


MEMORANDUM

November 22, 2011

TO: County Council

FROM: Jacob Sesker, Senior Legislative Analyst 

SUBJECT: **Introduction:** Expedited Bill 38-11, Bond Authorization Resolution to consolidate previously authorized notes for sale and issuance as a single issue

Expedited Bill 38-11, Bond Authorization, along with Item 2E, the implementing resolution, both sponsored by the Council President at the request of the County Executive, are scheduled to be introduced on November 29, 2011. **A public hearing is tentatively scheduled for December 6, with action immediately after the hearing.**

Every year, the Executive sends to the Council a bill increasing the bond authorization and one or more resolutions consolidating the new bond authority with previous commercial paper bond anticipation note authority. **The Council must act on both the bill and the resolution(s).**

- 1) Expedited Bill 38-11 (Item 5) increases the County bond authorization by \$386.0 million, the amount needed to fund the capital projects the Council approved this year and fully implement the Council's approved CIP.
- 2) Resolution (Item 2E) will consolidate the new bond authority (from Item 5) with previous commercial paper bond anticipation note authority. This consolidation thereby increases the amount of bond anticipation notes the County is authorized to sell by \$386.0 million. Bond anticipation notes are sold as needed to fund capital projects and then are repaid when the County sells bonds, usually once a year.

This packet contains

Expedited Bill 38-11
Legislative Request Report
Bond Anticipation Resolution
Memo from County Executive

Circle #

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Expedited Bill No. 38-11
Concerning: Bond Authorization
Revised: 11/22/2011 Draft No. 1
Introduced: November 29, 2011
Expires: May 29, 2013
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 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

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:

Sec. 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 \$386,000,000 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 \$214,300,000 for public facilities as defined in Section 20-14(a);
- (b) an aggregate principal amount not exceeding \$65,400,000 for public facilities as defined in Section 20-14(c);
- (c) an aggregate principal amount not exceeding \$103,200,000 for public facilities as defined in Section 20-14(d);
- (d) an aggregate principal amount not exceeding \$2,000,000 for public facilities as defined in Section 20-14(h); and
- (e) an aggregate principal amount not exceeding \$1,100,000 for public facilities as defined in Section 20-14(i).

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 2C of Article 31 of the Maryland Code, as amended, 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

28 in a newspaper of general circulation in Montgomery County at least 10 days
29 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 on which it
33 becomes law.

34 *Approved:*

35

Valerie Ervin, President, County Council

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

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LEGISLATIVE REQUEST REPORT

Bill 38-11

Bond Authorization

DESCRIPTION: Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$386,000,000. 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 actually sold, and are included in the Approved Operating Budget and Annual Appropriations for Debt Service.

ECONOMIC IMPACT: N/A.

EVALUATION: N/A.

EXPERIENCE ELSEWHERE: N/A.

SOURCE OF INFORMATION: Joseph Beach, Finance Director, 240-777-8870

APPLICATION WITHIN MUNICIPALITIES: N/A

PENALTIES: N/A

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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. 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 for Montgomery County, Maryland adopted on November 30, 2010 (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 12 of Article 31 of the Annotated Code of Maryland (2010 Replacement Volume) (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 29, 2011, the County Council introduced Expedited Bill No. ___ Bond Authorization to authorize the County to borrow money in an aggregate amount of \$386,000,000 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 \$1,831,403,000, less the aggregate principal amount of Notes paid after the effective date of this Resolution with proceeds of 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) is hereby amended to include Chapter ___ of the Laws of Montgomery County of 2011.

3. Section 8, paragraph (a) is hereby deleted in its entirety and replaced with the following:

"Section 8. Under Section 2C of Article 31 of the Annotated Code of Maryland (2010 Replacement Volume), the County Council authorizes the County to consolidate for sale and issue, sell and deliver at any one time and from time to time Notes issued for the following general purposes:

- (a) public schools and community colleges and other purposes provided in Chapter 20-14(a) of the Code of the County – Chapter 36, Laws of Montgomery County 2008; Chapter 22, Laws of Montgomery County 2009; Chapter 54, Laws of Montgomery County 2010, and Chapter ____, Laws of Montgomery County 2011;
- (b) public roads, streets, highways, sidewalks, storm drainage systems and such other purposes as provided in Chapter 20-14(b) of the Code of the County – Chapter 12, Laws of Montgomery County 2007; Chapter 36, Laws of Montgomery County 2008; Chapter 22, Laws of Montgomery County 2009; and Chapter 54, Laws of Montgomery County 2010;
- (c) public buildings, parks and recreation, fire and such other purposes as provided in Chapter 20-14(c) of the Code of the County – Chapter 43, Laws of Montgomery County 2006; Chapter 12, Laws of Montgomery County 2007; Chapter 36, Laws of Montgomery County 2008; Chapter 22, Laws of Montgomery County 2009; Chapter 54, Laws of Montgomery County 2010; and Chapter ____, Laws of Montgomery County 2011;

