

**COUNTY COUNCIL OF CECIL COUNTY, MARYLAND
LEGISLATIVE SESSION DAY 2024 - 15**

RESOLUTION NO. 40-2024

Title of Resolution: An authorization to provide a loan to the Cecil County Public Schools to complete construction of the North East Middle/High School Complex.

Synopsis: A Resolution to amend the Annual Budget and Appropriation Ordinance for Cecil County, Maryland, for the fiscal year ending June 30, 2025, to allow the Board of Education of Cecil County to borrow from the County up to \$41,000,000 interest free to finish construction of the North East Middle/High School complex by the end of FY2027. This loan, which will result in creation of a Notes Receivable and Restricted Cash position on the County's Balance Sheet, is necessitated by the fact that the State of Maryland is unable to commit the balance of their full contribution of \$103,000,000 in order to allow the Board of Education to complete construction by the end of FY2027. Without this loan, the schools' construction cannot be completed until FY2032. As a result, the Board of Education of Cecil County will remit any and all school construction funds provided by the State for the North East Middle/High School Complex project to the County until the loan is fully paid, beginning in FY2026. It is agreed and recognized that the State funding for the North East Middle/High School Complex project will be the sole and exclusive source for the repayment of the loan and that no other funds or other sources of revenue budgeted for the Board of Education shall be used for repayment of the loan. It is further agreed and recognized that a \$4,000,000 funding request for the North East Middle/High School Complex must remain the highest ranked project submission for Cecil County Public School's annual State CIP school construction funding request throughout the duration of this loan, and that the first \$4,000,000 in annual State school construction funding must be used to satisfy the County debt. Should Cecil County Public Schools choose to apply some, or all, of their additional annual school construction funding allotment to extinguish the debt more rapidly, this may be done at their sole discretion without penalty.

Introduced by: Council President at the request of the County Executive

Introduced and ordered posted on: August 20, 2024

Public hearing scheduled on: September 17, 2024 at 7:00 p.m.

Consideration scheduled on: October 1, 2024

By: _____
Council Manager

Notice and title of Resolution having been posted on August 20, 2024 at the County Administration Building, 200 Chesapeake Blvd., Elkton and having been published according to the Charter on September 4, 2024 and September 11, 2024, a public hearing was held on September 17, 2024, and concluded on September 17, 2024.

By: _____
Council Manager

Explanation: CAPITAL LETTERS INDICATE LANGUAGE ADDED TO EXISTING DOCUMENT.

~~Strike through~~ indicates language deleted from existing document.

Underlining indicates language added to document by amendment.

~~Double strike-through~~ indicates language stricken from document by amendment.

An authorization to provide a loan to the Cecil County Public schools to complete construction of the North East Middle/High School Complex

1 **WHEREAS**, in accordance with Section 505 of the Cecil County Charter, on April 1, 2024, the County
2 Executive submitted a proposed budget to the County Council for Fiscal Year 2025; and

3 **WHEREAS**, in accordance with Section 506 of the Cecil County Charter, the County Council held
4 public hearings on the proposed budget submitted by the County Executive for Fiscal Year 2025; and

5 **WHEREAS**, in accordance with Section 507(b) of the Cecil County Charter, on June 4, 2024 the
6 Budget for Cecil County was adopted for Fiscal Year 2025; and

7 **WHEREAS**, the County Executive is requesting authorization to lend up to \$41,000,000 interest free
8 to the Cecil County Board of Education to complete construction of the North East Middle/High School
9 complex by the end of FY2027. This loan will result in creation of a Notes Receivable and Restricted Cash
10 position on the County's Balance Sheet; and

11 **WHEREAS**, such authorization is necessary as the State of Maryland is unable to commit the balance
12 of their full contribution of \$103,000,000 in order to allow the Board of Education to complete construction
13 by the end of FY2027. Without this loan, the schools' construction cannot be completed until FY2032. In
14 return, the Board of Education of Cecil County will remit any and all school construction funds provided by
15 the State for the North East Middle/High School Complex project to the County until the loan is fully
16 paid, beginning in FY2026, it being agreed and recognized that the State funding for the North East
17 Middle/High School Complex project shall be the sole and exclusive source for the repayment of the
18 loan and that no other funds or other sources of revenue budgeted for the Board of Education shall
19 be used for repayment of the loan; and

