

CF 7r2365

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**By: Senators Amoss and Baker (Cecil County Senators)**

Introduced and read first time: January 31, 1997

Assigned to: Budget and Taxation

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## A BILL ENTITLED

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 \$5,000,000 in order to finance  
5 the cost of certain public school facilities in Cecil County and to effect that  
6 borrowing by the issuance and sale at public or private sale of its general obligation  
7 bonds in like par amount; empowering the County to fix and determine, by  
8 resolution, the form, tenor, interest rate or rates, or method of determining the  
9 same, terms, conditions, maturities, and all other details incident to the issuance  
10 and sale of the bonds; empowering the County to issue refunding bonds for the  
11 purchase or redemption of bonds in advance of maturity; empowering and directing  
12 the County to levy, impose, and collect, annually, ad valorem taxes in rate and  
13 amount sufficient to provide funds for the payment of the maturing principal of and  
14 interest on the bonds; exempting the bonds and refunding bonds, and the interest  
15 thereon and any income derived therefrom, from all State, county, municipal, and  
16 other taxation in the State of Maryland; and relating generally to the issuance and  
17 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 "public school facilities" means the costs of planning, designing, renovation,  
22 repair, reconstruction and construction projects and other capital improvements to Cecil  
23 County public schools and Cecil County Community College, including any related  
24 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 public school facilities and to borrow  
27 money and incur indebtedness for that purpose, at one time or from time to time, in an  
28 amount not exceeding, in the aggregate, \$5,000,000 and to evidence its borrowing by the  
29 issuance and sale upon its full faith and credit of general obligation bonds in like par  
30 amount, which may be issued at one time or from time to time, in one or more groups or  
31 series, as the County may determine.

32 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued  
33 pursuant to a resolution of the County which shall describe generally the public school  
34 and community college facilities for which the proceeds of the bond sale are intended and

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

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

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

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

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

37           SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the  
38 sale of the bonds shall be used and applied exclusively and solely for the public school  
39 facilities for which the bonds are sold. If the net proceeds of the sale of any issue of bonds  
40 exceeds the amount needed to finance the public school facilities described in the  
41 resolution, the excess funds shall be applied to the payment of the next principal maturity  
42 of the bonds or to the redemption of any part of the bonds which have been made  
43 redeemable or to the purchase and cancellation of bonds, unless the County in its  
44 discretion adopts a resolution allocating the excess funds to the construction,  
45 improvement, or development 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 public school facilities  
16 defined in this Act and, to the extent of any such funds received or receivable in any fiscal  
17 year, taxes that might otherwise be required to be levied under this Act may be reduced  
18 or need not 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 is in no  
23 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, 1997.