

SENATE BILL 295

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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

Committee Report: Favorable
Senate action: Adopted
Read second time: March 10, 1998

CHAPTER _____

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

1 borrow money and incur indebtedness for that purpose, at one time or from time to
2 time, in an amount not exceeding, in the aggregate, \$5,000,000 and to evidence its
3 borrowing by the issuance and sale upon its full faith and credit of general obligation
4 bonds in like par amount, which may be issued at one time or from time to time, in
5 one or more groups or series, as the County may determine.

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

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

30 In case any officer whose signature appears on any bond ceases to be such
31 officer before delivery, the signature shall nevertheless be valid and sufficient for all
32 purposes as if the officer had remained in office until delivery. The bonds and their
33 issue and sale shall be exempt from the provisions of Sections 9, 10, and 11 of Article
34 31 of the Annotated Code of Maryland.

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

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

4 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
5 sale of the bonds shall be used and applied exclusively and solely for the public school
6 facilities for which the bonds are sold. If the net proceeds of the sale of any issue of
7 bonds exceeds the amount needed to finance the public school facilities described in
8 the resolution, the excess funds shall be applied to the payment of the next principal
9 maturity of the bonds or to the redemption of any part of the bonds which have been
10 made redeemable or to the purchase and cancellation of bonds, unless the County in
11 its discretion adopts a resolution allocating the excess funds to the construction,
12 improvement, or development of other public facilities.

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

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

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

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

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

16 SECTION 9. 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 additional, alternative and supplemental authority for borrowing money and shall be
19 regarded as supplemental and additional to powers conferred upon the County by
20 other laws and may not be regarded as in derogation of any power now existing; and
21 all previously enacted laws authorizing the County to borrow money are hereby
22 continued to the extent that the power contained in them is continuing or has not
23 been exercised, unless any law is expressly repealed by this Act, and the validity of
24 any bonds issued under previously enacted laws is hereby ratified, confirmed and
25 approved. This Act, being necessary for the welfare of the inhabitants of Cecil County,
26 shall be liberally construed to effect its purposes. All Acts and parts of Acts
27 inconsistent with the provisions of this Act are hereby repealed to the extent of any
28 inconsistency.

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