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**By: Senators Baker and Amoss**

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Cecil County - Public School and Community College 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~~ public school and community college facilities in Cecil  
6 County and to effect that borrowing by the issuance and sale at public or private  
7 sale of its general obligation bonds in like par amount; empowering the County to  
8 fix and determine, by resolution, the form, tenor, interest rate or rates, or method of  
9 determining the same, terms, conditions, maturities, and all other details incident to  
10 the issuance and sale of the bonds; empowering the County to issue refunding bonds  
11 for the purchase or redemption of bonds in advance of maturity; empowering and  
12 directing the County to levy, impose, and collect, annually, ad valorem taxes in rate  
13 and amount sufficient to provide funds for the payment of the maturing principal of  
14 and interest on the bonds; exempting the bonds and refunding bonds, and the  
15 interest thereon and any income derived therefrom, from all State, county,  
16 municipal, and other taxation in the State of Maryland; and relating generally to the  
17 issuance and sale of the bonds.

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
26 authorized to finance any part or all of the costs of school facilities and to borrow money  
27 and incur indebtedness for that purpose, at one time or from time to time, in an amount

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1 not exceeding, in the aggregate, \$9,000,000 and to evidence its borrowing by the issuance  
2 and sale upon its full faith and credit of general obligation bonds in like par amount,  
3 which may be issued at one time or from time to time, in one or more groups or series, as  
4 the County may determine.

5           SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued  
6 pursuant to a resolution of the County which shall describe generally the ~~school~~ public  
7 school and community college facilities for which the proceeds of the bond sale are  
8 intended and the amount needed for those purposes. The County shall have and is hereby  
9 granted full and complete authority and discretion in the resolution to fix and determine  
10 with respect to the bonds of any issue: the designation, date of issue, denomination or  
11 denominations, form or forms and tenor of the bonds; the rate or rates of interest payable  
12 thereon, or the method of determining the same, which may include a variable rate; the  
13 date or dates and amount or amounts of maturity, which need not be in equal par  
14 amounts or in consecutive annual installments, provided only that no bond of any issue  
15 shall mature later than 15 years from the date of its issue; the manner of selling the  
16 bonds, which may be at either public or private sale, for such price or prices as may be  
17 determined to be for the best interests of Cecil County; the manner of executing the  
18 bonds, which may be by facsimile; the terms and conditions, if any, under which bonds  
19 may be tendered for payment or purchase prior to their stated maturity; the terms or  
20 conditions, if any, under which bonds may or shall be redeemed prior to their stated  
21 maturity; the place or places of payment of the principal of and the interest on the bonds,  
22 which may be at any bank or trust company within or without the State of Maryland; and  
23 generally all matters incident to the terms, conditions, issuance, sale and delivery thereof.

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

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

33           If the County determines in the resolution to offer any of the bonds by solicitation  
34 of competitive bids at public sale, the resolution shall fix the terms and conditions of the  
35 public sale and shall adopt a form of notice of sale, which shall outline the terms and  
36 conditions, and a form of advertisement, which shall be published in one or more daily or  
37 weekly newspapers having a general circulation in Cecil County and which may also be  
38 published in one or more journals having a circulation primarily among banks and  
39 investment bankers. At least one publication of the advertisement shall be made not less  
40 than 10 days before the sale of bonds.

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

44           SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the  
45 sale of bonds shall be used and applied exclusively and solely for the school facilities for

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1 which the bonds are sold. If the net proceeds of the sale of any issue of bonds exceeds the  
2 amount needed to finance the school facilities described in the resolution, the excess  
3 funds shall be applied to the payment of the next principal maturity of the bonds or to the  
4 redemption of any part of the bonds which have been made redeemable or to the  
5 purchase and cancellation of bonds, unless the County in its discretion adopts a  
6 resolution allocating the excess funds to the construction, improvement, or development  
7 of other public facilities.

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

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

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

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

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

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

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