

SENATE BILL 842

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B3

2001 Regular Session  
11r2886  
CF 11r2877

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By: **Carroll County Senators**

Introduced and read first time: February 19, 2001  
Assigned to: Rules  
Re-referred to: Budget and Taxation, February 22, 2001

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Committee Report: Favorable  
Senate action: Adopted  
Read second time: March 22, 2001

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CHAPTER 435

1 AN ACT concerning

2 **Carroll County - Bond Authorization - Carroll County General Hospital, Inc.**

3 FOR the purpose of authorizing and empowering the County Commissioners of  
4 Carroll County, from time to time, to borrow not more than \$20,000,000 for the  
5 purpose of lending the proceeds of the borrowing to the Carroll County General  
6 Hospital, Inc., upon such terms and conditions as may be determined by the  
7 County, which proceeds are to be used to finance the cost of certain hospital  
8 facilities, including but not limited to the construction, renovation, equipping  
9 and improvement of existing and new facilities, all as herein defined, and to  
10 effect such borrowing by the issuance and sale at public or private sale of its  
11 general obligation bonds in like par amount; empowering the County to fix and  
12 determine, by resolution, the form, tenor, interest rate or rates or method of  
13 determining the same, terms, conditions, maturities and all other details  
14 incident to the issuance and sale of the bonds; empowering the County to enter  
15 into agreements for the purpose of enhancing the marketability of and security  
16 for the bonds and for the purpose of securing any tender option; empowering the  
17 County to issue refunding bonds for the payment at maturity or the purchase or  
18 redemption of bonds in advance of maturity; empowering the County, by  
19 resolution, to enter into a loan agreement with Carroll County General Hospital,  
20 Inc., and related security agreements; empowering and directing the County to  
21 levy, impose and collect, annually, ad valorem taxes in rate and amount which,  
22 along with payments from Carroll County General Hospital, Inc. pursuant to  
23 the loan agreement and State and federal allotments, if any, will provide  
24 sufficient funds for the payment of the maturing principal of and interest on the  
25 bonds; exempting the bonds and refunding bonds, and the interest thereon and  
26 any income derived therefrom, from all State, county, municipal and other  
27 taxation in the State of Maryland; and generally relating to the issuance and

1 sale of such bonds.

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
3 MARYLAND, That, as used in this Act, the term "County" means that body politic  
4 and corporate of the State of Maryland known as the County Commissioners of  
5 Carroll County, the term "Hospital" means Carroll County General Hospital, Inc., the  
6 term "Loan Agreement" means the agreement between the County and the Hospital  
7 pursuant to which the County shall finance the cost of construction or acquisition of  
8 certain hospital facilities and the Hospital shall make certain payments in  
9 consideration of which, and the term "construction or acquisition of hospital facilities"  
10 means those costs of acquisition, alteration, construction, reconstruction,  
11 enlargement, equipping, expansion, extension, improvement, rehabilitation,  
12 renovation, upgrading and repair of hospital buildings and facilities of the Hospital,  
13 including but not limited to the costs of acquiring or mortgaging land or interests in  
14 land as well as any related architectural, financial, legal, planning or engineering  
15 services, any finance charges or interest prior to or during such construction or  
16 acquisition and any other expenses necessary or incident to the project or the  
17 financing thereof.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
19 authorized to assist the Hospital to finance the construction or acquisition of hospital  
20 facilities for the Hospital, as defined in Section 1 of this Act, upon such terms and  
21 conditions as may be determined by the County. In order to make such financing  
22 possible, the County is hereby authorized to finance any part or all of the cost of  
23 construction or acquisition of hospital facilities described in Section 1 of this Act, and  
24 to borrow money and incur indebtedness for that purpose, at one time or from time to  
25 time, in an amount not exceeding, in the aggregate, \$20,000,000, and to evidence its  
26 borrowing by the issuance and sale upon its full faith and credit of general obligation  
27 bonds in like par amount, which may be issued at one time or from time to time, in  
28 one or more groups or series, as the County may determine.

