

SENATE BILL 778

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1998 Regular Session
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By: **Senator Colburn**
Introduced and read first time: March 6, 1998
Assigned to: Rules
Reassigned: Budget and Taxation, March 11, 1998

Committee Report: Favorable
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Read second time: March 23, 1998

CHAPTER _____

1 AN ACT concerning

2 **Dorchester County - Eastern Shore Hospital Center Redevelopment Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Dorchester County, from time to time, to borrow not more than \$3,000,000 in
5 order to finance, with certain restrictions, certain economic redevelopment
6 projects in Dorchester County, as herein defined, and to effect such borrowing by
7 the issuance and sale at public or private sale of its general obligation bonds in
8 like par amount; empowering the County to fix and determine, by resolution,
9 the form, tenor, interest rate or rates or method of determining the same, terms,
10 conditions, maturities, and all other details incident to the issuance and sale of
11 the bonds; empowering the County to provide loans or grants or any
12 combination thereof, with any part or with all of the proceeds of the bonds, to
13 any person or entity for the purpose of financing any part or all of the costs of
14 such economic redevelopment projects; empowering the County to issue
15 refunding bonds for the purchase or redemption of bonds in advance of maturity;
16 empowering and directing the County to levy, impose, and collect, annually, ad
17 valorem taxes in rate and amount sufficient to provide funds for the payment of
18 the maturing principal of and interest on the bonds; providing that nothing in
19 this Act shall prevent the County from authorizing the issuance and sale of
20 bonds or refunding bonds, if the interest on or income derived from the bonds is
21 not exempt from State, local, or other taxation in the State; providing that
22 nothing in this Act shall prevent the County from authorizing the issuance and
23 sale of bonds the interest on which is not excludable from gross income for
24 federal income tax purposes; and relating generally to the issuance and sale of
25 such bonds.

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That, as used herein, the term "County" means that body politic and
3 corporate of the State of Maryland known as the County Commissioners of Dorchester
4 County, and the term "economic redevelopment project" means the cost of alteration,
5 construction, reconstruction, enlargement, expansion, extension, improvement,
6 rehabilitation, renovation, upgrading, equipping, repair, and the purchase and sale of
7 the Eastern Shore Hospital Center site in Cambridge in Dorchester County, for the
8 purpose of economic redevelopment, including related costs for architectural,
9 financial, legal, planning, or engineering services, any finance charges or interest
10 prior to or during such financings, and any other costs or expenditures incurred by
11 the County in connection therewith.

12 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
13 authorized to finance any part or all of the costs of the economic redevelopment
14 project described in Section 1 of this Act, and to borrow money and incur indebtedness
15 for that purpose, at one time or from time to time, in an amount not exceeding, in the
16 aggregate, \$3,000,000 and to evidence such borrowing by the issuance and sale upon
17 its full faith and credit of general obligation bonds in like par amount, which may be
18 issued at one time or from time to time, in one or more groups or series, as the County
19 may determine.

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

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

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

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

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

26 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
27 sale of the bonds shall be used and applied exclusively and solely for the economic
28 redevelopment project in Dorchester County. If the net proceeds of the sale of any
29 issue of bonds exceeds the amount needed to finance the economic development
30 projects described in the resolution, the excess funds shall be applied to the payment
31 of the next principal maturity of the bonds or to the redemption of any part of the
32 bonds which have been made redeemable or to the purchase and cancellation of
33 bonds, as the County may determine to be in its best interest, unless the County shall
34 adopt a resolution allocating the excess funds to other capital projects.

35 SECTION 5. AND BE IT FURTHER ENACTED, That the County shall have
36 and is hereby granted full and complete authority and discretion and is hereby
37 empowered to provide loans or grants, or any combination thereof, upon any terms
38 and conditions as may be required by the County, in its discretion, of any part or all of
39 the proceeds of the bonds to any person or entity for the sole and exclusive purpose of
40 financing any part or all of the costs of the economic redevelopment project described
41 in Section 1 of this Act.

42 SECTION 6. AND BE IT FURTHER ENACTED, That the bonds hereby
43 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full

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

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

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

1 SECTION 9. AND BE IT FURTHER ENACTED, That nothing in this Act shall
2 prevent the County from authorizing the issuance and sale of bonds:

3 (a) on which the interest or income derived is not excludable from gross
4 income for federal income tax purposes; or

5 (b) which are subject to any State, county, municipal or other taxation
6 within the State of Maryland.

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

22 SECTION 11. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 June 1, 1998.