

CF 7r2440

By: Senator Hafer

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Committee Report: Favorable

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CHAPTER ____

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,

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1 rehabilitation, renovation, upgrading, and repair of the Garrett County Memorial
2 Hospital, including, but not limited to, the hospital buildings and facilities, capital
3 furnishings and equipment, and parking facilities, means of access and utility services,
4 demolition, removal, and relocation of existing Hospital facilities, the acquisition and
5 development, as applicable, of land, structures, real or personal property, rights,
6 rights-of-way, easements and other interests for such hospital facilities, together with any
7 related financing charges, interest prior to and during construction (and, if deemed
8 necessary by the County, for a limited period after completion of construction), interest
9 and reserves for principal and interest and for extensions, enlargements, additions and
10 improvements, architectural, engineering, financial and legal planning and other
11 professional services, plans, specifications, studies, surveys, estimates of cost and of
12 revenues, administrative expenses necessary or incident to determining the feasibility or
13 practicability of the hospital facilities and such other expenses as may be necessary or
14 incident to the acquisition, construction, improvement, development, rehabilitation,
15 repair, furnishing and equipping of the hospital facilities, the financing or refinancing of
16 such acquisition, construction, improvement, development, rehabilitation, repair,
17 furnishing and equipping of the hospital facilities.

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

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

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

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

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

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

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

40 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of this Act
41 that the County be vested with full discretion and authority to determine what portion, if
42 any, of the cost of any hospital improvements shall be paid from the proceeds of general
43 obligation bonds authorized pursuant to this Act and that the County may provide or
44 require such conditions for the loan of the proceeds of such bonds to the Garrett County

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1 Memorial Hospital, as the County deems necessary or appropriate, including (without
2 limitation) provisions for the repayment from rates charged patients at the Hospital.

3 SECTION 6. AND BE IT FURTHER ENACTED, That the County may enter into
4 an agreement or agreements with the Garrett County Memorial Hospital pursuant to
5 which the Hospital shall be required to make periodic payments from the hospital's
6 revenues or other assets to the County at such times and in such amounts to assure the
7 timely payment of the maturing principal of and interest on the bonds and any related
8 expenses of the County. However, the bonds hereby authorized shall constitute, and they
9 shall so recite, an irrevocable pledge of the full faith and credit and unlimited taxing
10 power of the County to the payment of the maturing principal of and interest on the
11 bonds as and when they become payable. In each and every fiscal year that any of the
12 bonds are outstanding, the County shall levy or cause to be levied ad valorem taxes upon
13 all the assessable property within the corporate limits of the County in rate and amount
14 sufficient to provide for or assure the payment, when due, of the principal of and interest
15 on all the bonds maturing in each such fiscal year and, in the event the proceeds from the
16 taxes so levied in any such fiscal year shall prove inadequate for such payment, additional
17 taxes shall be levied in the succeeding fiscal year to make up any such deficiency. The
18 County may apply to the payment of the principal of and interest on any bonds issued
19 hereunder any funds received by it from the State of Maryland, the United States of
20 America, any agency or instrumentality thereof, or from any other source. If such funds
21 are granted for the purpose of assisting the County or the Hospital in financing the
22 hospital improvements defined in this Act, the taxes that otherwise might be required to
23 be levied under this Act may be reduced or need not be levied to the extent that any such
24 funds are received or receivable in any fiscal year.

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

44 SECTION 8. AND BE IT FURTHER ENACTED, That the County may, prior to
45 the preparation of definitive bonds, issue interim certificates or temporary bonds, with or
46 without coupons, exchangeable for definitive bonds when such bonds have been executed

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1 and are available for such delivery, provided, however, that any such interim certificates
2 or temporary bonds shall be issued in all respects subject to the restrictions and
3 requirements set forth in this Act. The County may, by appropriate resolution, provide for
4 the replacement of any bonds issued hereunder which shall have become mutilated or lost
5 or destroyed upon such conditions and after receiving such indemnity as the County may
6 require.

7 SECTION 9. AND BE IT FURTHER ENACTED, That any and all obligations
8 issued pursuant to the authority of this Act, their transfer, the interest payable thereon,
9 and any income derived therefrom in the hands of the holders thereof from time to time
10 (including any profit made in the sale thereof) shall be and are hereby declared to be at
11 all times exempt from State, county, municipal, or other taxation of every kind and nature
12 whatsoever within the State of Maryland.

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

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

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