



**Committee:** Directly to Council  
**Committee Review:** N/A  
**Staff:** Craig Howard, Deputy Director  
Logan Anbinder, Legislative Analyst  
**Purpose:** To introduce agenda items – no vote expected  
**Keywords:** Debt, CIP

AGENDA ITEMS #3B & #10  
January 16, 2024  
**Introduction**

## SUBJECT

Item #3B: Resolution to consolidate previously authorized notes for sale and issuance as a single issue  
Item #10: Expedited Bill 1-24, Bond Authorization

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

## DESCRIPTION/ISSUE

The Executive requests that the Council introduce and act on the subject expedited bill and its companion resolution (see ©1-9). The Council's action is required to implement the appropriations approved in the Amended FY23-28 Capital Improvements Program (CIP). The Executive requests that the Council consider this as expedited legislation.

## SUMMARY OF KEY DISCUSSION POINTS

- Expedited Bill 1-24 (Item #10) increases the County's general obligation (G.O.) bond authorization by \$289,073,000 in certain public facility categories (see ©2-4). Section 20-14 of the County Code defines the public facility categories that may be funded by G.O. bonds.
- The bonds will be secured by the full faith and credit and taxing authority of the County.
- Additional authority is needed to fund the approved appropriations for the CIP projects in the public facility categories as identified in Column (g) on ©5. These appropriations were approved by the Council in the Amended FY23-28 CIP.
- The subject resolution (Item #3B) consolidates the previously approved bond authorizations and increases the total authorization by the amount recommended in Expedited Bill 1-24 (see ©6-7). 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.

- The public hearing of the expedited bill is tentatively scheduled for February 6, 2024 at 1:30 PM. Action on the bill and subject resolution is tentatively scheduled immediately following the public hearing.

**This report contains:**

Executive memorandum	© #1
Expedited Bill 1-24, Bond Authorization	© #2-4
Bond Authority and Public Facility Category Crosswalk	© #5
Proposed resolution	© #6-7
Legislative Request Report	© #8
Fiscal Impact Statement	© #9

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
*County Executive*

MEMORANDUM

December 19, 2023

TO: Andrew Friedson, Council President  
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Bond Authorization Legislation - Approved FY 2024 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 2024 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 County's bond counsel, McKennon Shelton & Henn LLP, and reviewed by the Department of Finance. 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 January 16, 2024, Council Consent Calendar for introduction concurrent with the bond authorization legislation.

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, Director of Finance at extension 7-8870.

ME: jdc  
Enclosure

Expedited Bill No.: \_\_\_\_\_  
Concerning: Bond Authorization  
Revised: \_\_\_\_\_ Draft No.: \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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By: Council President at the request of County Executive

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**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 the Laws of Montgomery County

**Boldface**

Underlining

[Single boldface brackets]

Double underlining

[[Double boldface brackets]]

\* \* \*

*Heading or defined term.*

*Added to existing law by original bill.*

*Deleted from existing law by original bill.*

*Added by amendment.*

*Deleted from existing law or the bill by amendment.*

*Existing law unaffected by bill.*

*The County Council for Montgomery County, Maryland approves the following Act:*

**Section 1. The following is added to the Laws of Montgomery County:**

The County may at any time and from time to time sell up to \$289,073,000 in general obligation bonds under Chapter 20 for any project included in an approved Capital Improvements Program as follows:

(a) an aggregate principal amount not exceeding \$147,500,000 for public facilities as defined in Section 20-14(a);

(b) an aggregate principal amount not exceeding \$76,073,000 for public facilities as defined in Section 20-14(b); and

(c) an aggregate principal amount not exceeding \$64,800,000 for public facilities as defined in Section 20-14(c).

(d) an aggregate principal amount not exceeding \$700,000 for public facilities as defined in Section 20-14(e).

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

In accordance with Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2023 Supplement), the County Executive by order may determine that all or any of the bonds and any bonds authorized by any other County laws may be consolidated for sale and issued, sold, and delivered as a single issue of bonds.