20 **WHEREAS**, it is further agreed and recognized that a \$4,000,000 funding request for the North
21 East Middle/High School Complex must remain the highest ranked project submission for Cecil
22 County Public School's annual State CIP school construction funding request throughout the
23 duration of this loan, and that the first \$4,000,000 in annual State school construction funding must
24 be used to satisfy the County debt. Should Cecil County Public Schools choose to apply some, or all,
25 of their additional annual school construction funding allotment to extinguish the debt more rapidly,
26 this may be done at their sole discretion without penalty; and

27 **WHEREAS**, it is further agreed and recognized that Cecil County, Maryland through the
28 County Executive may execute a Memorandum of Understanding with the Board of Education of

An authorization to provide a loan to the Cecil County Public schools to complete construction of the North East Middle/High School Complex

29 Cecil County to codify the intentions of this Resolution and outline the terms and conditions of the
30 aforementioned loan; and

31 **NOW THEREFORE, BE IT HEREBY RESOLVED** that the Annual Budget and Appropriation Ordinance
32 for Cecil County, Maryland for Fiscal Year 2025 is hereby amended to authorize the County Executive to
33 lend up to \$41,000,000 to complete construction of the North East Middle/High School complex by the end
34 of FY2027.

35 **AND BE IT FURTHER RESOLVED** that this Resolution shall take effect on the date of its passage by
36 the County Council of Cecil County, Maryland.

INTRODUCED: August 20, 2024

ADOPTED:

President of the Council

ATTEST:

Council Manager



CECIL COUNTY, MARYLAND

DEPARTMENT OF FINANCE

FISCAL IMPACT NOTE

SUMMARY OF LEGISLATION

SPONSOR: Council President at the request of the County Executive

RESOLUTION NO. 40-2024 – Authorization to provide a loan to the Cecil County Public Schools to finish building the North East Middle/High School complex.

SYNOPSIS: A Resolution to amend the Annual Budget and Appropriation Ordinance for Cecil County, Maryland, for the fiscal year ending June 30, 2025, to allow the Board of Education of Cecil County to borrow from the County up to \$41,000,000 interest free to finish construction of the North East Middle/High School complex by the end of FY2027. This loan, which will result in creation of a Notes Receivable and Restricted Cash position on the County's Balance Sheet, is necessitated by the fact that the State of Maryland is unable to commit the balance of their full contribution of \$103,000,000 in order to allow the Board of Education to complete construction by the end of FY2027. Without this loan, the schools' construction cannot be completed until FY2032. As a result, the Board of Education of Cecil County will remit any and all school construction funds provided by the State for the North East Middle/High School Complex project to the County until the loan is fully paid, beginning in FY2026. It is agreed and recognized that the State funding for the North East Middle/High School Complex project will be the sole and exclusive source for the repayment of the loan and that no other funds or other sources of revenue budgeted for the Board of Education shall be used for repayment of the loan. It is further agreed and recognized that a \$4,000,000 funding request for the North East Middle/High School Complex must remain the highest ranked project submission for Cecil County Public School's annual State CIP school construction funding request throughout the duration of this loan, and that the first \$4,000,000 in annual State school construction funding must be used to satisfy the County debt. Should Cecil County Public Schools choose to apply some, or all, of their additional annual school construction funding allotment to extinguish the debt more rapidly, this may be done at their sole discretion without penalty.

FISCAL IMPACT SUMMARY: There is no impact to the fund balance or net position; however, it will reduce the County's liquidity as it will restrict available cash position until the loan is paid off.

FISCAL ANALYSIS:

Without this loan, the schools' construction cannot be completed until FY2032. As a result, the Board of Education of Cecil County will remit any and all school construction funds provided by the State to the County until the loan is fully paid, beginning in FY2026.