§4–306.2.

(a) The board may issue bonds for the purpose of financing or refinancing all or any part of the costs of any project.

(b) (1) Except as provided in paragraph (2) of this subsection, the aggregate principal amount of bonds outstanding, including the amount of any reserve fund requirement established for the bonds, may not exceed, as of the date that the bonds are issued, $200,000,000.

(2) The aggregate principal amount of bonds outstanding does not include:

(i) Qualified School Construction Bonds as defined in § 54F of the Internal Revenue Code; or

(ii) Any bonds issued by or contracts entered into in connection with bonds issued by any other person or entity, including the Maryland Stadium Authority to finance construction or renovation of public schools.

(c) Bonds shall be authorized by a resolution of the board and may be secured by a trust agreement by and between the board and a corporate trustee or trustees which may be any trust company or bank having the powers of a trust company within or outside the State.

(d) Before the board may issue a bond under this section, the Mayor and City Council of Baltimore shall pass a resolution approving the board's issuance of the bond and shall forward that resolution to the board.

(e) The resolution of the board authorizing the bonds:

(1) Shall describe the projects which are to be financed or refinanced by the bond;

(2) Shall state the maximum principal amount of the bond;

(3) Shall describe the sources of payment of the bonds;

(4) Shall provide that the proceeds of the bonds shall be invested in accordance with any investment policy approved by the board; and

(5) May provide that the bonds are redeemable before maturity at a price or prices and under terms and conditions or in accordance with a method determined by the board.

(f) The resolution of the board or the trust agreement relating to the bonds may contain provisions that:

(1) Limit the purpose to which the proceeds of any issue of bonds may be applied and restrict the investment of revenues or bond proceeds in government obligations for which principal and interest are unconditionally guaranteed by the United States of America;

(2) Provide for the issuance of additional bonds to finance or refinance any projects, which may not exceed the total value of the outstanding bonds allowed under subsection (b) of this section;

(3) Assign all or any part of the board's funds or assets;

(4) Protect and enforce the rights and remedies of the bondholders that are reasonable and proper and not in violation of the law, including covenants that shall include:

(i) The duties of the board in relation to the project;

(ii) The duties of the board in relation to its funds;

(iii) The custody, safeguarding, and application of all moneys; and

(iv) The rights and remedies of bondholders and trustees, and may restrict the individual right of action by bondholders; and

(5) The board deems reasonable and proper for the security of the bondholders, including covenants pertaining to the issuance of additional parity bonds upon stated conditions.

(g) The bonds shall:

(1) Be dated and bear interest at the fixed or variable rate or rates determined by the method provided in the resolution of the board authorizing the issuance of the bonds;

(2) Mature at a time or times not exceeding the useful life of the projects for which the bonds are issued, but in no event shall the maturity of the bonds exceed 30 years from their date or dates of issue, as may be determined by the board;

(3) Be issued at, above, or below par value, for cash or other valuable consideration;

(4) Be payable at a time or times, in the denominations and form, either coupon or registered or both, and carry the registration and privileges as to conversion and for the replacement of mutilated, lost, or destroyed bonds as the resolution of the board may provide;

(5) Bear the manual or facsimile signature of the Chief Executive Officer or one of the other members of the board. In case any officer whose manual or facsimile signature appears on any bonds or coupons ceases to be an officer before the delivery of the bonds, the signature or facsimile of the former officer is valid and sufficient for all purposes as if the officer had remained in office until delivery;

(6) Bear the official seal of the board or a facsimile of the seal affixed to the bonds and attested by the manual or facsimile signature of the secretary of the board;

(7) Be payable in lawful money of the United States of America at a designated place;

(8) Be subject to the terms of purchase, payment, redemption, refunding, or refinancing that the resolution of the board provides; and

(9) Be sold in the manner and upon the terms determined by the board including private or negotiated sale.

(h) All bonds issued under the provisions of this subtitle shall have all the qualities and incidents of negotiable instruments under the laws of the State relating to negotiable instruments.

(i) Prior to the preparation of definitive bonds, the board, under like restrictions, may issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when the bonds are executed and available for delivery.

