N/A.

Document1