29 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued  
30 pursuant to a resolution of the County which shall describe generally the cost of  
31 construction or acquisition of hospital facilities for which the proceeds of the bond sale  
32 are intended and the amount needed for each of those purposes. The County shall  
33 have and is hereby granted full and complete authority and discretion in the  
34 resolution to fix and determine with respect to the bonds of any issue: the  
35 designation, date of issue, denomination or denominations, form or forms and tenor of  
36 the bonds, which, without limitation, may be issued in registered form within the  
37 meaning of Section 30 of Article 31 of the Annotated Code of Maryland as effective  
38 from time to time; the rate or rates of interest payable thereon, or the method of  
39 determining the same, which may include a variable rate; the date or dates and  
40 amount or amounts of maturity, which need not be in equal par amounts or in  
41 consecutive annual installments, provided only that no bond of any issue shall mature  
42 later than 30 years from the date of its issue; the manner of selling the bonds, which  
43 may be at either public or private sale, for such price or prices as may be determined  
44 to be for the best interests of the County; the manner of executing the bonds, which  
45 may be by facsimile; the terms and conditions, if any, under which bonds may be  
46 tendered for payment or purchase prior to their stated maturity; the terms or

1 conditions, if any, under which bonds may or shall be redeemed prior to their stated  
2 maturity; the place or places of payment of the principal of and the interest on the  
3 bonds, which may be at any bank or trust company within or without the State of  
4 Maryland; covenants relating to compliance with applicable requirements of federal  
5 income tax law, including, without limitation, covenants regarding the payment of  
6 rebate or penalties in lieu of rebate; and generally all matters incident to the terms,  
7 conditions, issuance, sale and delivery thereof.

8 The County may enter into agreements with agents, banks, fiduciaries, insurers  
9 or others for the purpose of enhancing the marketability of and security for the bonds  
10 and for the purpose of securing any tender option that may be granted to holders of  
11 the bonds, all as may be determined and prescribed in the aforesaid resolution, which  
12 may, but need not, state as security for the performance by the County of any  
13 monetary obligations under such agreements the same security given by the County  
14 to bondholders for the performance by the County of its monetary obligations under  
15 the bonds.

16 In case any officer whose signature appears on any bond ceases to be such  
17 officer before delivery, the signature shall nevertheless be valid and sufficient for all  
18 purposes as if the officer had remained in office until delivery. The bonds and their  
19 issue and sale shall be exempt from the provisions of Sections 9, 10, and 11 of Article  
20 31 of the Annotated Code of Maryland as effective from time to time.

21 If the County determines in the resolution to offer any of the bonds by  
22 solicitation of competitive bids at public sale, the resolution shall fix the terms and  
23 conditions of the public sale and shall adopt a form of notice of sale, which shall  
24 outline the terms and conditions, and a form of advertisement, which shall be  
25 published in one or more daily or weekly newspapers having a general circulation in  
26 the county and which may also be published in one or more journals having a  
27 circulation primarily among banks and investment bankers. At least one publication  
28 of the advertisement shall be made not less than ten (10) days before the sale of the  
29 bonds.

30 Upon delivery of any bonds to the purchaser or purchasers, payment shall be  
31 made to the Director of the Department of Finance of Carroll County or such other  
32 official of Carroll County as may be designated to receive payment in a resolution  
33 passed by the County before delivery.

34 SECTION 4. AND BE IT FURTHER ENACTED, That the loan by the County to  
35 the Hospital shall be evidenced by a Loan Agreement authorized by resolution of the  
36 County, which resolution shall authorize the loan and form of Loan Agreement and  
37 empower the County to enter into such Loan Agreement, and which may empower the  
38 County to enter into or accept related security agreements and specify the form of any  
39 such agreements.

40 SECTION 5. AND BE IT FURTHER ENACTED, That the net proceeds of the  
41 sale of bonds shall be used and applied exclusively and solely for the cost of  
42 construction or acquisition of hospital facilities for which the bonds are sold. If the net  
43 proceeds of the sale of any issue of bonds exceeds the amount needed to finance the

1 cost of construction or acquisition of hospital facilities described in the resolution, the  
2 excess funds shall be applied to the payment of the next principal maturity of the  
3 bonds or to the redemption of any part of the bonds which have been made  
4 redeemable or to the purchase of cancellation of bonds, as the County may determine  
5 to be in its best interest; provided, however, that if the County subsequently adopts a  
6 resolution allocating such excess funds to the costs of construction or acquisition of  
7 additional hospital facilities, such excess funds shall be used for such purposes.

