
By: Senators Baker and Amoss

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Cecil County - Public School Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of Cecil
4 County from time to time, to borrow not more than \$9,000,000 in order to finance
5 the cost of certain school facilities in Cecil County and to effect that borrowing by
6 the issuance and sale at public or private sale of its general obligation bonds in like
7 par amount; empowering the County to fix and determine, by resolution, the form,
8 tenor, interest rate or rates, or method of determining the same, terms, conditions,
9 maturities, and all other details incident to the issuance and sale of the bonds;
10 empowering the County to issue refunding bonds for the purchase or redemption of
11 bonds in advance of maturity; empowering and directing the County tolevy, impose,
12 and collect, annually, ad valorem taxes in rate and amount sufficient to provide
13 funds for the payment of the maturing principal of and interest on the bonds;
14 exempting the bonds and refunding bonds, and the interest thereon and any income
15 derived therefrom, from all State, county, municipal, and other taxation in the State
16 of Maryland; and relating generally to the issuance and sale of the bonds.

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That, as used in this Act, the term "County" means the body politic and
19 corporate of the State of Maryland known as the County Commissioners ofCecil County;
20 and the term "school facilities" means the costs of planning, designing, renovation,
21 repair, reconstruction and construction projects and other capital improvements to Cecil
22 County schools, including any related architectural, financial, legal, planning, or
23 engineering services.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
25 authorized to finance any part or all of the costs of school facilitiesand to borrow money
26 and incur indebtedness for that purpose, at one time or from time to time, in an amount
27 not exceeding, in the aggregate, \$9,000,000 and to evidence its borrowing by the issuance
28 and sale upon its full faith and credit of general obligation bonds in like par amount,
29 which may be issued at one time or from time to time, in one or more groups or series, as
30 the County may determine.

31 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued
32 pursuant to a resolution of the County which shall describe generally the school facilities
33 for which the proceeds of the bond sale are intended and the amount needed for those
34 purposes. The County shall have and is hereby granted full and completeauthority and

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1 discretion in the resolution to fix and determine with respect to the bonds of any issue:
2 the designation, date of issue, denomination or denominations, form or forms and tenor
3 of the bonds; the rate or rates of interest payable thereon, or the method of determining
4 the same, which may include a variable rate; the date or dates and amount or amounts of
5 maturity, which need not be in equal par amounts or in consecutive annual installments,
6 provided only that no bond of any issue shall mature later than 15 years from the date of
7 its issue; the manner of selling the bonds, which may be at either public or private sale,
8 for such price or prices as may be determined to be for the best interests of Cecil County;
9 the manner of executing the bonds, which may be by facsimile; the terms and conditions,
10 if any, under which bonds may be tendered for payment or purchase prior to their stated
11 maturity; the terms or conditions, if any, under which bonds may or shall be redeemed
12 prior to their stated maturity; the place or places of payment of the principal of and the
13 interest on the bonds, which may be at any bank or trust company within or without the
14 State of Maryland; and generally all matters incident to the terms, conditions, issuance,
15 sale and delivery thereof.

16 The County may enter into agreements with agents, banks, fiduciaries, insurers or
17 others for the purpose of enhancing the marketability of and security for the bonds and
18 for the purpose of securing any tender option that may be granted to holders of the
19 bonds.

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

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

33 Upon delivery of any bonds to the purchaser or purchasers, payment shall be made
34 to the Treasurer of Cecil County or such other official of Cecil County as may be
35 designated to receive payment in a resolution adopted by the County before delivery.

36 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
37 sale of bonds shall be used and applied exclusively and solely for the school facilities for
38 which the bonds are sold. If the net proceeds of the sale of any issue of bonds exceeds the
39 amount needed to finance the school facilities described in the resolution, the excess
40 funds shall be applied to the payment of the next principal maturity of the bonds or to the
41 redemption of any part of the bonds which have been made redeemable or to the
42 purchase and cancellation of bonds, unless the County in its discretion adopts a
43 resolution allocating the excess funds to the construction, improvement, or development
44 of other public facilities.

1 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
 2 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full faith
 3 and credit and unlimited taxing power of the County to the payment of the maturing
 4 principal of and interest on the bonds as and when they become payable. In each and
 5 every fiscal year that any of the bonds are outstanding, the County shall levy or cause to
 6 be levied ad valorem taxes upon all the assessable property within the corporate limits of
 7 Cecil County in rate and amount sufficient to provide for or assume the payment, when
 8 due, of the principal of and interest on all the bonds maturing in each such fiscal year
 9 and, if the proceeds from the taxes so levied in any fiscal year prove inadequate for such
 10 payment, additional taxes shall be levied in the succeeding fiscal year to make up any
 11 deficiency. The County may apply to the payment of the principal of and interest on any
 12 bonds issued under this Act any funds received by it from the State of Maryland, the
 13 United States of America, any agency or instrumentality of either, or from any other
 14 source. If such funds are granted for the purpose of assisting the County in financing the
 15 construction, improvement, development, or renovation of the school facilities defined in
 16 this Act and, to the extent of any such funds received or receivable in any fiscal year, taxes
 17 that might otherwise be required to be levied under this Act may be reduced or need not
 18 be levied.

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

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

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

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

1 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
2 money and issue bonds conferred on the County by this Act shall be deemed to provide
3 additional, alternative and supplemental authority for borrowing money and shall be
4 regarded as supplemental and additional to powers conferred upon the County by other
5 laws and may not be regarded as in derogation of any power now existing; and all
6 previously enacted laws authorizing the County to borrow money are hereby continued to
7 the extent that the power contained in them is continuing or has not been exercised,
8 unless any law is expressly repealed by this Act, and the validity of any bonds issued under
9 previously enacted laws is hereby ratified, confirmed and approved. This Act, being
10 necessary for the welfare of the inhabitants of Cecil County, shall be liberally construed to
11 effect its purposes. All Acts and parts of Acts inconsistent with the provisions of this Act
12 are hereby repealed to the extent of any inconsistency.

13 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
14 effect June 1, 1996.