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By: Senator Colburn

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CHAPTER ____

1 AN ACT concerning

2 Dorchester County - Public School Capital Improvement Bonds

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Dorchester County, from time to time, to borrow not more than \$3,200,000 in order
5 to finance, with certain restrictions, certain public school capital improvements in
6 Dorchester 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 that body politic and
23 corporate of the State of Maryland known as the County Commissioners of Dorchester
24 County, and the term "public school capital improvements" means the cost of alteration,
25 construction, reconstruction, enlargement, expansion, extension, improvement,
26 rehabilitation, renovation, upgrading, equipping, and repair of public school facilities in
27 the County, including related costs for architectural, financial, legal, planning, or

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1 engineering services, any finance charges or interest prior to or during such financings,
2 and any other costs or expenditures incurred by the County in connection therewith.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
4 authorized to finance any part or all of the costs of the public school capital
5 improvements described in Section 1 of this Act, and to borrow money and incur
6 indebtedness for that purpose, at one time or from time to time, in an amount not
7 exceeding, in the aggregate, \$3,200,000 and to evidence such borrowing by the issuance
8 and sale upon its full faith and credit of general obligation bonds in like par amount,
9 which may be issued at one time or from time to time, in one or more groups or series, as
10 the County may determine.

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

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

43 In case any officer whose signature appears on any bond ceases to be such officer
44 before delivery, the signature shall nevertheless be valid and sufficient for all purposes as
45 if the officer had remained in office until delivery. The bonds and their issue and sale

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1 shall be exempt from the provisions of Sections 9, 10, and 11 of Article 31 of the
2 Annotated Code of Maryland as effective from time to time.

3 If the County determines in the resolution to offer any of the bonds by solicitation
4 of competitive bids at public sale, the resolution shall fix the terms and conditions of the
5 public sale and shall adopt a form of notice of sale, which shall outline the terms and
6 conditions, and a form of advertisement, which shall be published in one or more daily or
7 weekly newspapers having a general circulation in the County and which may also be
8 published in one or more journals having a circulation primarily among banks and
9 investment bankers. At least one publication of the advertisement shall be made not less
10 than 10 days before the sale of the bonds.

11 Upon delivery of any bonds to the purchaser or purchasers, payment therefor shall
12 be made to the Treasurer of Dorchester County or such other official of Dorchester
13 County as may be designated to receive such payment in a resolution passed by the
14 County before such delivery.

15 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
16 sale of the bonds shall be used and applied exclusively and solely for the public school
17 capital improvements in Dorchester County. If the net proceeds of the sale of any issue of
18 bonds exceeds the amount needed to finance the public school capital improvements
19 described in the resolution, the excess funds shall be applied to the payment of the next
20 principal maturity of the bonds or to the redemption of any part of the bonds which have
21 been made redeemable or to the purchase and cancellation of bonds, as the County may
22 determine to be in its best interest, unless the County shall adopt a resolution allocating
23 the excess funds to other public school capital improvements.

24 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
25 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full faith
26 and credit and unlimited taxing power of the County to the payment of the maturing
27 principal of and interest on the bonds as and when they become payable. In each and
28 every fiscal year that any of the bonds are outstanding, the County shall levy or cause to
29 be levied ad valorem taxes upon all the assessable property within the corporate limits of
30 the County in rate and amount sufficient to provide for or assure the payment, when due,
31 of the principal of and interest on all the bonds maturing in each such fiscal year and, in
32 the event the proceeds from the taxes so levied in any such fiscal year shall prove
33 inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year
34 to make up any such deficiency. The County may apply to the payment of the principal of
35 and interest on any bonds issued hereunder any funds received by it from the State of
36 Maryland, the United States of America, any agency or instrumentality thereof, or from
37 any other source, if such funds are granted for the purpose of assisting the County in
38 financing the public school capital improvements defined in this Act and, to the extent of
39 any such funds received or receivable in any fiscal year, the taxes that are required to be
40 levied under this Act may be reduced proportionately or need not be levied.

41 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
42 authorized and empowered, at any time and from time to time, to issue its bonds in the
43 manner hereinabove described for the purpose of refunding, by payment at maturity or
44 upon purchase or redemption, any bonds issued hereunder. The validity of any such
45 refunding bonds shall in no way be dependent upon or related to the validity or invalidity

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1 of the obligations so refunded. The powers herein granted with respect to the issuance of
2 bonds shall be applicable to the issuance of refunding bonds. Such refunding bonds may
3 be issued by the County for the purpose of providing it with funds to pay any of its
4 outstanding bonds issued hereunder at maturity, for the purpose of providing it with
5 funds to purchase in the open market any of its outstanding bonds issued hereunder, prior
6 to the maturity thereof, or for the purpose of providing it with funds for the redemption
7 prior to maturity of any outstanding bonds issued hereunder which are, by their terms,
8 redeemable, for the purpose of providing it with funds to pay interest on any outstanding
9 bonds issued hereunder prior to their payment at maturity of purchase or redemption in
10 advance of maturity, or for the purpose of providing it with funds to pay any redemption
11 or purchase premium in connection with the refunding of any of its outstanding bonds
12 issued hereunder. The proceeds of the sale of any such refunding bonds shall be
13 segregated and set apart by the County as a separate trust fund to be used solely for the
14 purpose of paying the purchase or redemption prices of the bonds to be refunded.

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

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

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

33 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
34 money and issue bonds conferred on the County by this Act shall be deemed to provide
35 an additional and alternative authority for borrowing money and shall be regarded as
36 supplemental and additional to powers conferred upon the County by other laws and shall
37 not be regarded as in derogation of any power now existing; and all Acts of the General
38 Assembly of Maryland heretofore passed authorizing the County to borrow money are
39 hereby continued to the extent that the powers contained in such Acts have not been
40 exercised, and nothing contained in this Act may be construed to impair, in any way, the
41 validity of any bonds that may have been issued by the County under the authority of any
42 said Acts, and the validity of the bonds is hereby ratified, confirmed, and approved. This
43 Act, being necessary for the welfare of the inhabitants of Dorchester County, shall be
44 liberally construed to effect the purposes hereof. All Acts and parts of Acts inconsistent
45 with the provisions of this Act are hereby repealed to the extent of such inconsistency.

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