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1997 Regular Session  
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CF 7lr2440

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**By: Senator Hafer**

Introduced and read first time: February 17, 1997

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Garrett County - Bonds for Garrett County Memorial Hospital**

3 FOR the purpose of authorizing and empowering the County Commissioners of Garrett  
4 County, from time to time, to borrow not more than \$1,500,000 in order to assist in  
5 the financing of the cost of certain hospital improvements in Garrett County, as  
6 herein defined, and to effect such borrowing by the issuance and sale at public or  
7 private sale of its general obligation bonds in like par amount; empowering the  
8 County to fix and determine, by resolution, the form, tenor, interest rate or rates or  
9 method of determining the same, terms, conditions, maturities, and all other details  
10 incident to the issuance and sale of the bonds; empowering the County and  
11 directing the County to enter into an agreement with Garrett County Memorial  
12 Hospital for the payment of debt service requirements of the bonds from the  
13 revenues of the Garrett County Memorial Hospital; empowering the County to issue  
14 refunding bonds for the purchase or redemption of bonds in advance of maturity;  
15 empowering and directing the County to levy, impose, and collect, annually, ad  
16 valorem taxes in rate and amount sufficient to provide funds for the payment of the  
17 maturing principal of and interest on the bonds; exempting the bonds and refunding  
18 bonds and the interest thereon and any income derived therefrom from all State,  
19 county, municipal, and other taxation in the State of Maryland; providing that  
20 nothing in this Act shall prevent the County from authorizing the issuance and sale  
21 of bonds the interest on which is not excludable from gross income for federal  
22 income tax purposes; and relating generally to the issuance and sale of such bonds.

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
24 MARYLAND, That, as used herein, the term "County" means the body politic and  
25 corporate of the State of Maryland known as the County Commissioners of Garrett  
26 County, and the term "hospital improvements" means the alteration, construction,  
27 reconstruction, enlargement, equipping, expansion, extension, improvement,  
28 rehabilitation, renovation, upgrading, and repair of the Garrett County Memorial  
29 Hospital, including, but not limited to, the hospital buildings and facilities, capital  
30 furnishings and equipment, and parking facilities, means of access and utility services,  
31 demolition, removal, and relocation of existing Hospital facilities, the acquisition and  
32 development, as applicable, of land, structures, real or personal property, rights,  
33 rights-of-way, easements and other interests for such hospital facilities, together with any  
34 related financing charges, interest prior to and during construction (and, if deemed  
35 necessary by the County, for a limited period after completion of construction), interest  
36 and reserves for principal and interest and for extensions, enlargements, additions and

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1 improvements, architectural, engineering, financial and legal planning and other  
2 professional services, plans, specifications, studies, surveys, estimates of cost and of  
3 revenues, administrative expenses necessary or incident to determining the feasibility or  
4 practicability of the hospital facilities and such other expenses as may be necessary or  
5 incident to the acquisition, construction, improvement, development, rehabilitation,  
6 repair, furnishing and equipping of the hospital facilities, the financing or refinancing of  
7 such acquisition, construction, improvement, development, rehabilitation, repair,  
8 furnishing and equipping of the hospital facilities.

9       SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
10 authorized to assist in the financing of the costs of the hospital facilities described in  
11 Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at  
12 one time or from time to time, in an amount not exceeding, in the aggregate \$1,500,000  
13 and to evidence such borrowing by the issuance and sale upon its full faith and credit of  
14 general obligation bonds in like par amount, which may be issued at one time or from  
15 time to time, in one or more groups or series, as the County may determine.

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

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

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

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

15 Upon delivery of any bonds to the purchaser or purchasers, payment therefor shall  
16 be made to the Treasurer of Garrett County or such other official of Garrett County as  
17 may be designated to receive such payment in a resolution passed by the County before  
18 such delivery.

19 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the  
20 sale of bonds shall be used and applied exclusively and solely for financing the hospital  
21 improvements for which the bonds are sold and that the proceeds shall be loaned or  
22 otherwise paid by the County for the benefit of Garrett County Memorial Hospital as and  
23 when and under such terms, conditions, and documentation as the County directs, and  
24 secured by such collateral as the County directs in accordance with the terms and  
25 conditions of its agreement or agreements with Garrett County Memorial Hospital, of the  
26 resolutions of the County, and of this Act. If the net proceeds of the sale of any issue of  
27 bonds exceeds the amount needed to finance the hospital improvements described in the  
28 resolution, the excess funds so borrowed and not expended shall be applied to the  
29 payment of the next principal maturity of the bonds or to the redemption of any part of  
30 the bonds which have been made redeemable or to the purchase and cancellation of  
31 bonds, unless the County shall adopt a resolution allocating the excess funds to other  
32 hospital improvements.

