

HOUSE BILL 1321

B3

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CF SB 889

By: **Delegate Corderman**

Introduced and read first time: February 9, 2018

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Washington County – Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of Washington
4 County, from time to time, to borrow not more than \$70,000,000 in order to finance
5 the costs of the construction, improvement, or development of certain public facilities
6 in Washington County, as herein defined, and to effect such borrowing by the
7 issuance and sale at public or private sale of its general obligation bonds in like par
8 amount; empowering the County to fix and determine, by resolution, the form, tenor,
9 interest rate or rates or method of determining the same, terms, conditions,
10 maturities, and all other details incident to the issuance and sale of the bonds;
11 empowering the County to issue refunding bonds for the purchase or redemption of
12 bonds in advance of maturity; empowering and directing the County to levy, impose,
13 and collect, annually, ad valorem taxes in rate and amount sufficient to provide funds
14 for the payment of the maturing principal of and interest on the bonds; exempting
15 the bonds and refunding bonds, and the interest thereon and any income derived
16 therefrom, from all State, county, municipal, and other taxation in the State of
17 Maryland; providing that nothing in this Act shall prevent the County from
18 authorizing the issuance and sale of bonds the interest on which is not excludable
19 from gross income for federal income tax purposes; providing that such borrowing
20 may be undertaken by the County in the form of installment purchase obligations
21 executed and delivered by the County for the purpose of acquiring agricultural land,
22 woodland preservation easements, and transferable development rights; and
23 relating generally to the issuance and sale of such bonds.

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
25 That, as used herein, the term “County” means the body politic and corporate of the State
26 of Maryland known as the County Commissioners of Washington County, and the term
27 “construction, improvement, or development of public facilities” means the acquisition,
28 alteration, construction, reconstruction, enlargement, equipping, expansion, extension,
29 improvement, rehabilitation, renovation, upgrading, and repair of public buildings and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 facilities and public works projects, including, but not limited to, the following, together
2 with related architectural, financial, legal, planning, or engineering services:

3 (a) Public school buildings, a school for the arts, administrative facilities, sites,
4 and grounds;

5 (b) Community college buildings, sites, and grounds;

6 (c) Buildings and facilities for public safety, health and social services, libraries,
7 County administration purposes, County airport purposes, refuse collection, recycling or
8 disposal by whatever means, and park and recreation purposes;

9 (d) Acquisition of land or interests in land and any improvement thereon; and

10 (e) Easements or similar or related rights in land, including transferable
11 development rights, that restrict the use of agricultural land or woodland to maintain the
12 character of the land as agricultural land or woodland.

13 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
14 authorized to finance any part or all of the costs of the facilities described in Section 1 of
15 this Act, and to borrow money and incur indebtedness for that purpose, at one time or from
16 time to time, in an amount not exceeding, in the aggregate, \$70,000,000 and to evidence
17 such borrowing by the issuance and sale upon its full faith and credit of general obligation
18 bonds in like par amount, which may be issued at one time or from time to time, in one or
19 more groups or series, as the County may determine.

20 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued in
21 accordance with a resolution of the County, which shall describe generally the construction,
22 improvement, or development of public facilities for which the proceeds of the bond sale are
23 intended and the amount needed for those purposes. The County shall have and is hereby
24 granted full and complete authority and discretion in the resolution to fix and determine
25 with respect to the bonds of any issue: the designation, date of issue, denomination or
26 denominations, form or forms, and tenor of the bonds which, without limitation, may be
27 issued in registered form within the meaning of § 19–204 of the Local Government Article,
28 as amended; the rate or rates of interest payable thereon, or the method of determining the
29 same, which may include a variable rate; the date or dates and amount or amounts of
30 maturity, which need not be in equal par amounts or in consecutive annual installments,
31 provided only that no bond of any issue shall mature later than 30 years from the date of
32 its issue; the manner of selling the bonds, which may be at either public or private sale, for
33 such price or prices as may be determined to be for the best interests of the County; the
34 manner of executing and sealing the bonds, which may be by facsimile; the terms and
35 conditions, if any, under which bonds may be tendered for payment or purchase prior to
36 their stated maturity; the terms or conditions, if any, under which bonds may or shall be
37 redeemed prior to their stated maturity; the place or places of payment of the principal of
38 and the interest on the bonds, which may be at any bank or trust company within or without
39 the State of Maryland; covenants relating to compliance with applicable requirements of
40 federal income tax law, including (without limitation) covenants regarding the payment of

1 rebate or penalties in lieu of rebate; covenants relating to compliance with applicable
2 requirements of federal or state securities laws; and generally all matters incident to the
3 terms, conditions, issuance, sale, and delivery thereof.

