
By: Senators Derr and Ferguson (Frederick County Senators)

Introduced and read first time: January 31, 1997

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of Frederick
4 County, from time to time, to borrow not more than \$40,500,000 in order to finance
5 the cost of certain public facilities in Frederick County, as herein defined, and to
6 effect such borrowing by the issuance and sale at public or private sale of its general
7 obligation bonds in like par amount; empowering the County to fix and determine,
8 by 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; providing that nothing in this Act shall
17 prevent the County from authorizing the issuance and sale of bonds the interest on
18 which is not excludable from gross income for federal income tax purposes; and
19 generally relating to the issuance and sale of the bonds by Frederick County.

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That, as used herein, the term "County" means the body politic and
22 corporate of the State of Maryland known as the County Commissioners of Frederick
23 County, and the term "cost of public facilities" means the cost of construction and
24 reconstruction of capital projects, including but not limited to landfill projects, public
25 schools, roads, bridges, flood control projects, solid waste facilities, water and leachate
26 treatment facilities, libraries, and communication systems, and also including the
27 acquisition and development of property and the acquisition and installation of
28 equipment and furnishings, as well as any related architectural, financial, legal, planning,
29 or engineering services.

30 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
31 authorized to finance any part or all of the costs of the public facilities described in
32 Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at
33 one time or from time to time, in an amount not exceeding, in the aggregate, \$40,500,000
34 and to evidence such borrowing by the issuance and sale upon its full faith and credit of

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1 general obligation bonds in like par amount, which may be issued at one time or from
2 time to time, in one or more groups or series, as the County may determine.

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

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

29 In case any officer whose signature appears on any bond or on any coupon attached
30 thereto ceases to be such officer before the delivery thereof, such signature shall
31 nevertheless be valid and sufficient for all purposes as if he had remained in office until
32 such delivery. The bonds and the issuance and sale thereof shall be exempt from the
33 provisions of Sections 2C, 9, 10, and 11 of Article 31 of the Annotated Code of Maryland.

34 If the County determines in the resolution to offer any of the bonds by solicitation
35 of competitive bids at public sale, the resolution shall fix the terms and conditions of the
36 public sale and shall adopt a form of notice of sale, which shall outline the terms and
37 conditions, and a form of advertisement, which shall be published in one or more daily or
38 weekly newspapers having a general circulation in the County and which may also be
39 published in one or more journals having a circulation primarily among banks and
40 investment bankers.

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

1 For purposes of issuance and sale, bonds authorized hereunder may be consolidated
2 into a single issue with any other bonds authorized to be issued by the County.

3 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
4 sale of bonds shall be used and applied exclusively and solely for the public facilities for
5 which the bonds are sold. If the net proceeds of the sale of any issue of bonds exceeds the
6 amount needed to finance the public facilities described in the resolution, the excess
7 funds so borrowed and not expended shall be applied to the payment of the next principal
8 maturity of the bonds or to the redemption of any part of the bonds which have been
9 made redeemable or to the purchase and cancellation of bonds, unless the County shall
10 adopt a resolution allocating the excess funds to the costs of other public facilities.

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

29 SECTION 6. AND BE IT FURTHER ENACTED, That the County is hereby
30 further authorized and empowered, at any time and from time to time, to issue its bonds
31 in the manner hereinabove described for the purpose of refunding, by payment at
32 maturity or upon purchase or redemption, any bonds issued hereunder. The validity of
33 any such refunding bonds shall in no way be dependent upon or related to the validity or
34 invalidity of the obligations so refunded. The powers herein granted with respect to the
35 issuance of bonds shall be applicable to the issuance of refunding bonds. Such refunding
36 bonds may be issued by the County for the purpose of providing it with funds to pay any
37 of its outstanding bonds issued hereunder at maturity, for the purpose of providing it with
38 funds to purchase in the open market any of its outstanding bonds issued hereunder, prior
39 to the maturity thereof, or for the purpose of providing it with funds for the redemption
40 prior to maturity of any outstanding bonds issued hereunder which are, by their terms,
41 redeemable, for the purpose of providing it with funds to pay interest on any outstanding
42 bonds issued hereunder prior to their payment at maturity of purchase or redemption in
43 advance of maturity, or for the purpose of providing it with funds to pay any redemption
44 or purchase premium in connection with the refunding of any of its outstanding bonds
45 issued hereunder. The proceeds of the sale of any such refunding bonds shall be

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1 segregated and set apart by the County as a separate trust fund to be used solely for the
2 purpose of paying the purchase or redemption prices of the bonds to be refunded.

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

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

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

21 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
22 money and issue bonds conferred on the County by this Act shall be deemed to provide
23 additional, alternative, and supplemental authority for borrowing money and shall be
24 regarded as supplemental and additional to powers conferred upon the County by other
25 laws and shall not be regarded as in derogation of any power now existing; and all Acts of
26 the General Assembly of Maryland heretofore passed authorizing the County to borrow
27 money are hereby continued to the extent that the powers contained in such Acts have
28 not been exercised, and nothing contained in this Act may be construed to impair, in any
29 way, the validity of any bonds that may have been issued by the County under the
30 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed, and
31 approved. This Act, being necessary for the welfare of the inhabitants of Frederick
32 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of
33 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of such
34 inconsistency.

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