

SENATE BILL 295

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HB 771/97 - APP

1998 Regular Session
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By: **Senators Baker and Fry**

Introduced and read first time: February 4, 1998

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

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

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

23 In case any officer whose signature appears on any bond ceases to be such
24 officer before delivery, the signature shall nevertheless be valid and sufficient for all
25 purposes as if the officer had remained in office until delivery. The bonds and their
26 issue and sale shall be exempt from the provisions of Sections 9, 10, and 11 of Article
27 31 of the Annotated Code of Maryland.

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

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

39 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
40 sale of the bonds shall be used and applied exclusively and solely for the public school
41 facilities for which the bonds are sold. If the net proceeds of the sale of any issue of
42 bonds exceeds the amount needed to finance the public school facilities described in
43 the resolution, the excess funds shall be applied to the payment of the next principal
44 maturity of the bonds or to the redemption of any part of the bonds which have been

1 made redeemable or to the purchase and cancellation of bonds, unless the County in
2 its discretion adopts a resolution allocating the excess funds to the construction,
3 improvement, or development of other public facilities.

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

23 SECTION 6. AND BE IT FURTHER ENACTED, That the County is hereby
24 further authorized and empowered, at any time and from time to time, to issue its
25 bonds in the manner hereinabove described for the purpose of refunding, upon
26 purchase or redemption, any bonds issued under this Act. The validity of any
27 refunding bonds is in no way dependent upon or related to the validity or invalidity of
28 the obligations being refunded. The powers granted under this Act with respect to the
29 issuance of bonds shall be applicable to the issuance of refunding bonds. Such
30 refunding bonds may be issued by the County for the purpose of providing it with
31 funds to purchase in the open market any of its outstanding bonds issued under this
32 Act, prior to their maturity, or for the purpose of providing it with funds for the
33 redemption prior to maturity of any outstanding bonds which are, by their terms,
34 redeemable. The proceeds of the sale of any refunding bonds shall be segregated and
35 set apart by the County as a separate trust fund to be used solely for the purpose of
36 paying the purchase or redemption prices of the bonds to be refunded.

37 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to
38 the preparation of definitive bonds, issue interim certificates or temporary bonds,
39 exchangeable for definitive bonds when such bonds have been executed and are
40 available for delivery. The County may, by appropriate resolution, provide for the
41 replacement of any bonds issued under this Act which may have become mutilated or
42 lost or destroyed upon whatever conditions and after receiving whatever indemnity as
43 the County may require.

44 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations
45 issued under this Act, their transfer, the interest payable on them, and any income

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

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

7 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
8 money and issue bonds conferred on the County by this Act shall be deemed to provide
9 additional, alternative and supplemental authority for borrowing money and shall be
10 regarded as supplemental and additional to powers conferred upon the County by
11 other laws and may not be regarded as in derogation of any power now existing; and
12 all previously enacted laws authorizing the County to borrow money are hereby
13 continued to the extent that the power contained in them is continuing or has not
14 been exercised, unless any law is expressly repealed by this Act, and the validity of
15 any bonds issued under previously enacted laws is hereby ratified, confirmed and
16 approved. This Act, being necessary for the welfare of the inhabitants of Cecil County,
17 shall be liberally construed to effect its purposes. All Acts and parts of Acts
18 inconsistent with the provisions of this Act are hereby repealed to the extent of any
19 inconsistency.

20 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect June 1, 1998.