(j) (1) Bonds may be issued under the provisions of this subtitle:

(i) Without obtaining the consent of any department, division, commission, board, bureau, or agency of the State; or

(ii) Without any other proceedings or the occurrence of any other conditions other than those proceedings or conditions that are required specifically by provisions of this subtitle.

(2) The provisions of Title 8, Subtitle 2 of the State Finance and Procurement Article do not apply to bonds issued under the provisions of this subtitle.

(k) The board shall establish one or more trust funds for the deposit of the proceeds of the bonds of any issue.

(l) The board may:

(1) Maintain separate accounts for purposes of identifying the sources of payment of the bonds for the acquisition, development, or improvement of public school facilities; and

(2) Retain the interest revenue or other investment income from the bonds of any issue for the purposes of applying the revenue or income to the costs of acquiring, constructing, reconstructing, renovating, equipping, maintaining, or repairing school facilities.

(m) (1) Any bond issued under this subtitle shall state on its face that the bond does not create or constitute any indebtedness or obligation of the State, of the Mayor and City Council of Baltimore, or of any other political subdivision of the State, except the Baltimore City Board of School Commissioners.

(2) The bonds do not constitute a debt or obligation contracted by the General Assembly or pledge the faith and credit of the State within the meaning of Article III, § 34 of the Maryland Constitution.

(n) The bonds of any issue shall be payable from and secured solely by:

(1) All or any part of the fees or revenues generated by an activity of the board to the extent lawfully available for such purpose;

(2) The proceeds of the bonds and investment earnings thereon;

(3) Any grant or gift received by the board to the extent lawfully available for such purpose;

(4) Reserves or other funds established for the bonds under the resolution or trust agreement;

(5) Any moneys which may lawfully be applied to the payment of the bonds, including without limitation any appropriation by the State or Baltimore City made lawfully available for such purpose; or

(6) Any source of funds to which the board has access to the extent lawfully available for such purpose.

(o) Prior to and during construction and for 1 year after completion of construction of any public school facility for which bonds have been issued, the interest on the bonds may be paid out of the proceeds of the bonds or out of other moneys allocated for that purpose.

(p) (1) The board may provide, from time to time, for the issuance and sale of bond anticipation notes in accordance with the procedures set forth in Title 19, Subtitle 2, Part III of the Local Government Article for the issuance of bonds.

(2) Except where the provisions of this subtitle would be inapplicable to bond anticipation notes, the term "bonds" used in this subtitle shall include bond anticipation notes, including the provisions pertaining to the exemption from taxation by the State and its political subdivisions.

(q) In connection with the issuance of any bonds, the board may:

(1) Obtain or enter into agreements and contracts for bond insurance, reserve fund insurance, a letter of credit, a line of credit, or any form of additional, substitute, or replacement security for any bonds; and

(2) Pledge or assign all or any part of the funds of the board to the repayment or reimbursement of the provider of the bond insurance, reserve fund insurance, letter of credit, line of credit, or other form of additional, substitute, or replacement security.

(r) Any of the agreements and contracts may contain the covenants, terms, and conditions as may be contained in any trust agreement for any bonds.

(s) Any bank or trust company incorporated under the laws of the State that acts as a depository of the proceeds of the bonds may furnish indemnifying bonds or pledge securities as required by the board.

(t) The resolution providing for the issuance of bonds is a trust agreement if it so stipulates.

(u) All expenses incurred in carrying out the provisions of any trust agreement or any resolution may be treated as a part of the cost of the operations of the board.

(v) Upon the issuance of bonds, the State Comptroller shall withhold from any installment due the board from the general State school fund moneys for deposit to the credit of a sinking fund maintained to pay the principal and interest on the bonds. Such moneys shall be withheld until the bonds are no longer outstanding and unpaid and shall be withheld in installments. The amount of each installment shall be determined at the time the bonds are issued and shall be provided in writing by the board to the State Comptroller, provided that the frequency and amount of such installments shall allow for the timely payment of the principal and interest on the bonds.

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