
By: **Chairman, Appropriations Committee (Departmental - Morgan State University)**

Introduced and read first time: January 27, 1999

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 1999

CHAPTER _____

1 AN ACT concerning

2 **Morgan State University - Auxiliary and Academic Facilities Bonding**
3 **Authority**

4 FOR the purpose of increasing the bonding authority of Morgan State University for
5 the acquisition, development, and improvement of facilities including the
6 development of auxiliary facilities for Morgan State University; approving the
7 issuance of bonds by Morgan State University for financing a certain project,
8 subject to certain requirements relating to review and comment by the General
9 Assembly; and generally relating to Morgan State University.

10 BY repealing and reenacting, with amendments,
11 Article - Education
12 Section 19-102
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 1998 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Education**

18 19-102.

19 (a) In order to provide auxiliary and academic facilities a system may:

1 (1) Acquire, construct, reconstruct, equip, maintain, repair, renovate,
2 and operate auxiliary and academic facilities at any of its campuses or locations, now
3 existing or hereafter acquired;

4 (2) (i) Issue bonds for the purpose of financing or refinancing all or
5 any part of the costs of any 1 or more projects of a system, including any project
6 previously financed by a system or any predecessor; or

7 (ii) Issue bonds for the purpose of acquiring any auxiliary facility or
8 academic facility previously financed through a capital lease with a system or any
9 predecessor;

10 (3) Establish 1 or more trust funds for the deposit of the proceeds of the
11 bonds of any issue and retain the interest revenue or other investment income
12 thereon to be applied to the costs of any project, but shall maintain separate accounts
13 within any such trust funds for auxiliary facilities and for academic facilities;

14 (4) Fix, revise, charge, and collect auxiliary facilities fees and academic
15 fees and pledge all or any part of such auxiliary facilities fees and academic fees as
16 security for bonds issued for auxiliary and academic facilities by a system;

17 (5) Establish 1 or more trust funds for the deposit of any auxiliary
18 facilities fees and academic fees which may be imposed pursuant to this subtitle, and
19 retain the interest revenue or other investment income thereon, for the purpose of
20 acquiring, constructing, reconstructing, renovating, equipping, maintaining,
21 repairing, and operating auxiliary and academic facilities;

22 (6) Acquire, hold, and dispose of real and personal property in the
23 exercise of its powers and the performance of its duties under this title;

24 (7) Enter into all contracts and agreements necessary or incidental to
25 the performance of its duties and the execution of its powers under this title, and
26 employ consulting engineers, architects, attorneys, construction and financial
27 experts, and other employees and agents as may be necessary, and fix their
28 compensation;

29 (8) Receive and accept from the United States of America or any agency
30 thereof grants and loans for the purpose of financing or refinancing all or any part of
31 the costs of any 1 or more projects, and receive and accept aid or contributions from
32 any sources of money, property, labor, or other things of value, to be held, used, and
33 applied for the purposes for which such grants and contributions were made; and

34 (9) Do all acts and things necessary or convenient to carry out the
35 powers expressly granted by the provisions of this title.

36 (b) A system may not pledge all or any part of the revenues received from:

37 (1) A State appropriation;

1 (2) Contracts, grants, or gifts received or to be received by a system,
2 other than contracts for tuition, student fees, activity fees, or auxiliary facilities fees;
3 or

4 (3) Any other source not expressly authorized by the General Assembly.

5 (c) (1) Except as provided in paragraph (3) of this subsection, the aggregate
6 principal amount of bonds outstanding and the present value of capital lease
7 payments, less the amount of any reserve fund or sinking fund requirement
8 established for the bonds or capital leases, may not exceed, as of the date of issue of
9 the bonds, the following:

10 (i) \$750,000,000 for the University System of Maryland;

11 (ii) [\$40,000,000] \$65,000,000 for Morgan State University;

12 (iii) \$25,000,000 for St. Mary's College of Maryland; and

13 (iv) \$15,000,000 for Baltimore City Community College.

14 (2) Bonds outstanding do not include:

15 (i) Bonds previously issued by a system or any predecessor that are
16 to be refunded, but only:

17 1. To the extent of any outstanding principal on the bonds
18 that are being refunded; and

19 2. If an escrow or other similar arrangement has been made
20 and held by the State Treasurer, a bank, or a trust company for the payment of such
21 bonds, whether or not redeemed; or

22 (ii) Borrowings pursuant to § 12-105(c) of this article, except to the
23 extent that such borrowings are subject to a financing agreement the term of which is
24 for more than 5 years for the acquisition of the personal property.

25 (3) Notwithstanding any other provision in this subsection, the
26 Baltimore City Community College may issue bonds only for the purpose of financing
27 auxiliary facilities.

28 (d) (1) A system may not issue bonds for the purpose of financing all or any
29 part of the costs of any academic facility or facilities until the General Assembly has
30 approved in an act the:

31 (i) Project or projects for any academic facility or facilities; and

32 (ii) Maximum principal amount of bonds a system may issue in
33 connection with such project or projects for any academic facility or facilities.

34 (2) The General Assembly's approval shall expressly authorize the
35 project or projects for any academic facility or facilities and the maximum principal

1 amount of bonds a system may issue in connection with such project or projects for
2 the academic facility or facilities.

3 (3) Without the approval of the General Assembly, a system may issue
4 bonds to refinance all or any part of the costs of any project for any academic facility
5 or facilities for which a system previously issued bonds under the authority of this
6 section.

7 (4) (i) Any bonds issued under the requirements of this subsection
8 shall mature at such times not exceeding the useful life of the project for which the
9 bonds are issued, but not later than 21 years after their respective dates of issue, as
10 may be determined by a system.

11 (ii) Any bonds issued in accordance with paragraph (3) of this
12 subsection shall mature at such times as may be determined by a system, but not
13 later than 21 years after the date of issue of the bonds that were originally issued for
14 the academic facility or facilities authorized under the requirements of this
15 subsection.

16 (e) (1) A system shall maintain records identifying the sources and amounts
17 of payments used to support:

18 (i) The auxiliary facilities; and

19 (ii) The academic facilities authorized under the requirements of
20 this subtitle.

21 (2) A system shall report:

22 (i) By September 1 to the Board of Public Works and, subject to §
23 2-1246 of the State Government Article, to the Department of Legislative Services,
24 the information for the prior fiscal year required under paragraph (1) of this
25 subsection; and

26 (ii) By December 1, subject to § 2-1246 of the State Government
27 Article, to the Department of Legislative Services, the anticipated sources and
28 amounts of payments required for the next fiscal year for:

29 1. Auxiliary facilities; and

30 2. Academic facilities authorized under the requirements of
31 this subtitle.

32 SECTION 2. AND BE IT FURTHER ENACTED, That, in accordance with
33 Title 19 of the Education Article, the fine arts center, Morgan State University is
34 hereby approved as a project for an academic facility and Morgan State University
35 may issue, sell, and deliver bonds in the total principal amount of ~~\$3,000,000~~
36 \$4,000,000 for the purposes of financing the cost of this project.

1 SECTION 3. AND BE IT FURTHER ENACTED, That bonds may not be
2 issued for a new student center until Morgan State University submits a project plan
3 to the budget committees of the General Assembly and 45 days have elapsed to allow
4 the committees an opportunity to review and comment on the plan.

5 ~~SECTION 3.~~ SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take
6 effect July 1, 1999.