4 The bonds may be made redeemable before maturity, at the option of the County, at
5 such price or prices and under such terms and conditions as may be fixed by the County
6 prior to the issuance of the bonds, either in the resolution or in subsequent resolutions. In
7 case any officer whose signature appears on any bond ceases to be such officer before the
8 delivery thereof, such signature shall nevertheless be valid and sufficient for all purposes
9 as if he had remained in office until such delivery. The bonds and the issuance and sale
10 thereof shall be exempt from the provisions of §§ 19–205 and 19–206 of the Local
11 Government Article, as amended.

12 The County may enter into agreements with agents, banks, fiduciaries, insurers, or
13 others for the purpose of enhancing the marketability of any security for the bonds and for
14 the purpose of securing any tender option that may be granted to holders of the bonds, all
15 as may be determined and presented in the aforesaid resolution, which may (but need not)
16 state as security for the performance by the County of any monetary obligations under such
17 agreements the same security given by the County to bondholders for the performance by
18 the County of its monetary obligations under the bonds. If the County determines in the
19 resolution to offer any of the bonds by solicitation of competitive bids at public sale, the
20 resolution shall fix the terms and conditions of the public sale and shall adopt a form of
21 notice of sale, which shall outline the terms and conditions, including the manner of receipt
22 of bids, and a form of advertisement. At least one publication of the advertisement shall be
23 made not less than 10 days before the sale of the bonds.

24 Upon delivery of any bonds to the purchaser or purchasers, payment therefor shall
25 be made to the Treasurer of Washington County or such other official of the County as may
26 be designated to receive such payment in a resolution passed by the County Commissioners
27 of Washington County before such delivery. For purposes of issuance and sale, bonds
28 authorized hereunder may be consolidated into a single issue with any other bonds
29 authorized to be issued by the County.

30 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the sale
31 of bonds shall be used and applied exclusively and solely for the acquisition, construction,
32 improvement, or development of public facilities for which the bonds are sold. If the
33 amounts borrowed shall prove inadequate to finance the projects described in the
34 resolution, the County may issue additional bonds within the limitations hereof for the
35 purpose of evidencing the borrowing of additional funds for such financing, provided the
36 resolution authorizing the sale of additional bonds shall so recite, but if the net proceeds of
37 the sale of any issue of bonds exceeds the amount needed to finance the projects described
38 in the resolution, the excess funds so borrowed and not expended shall be applied to the
39 payment of the next principal maturity of the bonds or to the redemption of any part of the
40 bonds which have been made redeemable or to the purchase and cancellation of bonds,
41 unless the County shall adopt a resolution allocating the excess funds to the acquisition,
42 construction, improvement, or development of other public facilities, as defined and within
43 the limits set forth in this Act.

1 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby authorized
2 shall constitute, and they shall so recite, an irrevocable pledge of the full faith and credit
3 and unlimited taxing power of the County to the payment of the maturing principal of and
4 interest on the bonds as and when they become payable. In each and every fiscal year that
5 any of the bonds are outstanding, the County shall levy or cause to be levied ad valorem
6 taxes upon all the assessable property within the corporate limits of Washington County in
7 rate and amount sufficient to provide for or assure the payment, when due, of the principal
8 of and interest on all the bonds maturing in each such fiscal year and, in the event the
9 proceeds from the taxes so levied in any such fiscal year shall prove inadequate for such
10 payment, additional taxes shall be levied in the succeeding fiscal year to make up any such
11 deficiency. The County may apply to the payment of the principal of and interest on any
12 bonds issued hereunder any funds received by it from the State of Maryland, the United
13 States of America, any agency or instrumentality thereof, or from any other source, if such
14 funds are granted for the purpose of assisting the County in financing the acquisition,
15 construction, improvement, or development of the public facilities defined in this Act and,
16 to the extent of any such funds received or receivable in any fiscal year, the taxes that are
17 required to be levied may be reduced accordingly.