- (d) mass transit and such other purposes as provided in Chapter 20-14(d) of the Code of the County – Chapter 22, Laws of Montgomery County 2009; Chapter 54, Laws of Montgomery County 2010; and Chapter __, Laws of Montgomery County 2011;
- (e) off-street parking lots and facilities and such other purposes as provided in Chapter 20-14(e) of the Code of the County – Chapter 19, Laws of Montgomery County 1981, Chapter 9, Laws of Montgomery County 1983, Chapter 14, Laws of Montgomery County 1982, and Chapter 10, Laws of Montgomery County 1983, and Chapter 6, Laws of Montgomery County 1984;
- (f) public housing and such other purposes as provided in Chapter 20-14(f) of the Code of the County – Chapter 17, Laws of Montgomery County 1981; Chapter 13, Laws of Montgomery County 1982; Chapter 8, Laws of Montgomery County 1983; Chapter 20, Laws of Montgomery County 1985; Chapter 13, Laws of Montgomery County 1986; Chapter 22, Laws of Montgomery County 2009; and Chapter 54, Laws of Montgomery County 2010;
- (g) agricultural easements and such other purposes as provided in Chapter 20-14(h) of the Code of the County – Chapter __, Laws of Montgomery County 2011; and
- (h) façade easements and such other purposes as provided in Chapter 20-14(i) of the Code of the County - Chapter __, Laws of Montgomery County 2011.

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 Bill No. _____ takes effect.

This is a correct copy of Council action.

Linda M. Lauer
Clerk of the Council

**MONTGOMERY COUNTY, MARYLAND
 ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY
 REQUIRED TO FINANCE APPROVED FY12 CAPITAL APPROPRIATIONS**

11/21/2011, 8:51 AM

	G.O. Bond Funds Required per Approved FY12 Capital Improvements Program (a)	Unexpended G.O. Bond Funds as of 5/31/11 (b)	Unrecorded FY11/12 Capital Improvements Program (c)	G.O. Bond Funds Required as of 5/31/11 (a+b+c) (d)	G.O. Bond Authority 5/31/11 (e)	Adjustments for Excess G.O. Bond Authority (f)	Adjustments For Rounding (g)	Required Additional G.O. Bond Authority (d-e-f-g) (h)
County Government:								
General County	61,201,000	431,570,806		492,771,806	452,545,937	-	25,869	40,200,000
Parks	10,279,000	36,577,532		46,856,532	37,658,313	-	(1,781)	9,200,000
Consolidated Fire Tax District (C) General County, Parks, and Consolidated Fire Tax District	11,663,000	42,109,205	2,175,000	55,947,205	39,985,750	-	(38,545)	16,000,000
	83,143,000	510,257,543	2,175,000	595,575,543	530,190,000	-	(14,457)	65,400,000
(B) Road and Storm Drainage	46,917,000	240,705,514		287,622,514	313,540,000	(25,917,486)		-
(D) Mass Transit	25,346,000	141,497,602		166,843,602	63,605,000	-	38,602	103,200,000
(F) Public Housing	3,990,000	22,748,541		26,738,541	52,970,000	(26,231,459)		-
(E) Parking Districts:								
Silver Spring	-	-		-	3,265,000	(3,265,000)	-	-
Bethesda	-	-		-	4,865,000	(4,865,000)	-	-
(H) Agricultural Easements	2,000,000			2,000,000	-	-	-	2,000,000
(I) Façade Easements	1,080,000			1,080,000	-	-	(20,000)	1,100,000
Total County Government	162,476,000	915,209,200	2,175,000	1,079,860,200	968,435,000	(60,278,945)	4,145	171,700,000
Other Agencies:								
Public Schools	244,661,000	341,899,971		586,560,971	388,998,578	-	(37,607)	197,600,000
Community College	17,018,000	87,675,990		104,693,990	87,969,422	-	24,568	16,700,000
(A) Total Other Agencies	261,679,000	429,575,961	-	691,254,961	476,968,000	-	(13,039)	214,300,000
Total CIP	424,155,000	1,344,785,161	2,175,000	1,771,115,161	1,445,403,000	(60,278,945)	(8,894)	386,000,000

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BILL



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

November 21, 2011

TO: Valerie Ervin, President
Montgomery County Council

FROM: Isiah Leggett
County Executive

SUBJECT: Bond Authorization Legislation - Approved FY 2012 Capital Budget and Council Resolution Providing for the Consolidation of Certain Previously Authorized Notes for Sale and Issuance as a Single Issue

RECEIVED
MONTGOMERY COUNTY
COMMISSION

2011 NOV 22 AM 9:02

The approved Capital Budget for Fiscal Year 2012 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 29, 2011 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 Joseph F. Beach at extension 7-8870.

IL:jc

Attachments