8 SECTION 6. AND BE IT FURTHER ENACTED, That the bonds hereby  
9 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full  
10 faith and credit and unlimited taxing power of the county to the payment of the  
11 maturing principal of and interest on the bonds as and when they become payable. In  
12 each and every fiscal year that any of the bonds are outstanding, the County shall  
13 levy or cause to be levied ad valorem taxes upon all the assessable property within the  
14 corporate limits of the County in rate and amount sufficient to provide for or assume  
15 the payment, when due, of the principal of and interest on all the bonds maturing in  
16 each such fiscal year and, if the proceeds from the taxes so levied in any fiscal year  
17 prove inadequate for such payment, additional taxes shall be levied in the succeeding  
18 fiscal year to make up any deficiency. The County may apply to the payment of the  
19 principal of and interest on any bonds issued hereunder any funds received by it as  
20 loan payments from the Hospital pursuant to the Loan Agreement described in  
21 Section 1 of this Act, and any funds received by it from the State of Maryland, the  
22 United States of America, any agency or instrumentality of either, or from any other  
23 source if such funds are granted for the purpose of assisting the County in financing  
24 the cost of construction or acquisition of hospital facilities as defined in this Act and,  
25 to the extent of any such payments or funds received or receivable in any fiscal year  
26 that the County determines to apply to payments of the principal of or interest on the  
27 bonds, taxes that might otherwise be required to be levied under this Act may be  
28 reduced proportionately or need not be levied.

29 SECTION 7. AND BE IT FURTHER ENACTED, That the County is hereby  
30 further authorized and empowered, at any time and from time to time, to issue its  
31 bonds in the manner hereinabove described for the purpose of refunding any bonds  
32 issued under this Act by payment at maturity or the purchase or redemption of bonds  
33 in advance of maturity. The validity of any refunding bonds shall in no way be  
34 dependent upon or related to the validity or invalidity of the obligations being  
35 refunded. The powers herein granted with respect to the issuance of bonds shall be  
36 applicable to the issuance of refunding bonds. Such refunding bonds may be issued by  
37 the County for the purpose of providing it with funds to pay any of its outstanding  
38 bonds issued under this Act at maturity, to purchase in the open market any of its  
39 outstanding bonds issued under this Act, prior to their maturity, to redeem prior to  
40 maturity any outstanding bonds which are, by their terms, redeemable, to pay  
41 outstanding bonds which are, by their terms, redeemable, to pay interest on any  
42 outstanding bonds prior to their payment at maturity or purchase or redemption in  
43 advance of maturity or to pay any redemption or purchase premium in connection  
44 with the refunding of any of its outstanding bonds issued under this Act. The proceeds  
45 of the sale of any refunding bonds shall be segregated and set apart by the County as  
46 a separate trust fund to be used solely for the purpose of paying the purchase or  
47 redemption prices of the bonds to be refunded.

1 SECTION 8. AND BE IT FURTHER ENACTED, That the County may, prior to  
2 the preparation of definitive bonds, issue interim certificates or temporary bonds,  
3 exchangeable for definitive bonds when such bonds have been executed and are  
4 available for delivery. The County may, by appropriate resolution, provide for the  
5 replacement of any bonds issued under this Act which may have become mutilated or  
6 lost or destroyed upon whatever conditions and after receiving whatever indemnity as  
7 the County may require.

8 SECTION 9. AND BE IT FURTHER ENACTED, That any and all obligations  
9 issued under this Act, their transfer, the interest payable on them, and any income  
10 derived from them from time to time (including any profit made in their sale) shall be  
11 and are hereby declared to be at all times exempt from State, county, municipal or  
12 other taxation of every kind and nature whatsoever within the State of Maryland.

13 SECTION 10. AND BE IT FURTHER ENACTED, That the authority to borrow  
14 money and issue bonds conferred on the County by this Act shall be deemed to provide  
15 additional, alternative and supplemental authority for borrowing money and shall be  
16 regarded as supplemental and additional to powers conferred upon the County by  
17 other laws and shall not be regarded as in derogation of any power now existing; and  
18 all previously enacted laws authorizing the County to borrow money are hereby  
19 continued to the extent that the power contained in them is continuing or has not  
20 been exercised, unless any law is expressly repealed by this Act, and the validity of  
21 any bonds issued under previously enacted laws is hereby ratified, confirmed and  
22 approved. This Act, being necessary for the welfare of the inhabitants of Carroll  
23 County, shall be liberally construed to effect its purposes. All Acts and parts of Acts  
24 inconsistent with the provisions of this Act are hereby repealed to the extent of any  
25 inconsistency.

26 SECTION 11. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 June 1, 2001.