18 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
19 authorized and empowered, at any time and from time to time, to issue its bonds in the
20 manner hereinabove described for the purpose of refunding, by payment at maturity or
21 upon purchase or redemption, any bonds issued hereunder. The validity of any such
22 refunding bonds shall in no way be dependent upon or related to the validity or invalidity
23 of the obligations so refunded. The powers herein granted with respect to the issuance of
24 bonds shall be applicable to the issuance of refunding bonds. Such refunding bonds may be
25 issued by the County for the purpose of providing it with funds to pay any of its outstanding
26 bonds issued hereunder at maturity, for the purpose of providing it with funds to purchase
27 in the open market any of its outstanding bonds issued hereunder, prior to the maturity
28 thereof, or for the purpose of providing it with funds for the redemption prior to maturity
29 of any outstanding bonds issued hereunder which are, by their terms, redeemable, for the
30 purpose of providing it with funds to pay interest on any outstanding bonds issued
31 hereunder prior to their payment at maturity of purchase or redemption in advance of
32 maturity, or for the purpose of providing it with funds to pay any redemption or purchase
33 premium in connection with the refunding of any of its outstanding bonds issued
34 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated and
35 set apart by the County as a separate trust fund to be used solely for the purpose of paying
36 the purchase or redemption prices of the bonds to be refunded.

37 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to the
38 preparation of definitive bonds, issue interim certificates or temporary bonds, with or
39 without coupons, exchangeable for definitive bonds when such bonds have been executed
40 and are available for such delivery, provided, however, that any such interim certificates
41 or temporary bonds shall be issued in all respects subject to the restrictions and
42 requirements set forth in this Act. The County may, by appropriate resolution, provide for
43 the replacement of any bonds issued hereunder which shall have become mutilated or lost

1 or destroyed upon such conditions and after receiving such indemnity as the County may
2 require.

3 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations issued
4 pursuant to the authority of this Act, their transfer, the interest payable thereon, and any
5 income derived therefrom in the hands of the holders thereof from time to time (including
6 any profit made in the sale thereof) shall be and are hereby declared to be at all times
7 exempt from State, county, municipal, or other taxation of every kind and nature
8 whatsoever within the State of Maryland.

9 Nothing in this Act shall prevent the County from authorizing the issuance and sale
10 of bonds the interest on which is not excludable from gross income for federal income tax
11 purposes.

12 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
13 money and issue bonds conferred on the County by this Act shall be deemed to provide an
14 additional and alternative authority for borrowing money and shall be regarded as
15 supplemental and additional to powers conferred upon the County by other laws and shall
16 not be regarded as in derogation of any power now existing; and all Acts of the General
17 Assembly of Maryland heretofore passed authorizing the County to borrow money are
18 hereby continued to the extent that the powers contained in such Acts have not been
19 exercised, and nothing contained in this Act may be construed to impair, in any way, the
20 validity of any bonds that may have been issued by the County under the authority of any
21 said Acts, and the validity of the bonds is hereby ratified, confirmed, and approved. This
22 Act, being necessary for the welfare of the inhabitants of Washington County, shall be
23 liberally construed to effect the purposes hereof. All Acts and parts of Acts inconsistent
24 with the provisions of this Act are hereby repealed to the extent of such inconsistency.

25 SECTION 10. AND BE IT FURTHER ENACTED, That the borrowing authorized by
26 this Act may also be undertaken by the County in the form of installment purchase
27 obligations executed and delivered by the County for the purpose of acquiring easements
28 or similar or related rights in land, including transferable development rights, that restrict
29 the use of agricultural land or woodland to maintain the character of the land as
30 agricultural land or woodland. The form of installment purchase obligations, the manner
31 of accomplishing the acquisition of easements, which may be by the direct exchange of
32 installment purchase obligations for easements or transferable development rights, and all
33 matters incident to the execution and delivery of the installment purchase obligations and
34 acquisition of the easements or transferable development rights by the County shall be
35 determined in the resolution. Except where the provisions of this Act would be inapplicable
36 to installment purchase obligations, the term "bonds" used in this Act shall include
37 installment purchase obligations and matters pertaining to the bonds under this Act, such
38 as the security for the payment of the bonds, the exemption of the bonds from State, county,
39 municipal, or other taxation, and authorization to issue refunding bonds and the limitation
40 on the aggregate principal amount of bonds authorized for issuance, shall be applicable to
41 installment purchase obligations.

1 SECTION 11. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 2018.