memorandum

Prop. Ord.
18-12

November 5, 2018

To: Board of Regional Commissioners
   Leo G. Cakounes, Chairman
From: Mary T. McIsaac

Re: Request to appropriate Bond Premium Proceeds from General Obligation Bonds dated 9.20.2018

The Finance Director, thru Jack T. Yunits, Jr., County Administrator, hereby submits an Ordinance to budget the bond premium proceeds delivered to the County from the sale of General Obligation Bonds dated September 20, 2017.

Bond premiums are cash payments negotiated with an issuer’s underwriters which may or not be requested by the borrower to cover bond issuance costs. Net premiums which result from premiums in excess of issuance costs can be expended under special rules and limitations.

The net premium of this bond issue is detailed in the Sources and Uses section of the Official Statement and contains borrowing authorized for the Dredge Enterprise Fund and the General Fund. The net premium of the Enterprise Fund must always be segregated for appropriation for Enterprise activities. Further, net premiums must be reserved for capital projects for which the County may borrow for an equal or longer period than the original loan.

The term limits of each component portion of the original loan have been confirmed and capital projects have been identified which comply with the special rules for net premiums. All spending of funds appropriated under these rules remain segregated for audit purposes.

The ordinance requests the appropriation of the Dredge and General Fund Bond Premium Proceeds for projects within the limitations to enhance certain capital projects and purchases.