The County Executive must determine all matters relating to the amounts of bonds to be sold, advertisement, sale, issuance, delivery and payment of the consolidated issue, such as the forms, dates and denominations of the consolidated bonds, the principal maturities, the method

for determining the interest payable on the consolidated bonds, and provisions for the use of facsimile signatures or seals. At least one advertisement of the public sale of the consolidated bonds must appear in a newspaper of general circulation in Montgomery County at least 10 days before the sale.

**Section 2. Expedited Effective Date.**

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

*Approved:*

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Andrew Friedson, President, County Council

Date

*Approved:*

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Marc Elrich, County Executive

Date

*This is a correct copy of Council action.*

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Sara Tenenbaum, Clerk of the Council

Date

**MONTGOMERY COUNTY, MARYLAND**  
**ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY**  
**REQUIRED TO FINANCE APPROVED FY24 CAPITAL APPROPRIATIONS**

	Estimated FY23 Remaining Appropriations per OMB Appropriations Calculation by Funding Source Report* (a)	G.O. Bond Funds Required per Approved FY24 CIP Appropriations* (b)	G.O. Bond Funds Required as of 6/30/24 (a+b) ( c )	G.O. Bond Authority 6/30/23 (d)	Adjustments for Excess G.O. Bond Authority (e)	Adjustments For Rounding (f)	Required Additional G.O. Bond Authority (c-d-e-f) (g)
County Government:							
General County	152,360,000	61,228,000	213,588,000	161,734,146	-	(46,146)	51,900,000
Parks	6,468,000	10,880,000	17,348,000	9,409,314	-	(61,314)	8,000,000
Consolidated Fire Tax District	3,114,000	32,580,000	35,694,000	30,816,758	-	(22,758)	4,900,000
(C) General County, Parks, and Consolidated Fire Tax District	161,942,000	104,688,000	266,630,000	201,960,218	-	(130,218)	64,800,000
							-
(B) Road and Storm Drainage	41,604,000	92,891,000	134,495,000	58,459,867	-	(37,867)	76,073,000
(D) Mass Transit	5,344,000	13,215,000	18,559,000	43,418,019	(24,859,019)	-	-
(F) Public Housing	48,000	-	48,000	47,400,000	(47,352,000)		-
(E) Parking Districts:							-
Silver Spring	-	-	-		-		-
Bethesda	400,000	298,000	698,000	-	-	(2,000)	700,000
(H) Agricultural Easements	-	-	-	2,000,000	(2,000,000)		-
(I) Façade Easements	-	-	-	3,300,000	(3,300,000)		-
Total County Government	209,338,000	211,092,000	420,430,000	356,538,104	(77,511,019)	(170,085)	141,573,000
Other Agencies:							
Public Schools	298,143,000	328,215,000	626,358,000	479,958,347	-	(347)	146,400,000
Community College	3,265,000	24,537,000	27,802,000	26,706,549	-	(4,549)	1,100,000
(A) Total Other Agencies	301,408,000	352,752,000	654,160,000	506,664,896	-	(4,896)	147,500,000
Total CIP	510,746,000	563,844,000	1,074,590,000	863,203,000	(77,511,019)	(174,981)	289,073,000

Resolution No. \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Adopted: \_\_\_\_\_

COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND

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By: County Council

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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, Resolution No. 18-305 of the County Council adopted on October 27, 2015, Resolution No. 18-1259 of the County Council adopted on October 2, 2018, Resolution No. 19-263 of the County Council adopted on October 1, 2019, Resolution No. 19-944 of the County Council adopted on July 12, 2021, and Resolution 19-1323 of the County Council adopted on July 12, 2022 (collectively, the “Note Resolution”), 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 Montgomery County, Maryland (the “Authorizing Legislation”) and Section 19-212 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2023 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 January 16, 2024, the County Council introduced Expedited Bill No. \_\_\_\_, Bond Authorization, to authorize the County to borrow money in an aggregate amount of \$289,073,000 for the purposes of financing the cost of certain public facilities.
3. In addition, the County has decided to authorize the issuance, sale, and delivery of additional bond anticipation notes in the nature of commercial paper at any time



and from time to time in the principal amount of \$1,297,276,000 for the purpose of having bond anticipation note authority available for the issuance of bonds previously authorized by the County Council, but heretofore unissued.