33 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of this Act  
34 that the County be vested with full discretion and authority to determine what portion, if  
35 any, of the cost of any hospital improvements shall be paid from the proceeds of general  
36 obligation bonds authorized pursuant to this Act and that the County may provide or  
37 require such conditions for the loan of the proceeds of such bonds to the Garrett County  
38 Memorial Hospital, as the County deems necessary or appropriate, including (without  
39 limitation) provisions for the repayment from rates charged patients at the Hospital.

40 SECTION 6. AND BE IT FURTHER ENACTED, That the County may enter into  
41 an agreement or agreements with the Garrett County Memorial Hospital pursuant to  
42 which the Hospital shall be required to make periodic payments from the hospital's  
43 revenues or other assets to the County at such times and in such amounts to assure the  
44 timely payment of the maturing principal of and interest on the bonds and any related  
45 expenses of the County. However, the bonds hereby authorized shall constitute, and they

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1 shall so recite, an irrevocable pledge of the full faith and credit and unlimited taxing  
2 power of the County to the payment of the maturing principal of and interest on the  
3 bonds as and when they become payable. In each and every fiscal year that any of the  
4 bonds are outstanding, the County shall levy or cause to be levied ad valorem taxes upon  
5 all the assessable property within the corporate limits of the County in rate and amount  
6 sufficient to provide for or assure the payment, when due, of the principal of and interest  
7 on all the bonds maturing in each such fiscal year and, in the event the proceeds from the  
8 taxes so levied in any such fiscal year shall prove inadequate for such payment, additional  
9 taxes shall be levied in the succeeding fiscal year to make up any such deficiency. The  
10 County may apply to the payment of the principal of and interest on any bonds issued  
11 hereunder any funds received by it from the State of Maryland, the United States of  
12 America, any agency or instrumentality thereof, or from any other source. If such funds  
13 are granted for the purpose of assisting the County or the Hospital in financing the  
14 hospital improvements defined in this Act, the taxes that otherwise might be required to  
15 be levied under this Act may be reduced or need not be levied to the extent that any such  
16 funds are received or receivable in any fiscal year.

17       SECTION 7. AND BE IT FURTHER ENACTED, That the County is further  
18 authorized and empowered, at any time and from time to time, to issue its bonds in the  
19 manner hereinabove described for the purpose of refunding, by payment at maturity or  
20 upon purchase or redemption, any bonds issued hereunder. The validity of any such  
21 refunding bonds shall in no way be dependent upon or related to the validity or invalidity  
22 of the obligations so refunded. The powers herein granted with respect to the issuance of  
23 bonds shall be applicable to the issuance of refunding bonds. Such refunding bonds may  
24 be issued by the County for the purpose of providing it with funds to pay any of its  
25 outstanding bonds issued hereunder at maturity, for the purpose of providing it with  
26 funds to purchase in the open market any of its outstanding bonds issued hereunder, prior  
27 to the maturity thereof, or for the purpose of providing it with funds for the redemption  
28 prior to maturity of any outstanding bonds issued hereunder which are, by their terms,  
29 redeemable, for the purpose of providing it with funds to pay interest on any outstanding  
30 bonds issued hereunder prior to their payment at maturity of purchase or redemption in  
31 advance of maturity, or for the purpose of providing it with funds to pay any redemption  
32 or purchase premium in connection with the refunding of any of its outstanding bonds  
33 issued hereunder. The proceeds of the sale of any such refunding bonds shall be  
34 segregated and set apart by the County as a separate trust fund to be used solely for the  
35 purpose of paying the purchase or redemption prices of the bonds to be refunded.

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

45       SECTION 9. AND BE IT FURTHER ENACTED, That any and all obligations  
46 issued pursuant to the authority of this Act, their transfer, the interest payable thereon,

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1 and any income derived therefrom in the hands of the holders thereof from time to time  
2 (including any profit made in the sale thereof) shall be and are hereby declared to be at  
3 all times exempt from State, county, municipal, or other taxation of every kind and nature  
4 whatsoever within the State of Maryland.

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

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

21 SECTION 11. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 June 1, 1997.