
By: St. Mary's County Delegation

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Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 1997

CHAPTER ____

1 AN ACT concerning

2 **St. Mary's County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of St.

4 Mary's County, from time to time, to borrow not more than \$10,000,000 in order to
5 finance the construction, improvement, or development of certain public facilities in
6 St. Mary's County, as herein defined, and to effect such borrowing by the issuance
7 and sale at public or private sale of its general obligation bonds in like par amount;
8 empowering the County to fix and determine, by resolution, the form, tenor, interest
9 rate or rates or method of determining the same, terms, conditions, maturities, and
10 all other details incident to the issuance and sale of the bonds; empowering the
11 County to issue refunding bonds for the purchase or redemption of bonds in
12 advance of maturity; empowering and directing the County to levy, impose, and
13 collect, annually, ad valorem taxes in rate and amount sufficient to provide funds for
14 the payment of the maturing principal of and interest on the bonds; exempting the
15 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; and relating generally to the
20 issuance and sale of such bonds.

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

22 MARYLAND, That, as used herein, the term "County" means the body politic and
23 corporate of the State of Maryland known as the County Commissioners of St. Mary's
24 County, and the term "construction, improvement, or development of public facilities"
25 means the acquisition, alteration, construction, reconstruction, enlargement, equipping,
26 expansion, extension, improvement, rehabilitation, renovation, upgrading, and repair of
27 public buildings and facilities and public works projects, including, but not limited to,
28 public works projects such as roads, bridges and storm drains, public school buildings and

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1 facilities, Community College buildings, sites, and grounds, landfills, public operational
 2 buildings and facilities such as buildings and facilities for County administrative use, the
 3 St. Mary's County Circuit Courthouse and other public facilities, airport facilities and
 4 grounds, public safety, health, and social services, libraries, refuse disposal buildings and
 5 facilities, parks and recreation buildings and facilities, and detention facilities, sites, and
 6 grounds, together with the costs of acquiring land or interests in land as well as any
 7 related architectural, financial, legal, planning, or engineering services.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
 9 authorized to finance any part or all of the costs of the public facilities described in
 10 Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at
 11 one time or from time to time, in an amount not exceeding, in the aggregate, \$10,000,000
 12 and to evidence such borrowing by the issuance and sale upon its full faith and credit of
 13 general obligation bonds in like par amount, which may be issued at one time or from
 14 time to time, in one or more groups or series, as the County may determine.

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

38 The bonds may be made redeemable before maturity, at the option of the County, at
 39 such price or prices and under such terms and conditions as may be fixed by the County
 40 prior to the issuance of the bonds, either in the resolution or in ~~subsequent resolutions~~ a
 41 bond order pursuant to the bond resolution. The bonds may be issued in coupon or in
 42 registered form or both, and provision may be made for the registration of the principal
 43 only, or of both principal and interest, of bonds having coupons attached, and for the
 44 reconversion of bonds into coupon form if any bond has been registered as to both
 45 principal and interest. In case any officer whose signature appears on any bond or on any
 46 coupon attached thereto ceases to be such officer before the delivery thereof, such

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1 signature shall nevertheless be valid and sufficient for all purposes as if he had remained
 2 in office until such delivery. The bonds and the issuance and sale thereof shall be exempt
 3 from the provisions of Sections 9, 10, and 11 of Article 31 of the Annotated Code of
 4 Maryland.

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

12 If the County determines in the resolution to offer any of the bonds by solicitation
 13 of competitive bids at public sale, the resolution shall fix the terms and conditions of the
 14 public sale and shall adopt a form of notice of sale, which shall outline the terms and
 15 conditions, and a form of advertisement, which shall be published ~~in one or more daily or~~
 16 ~~weekly newspapers having a general circulation in the County and which may also be~~
 17 ~~published in one or more journals having a circulation primarily among banks and~~
 18 ~~investment bankers. At least one publication of the advertisement shall be made not less~~
 19 ~~than 10 days before the sale of the bonds.~~ in accordance with the terms of the resolution.

20 Upon delivery of any bonds to the purchaser or purchasers, payment therefor shall
 21 be made to the Treasurer of St. Mary's County or such other official of St. Mary's County
 22 as may be designated to receive such payment in a resolution passed by the County before
 23 such delivery.

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

38 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
 39 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full faith
 40 and credit and unlimited taxing power of the County to the payment of the maturing
 41 principal of and interest on the bonds as and when they become payable. In each and
 42 every fiscal year that any of the bonds are outstanding, the County shall levy or cause to
 43 be levied ad valorem taxes upon all the assessable property within the corporate limits of
 44 the County in rate and amount sufficient to provide for or assure the payment, when due,
 45 of the principal of and interest on all the bonds maturing in each such fiscal year and, in

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1 the event the proceeds from the taxes so levied in any such fiscal year shall prove
2 inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year
3 to make up any such deficiency. The County may apply to the payment of the principal of
4 and interest on any bonds issued hereunder any funds received by it from the State of
5 Maryland, the United States of America, any agency or instrumentality thereof, or from
6 any other source, if such funds are granted for the purpose of assisting the County in
7 financing the acquisition, construction, improvement, or development of the public
8 facilities defined in this Act and, to the extent of any such funds received or receivable in
9 any fiscal year, the taxes that are required to be levied may be reduced accordingly.

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

30 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to
31 the preparation of definitive bonds, issue interim certificates or temporary bonds, with or
32 without coupons, exchangeable for definitive bonds when such bonds have been executed
33 and are available for such delivery, provided, however, that any such interim certificates
34 or temporary bonds shall be issued in all respects subject to the restrictions and
35 requirements set forth in this Act. The County may, by appropriate resolution, provide for
36 the replacement of any bonds issued hereunder which shall have become mutilated or lost
37 or destroyed upon such conditions and after receiving such indemnity as the County may
38 require.

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

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

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

17 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 June 1, 1997.