4. The County wishes to add the authority provided in Expedited Bill No. \_\_\_\_ and the additional bond anticipation note authority hereby authorized 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 \$1,297,276,000 less the aggregate principal amount of Notes issued after the effective date of this Resolution.

2. The definition of “Authorized Legislation” in Section 1, paragraph (b)(iii) of Resolution 16-1104 is hereby amended to include Expedited Bill No. \_\_\_\_.

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. \_\_\_\_ takes effect.

This is a correct copy of Council action.

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Sara Tenenbaum  
Clerk of the Council

## LEGISLATIVE REQUEST REPORT

Bill \_\_\_\_\_

### COUNTY BOND AUTHORIZATION LEGISLATION

#### REQUIRED TO FINANCE FY 2024 APPROVED CAPITAL APPROPRIATIONS

<u>DESCRIPTION:</u>	Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$289,073,000. These General Obligation Bonds are to be issued upon the full faith and credit of the County.
<u>PROBLEM:</u>	There is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level as approved by the County Council.
<u>GOALS &amp; OBJECTIVES:</u>	The goal is to provide new, additional bond authorization equal to the approved appropriation level which will be financed from future bond issues.
<u>COORDINATION:</u>	This bill is new legislation that does not duplicate or overlap existing law.
<u>FISCAL IMPACT:</u>	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.
<u>EVALUATION:</u>	N/A
<u>EXPERIENCE ELSEWHERE:</u>	N/A
<u>SOURCE OF INFORMATION:</u>	Michael Coveyou, Director of Finance, 240-777-8870



# Fiscal Impact Statement

Office of Management and Budget

Bill xx-24	Bond Authorization
Bill Summary	This bill authorizes the County to issue certain bonds; and authorizes the bonds and bonds previously authorized to be issued to be consolidated for sale and issued, sold and delivered as a single issue.
Fiscal Impact Summary	There is insufficient bond authorization in certain categories of Capital Improvement Program (CIP) expenditures to fully cover the increased appropriation level as approved by the County Council, and some prior authorizations in certain categories are no longer required. Legislation authorizes the issuance of General Obligation bonds in an amount not to exceed \$289,073,000. These General Obligation bonds are to be issued upon the full faith and credit of the County. Legislation will provide bond authority for future actual debt issuance. The County Executive will issue bonds as needed to fund projects approved in the CIP.
Fiscal Impact Analysis	<p>The County revenue and expenditure estimates will be determined by the specific amount of bonds issued and future annual amount of debt service incorporated into the annual operating budget. This bill only provides authority for the issuance of General Obligation bonds.</p> <p>For a twenty-year term at 5% interest, average annual estimated debt service is \$76,250 per \$1,000,000 in General Obligation bonds issued.</p> <p>The County revenue and expenditure estimates for the next 6 fiscal years will be determined by the specific amount of bonds issued and the amount of debt service incorporated into the annual operating budget. This bill only provides authority for the issuance of General Obligation bonds.</p>
Staff Impact	The bill is not expected to impact staff time or duties.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Ranges of revenue or expenditures that are uncertain or difficult to project	Not applicable
Sources of information	CIP BASIS, Appropriation Calculation by Funding Source Report and GO Bond Authority report. Controller's Office, Bond Authority FY24 Worksheet for CE and Council Packet
Contributors	Jacqueline Carter, Department of Finance Veronica Jaua, Office of Management and Budget

