

# Prince George's County Council

## Agenda Item Summary

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**Meeting Date:** 11/17/2009  
**Reference No.:** CB-059-2009  
**Draft No.:** 1  
**Proposer(s):** County Executive  
**Sponsor(s):** Dean  
**Item Title:** An Emergency Bill concerning the issuance and sale of General Obligation Qualified School Construction Bonds in an amount not to exceed \$29,638,000

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**Drafter:** Joseph Hamlin, Office of Law  
**Resource Personnel:** Debbie Bice, Office of Management and Budget

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### LEGISLATIVE HISTORY:

<b>Date Presented:</b>		<b>Executive Action:</b>	11/19/2009 S
<b>Committee Referral:</b>	10/20/2009 - PSFM	<b>Effective Date:</b>	11/19/2009

**Committee Action:** 11/5/2009 - FAV

**Date Introduced:** 10/20/2009  
**Public Hearing:** 11/17/2009 - 10:00 AM

**Council Action (1)** 11/17/2009 - ENACTED  
**Council Votes:** MB:A, WC:A, SHD:A, TD:A, CE:-, AH:-, TK:A, EO:A, IT:A  
**Pass/Fail:** P  
**Remarks:**

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### AFFECTED CODE SECTIONS:

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### COMMITTEE REPORTS:

#### Public Safety and Fiscal Management

**Date 11/5/2009**

REPORT: Committee Vote: Favorable, 4-0 (In Favor: Council Members Exum, Knotts, Campos and Turner)

This bill will authorize the County to issue and sell General Obligation Qualified School Construction Bonds (QSCB) and General Obligations Bonds in an amount not to exceed \$29,638,000 to finance various County Board of Education capital projects related to school facility repairs, renovations, conversions, additions, and planning included in the FY 2010 Capital Budget. (CB-30-2009)

Eighty-five percent (85%) of the \$29,638,000 proposed aggregate principal bond amount or \$25,102,000 will be taxable QSCB. Under the QSCB Program, bond holders will receive federal tax credits in lieu of receiving market interest rates on the bonds, which reduces the cost of borrowing for school construction projects.

The remaining \$4,536,000 authorized amount of bonds will be sold as tax-exempt General Obligation Bonds and subject to market interest rates at the time of sale.

According to the Office of Finance, based on a conservative assumption, the County will save between \$3,600,000 and \$7,400,000 in net debt service cost over the fifteen (15) year term of the bonds.

The Office of Law has reviewed this bill and find it to be in proper legislative form with no legal impediments to its enactment.

The enactment of CB-59-2009 will have a positive fiscal impact on the County by enabling the County to save debt service costs over the term of the bonds.

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**BACKGROUND INFORMATION/FISCAL IMPACT:**

(Includes reason for proposal, as well as any unique statutory requirements)

This emergency bill provides the authority to issue and sell General Obligation Qualified School Construction Bonds to finance Public School Facilities in an amount not to exceed \$29,638,000 for capital projects and includes the amounts programmed in the FY 2010 Capital Budget. The bill also authorizes the County Executive to enter into agreements with the Prince George's County Board of Education and public instrumentalities of the County or the State of Maryland to finance said capital projects, including agreements regarding sale and leaseback (or other similar arrangements) appropriate to said financing.

The designation of this legislation as an emergency bill is needed to take advantage of the federal allocation to the Prince George's County Public Schools of \$25,102,000 of qualified school construction bond volume cap in calendar year 2009, which will achieve savings in the cost of debt service.

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**CODE INDEX TOPICS:**

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**INCLUSION FILES:**

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