
By: **St. Mary's County Delegation**

Introduced and read first time: February 8, 1999

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **St. Mary's County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of St.
4 Mary's County, from time to time, to borrow not more than \$25,000,000 in order
5 to finance the construction, improvement, or development of certain public
6 facilities in St. Mary's 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 issue refunding bonds for the purchase or
12 redemption of bonds in advance of maturity; empowering and directing the
13 County to levy, impose, and collect, annually, ad valorem taxes in rate and
14 amount sufficient to provide funds for the payment of the maturing principal of
15 and interest on the bonds; exempting the bonds and refunding bonds and the
16 interest thereon and any income derived therefrom from all State, county,
17 municipal, and other taxation in the State of Maryland; providing that nothing
18 in this Act shall prevent the County from authorizing the issuance and sale of
19 bonds the interest on which is not excludable from gross income for federal
20 income tax purposes; and relating generally to the issuance and sale of such
21 bonds.

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That, as used herein, the term "County" means the body politic and
24 corporate of the State of Maryland known as the County Commissioners of St. Mary's
25 County, and the term "construction, improvement, or development of public facilities"
26 means the acquisition, alteration, construction, reconstruction, enlargement,
27 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,
28 and repair of public buildings and facilities and public works projects, including, but
29 not limited to, public works projects such as highways, roads, bridges and storm
30 drains, public school buildings and facilities, boating facilities, shore erosion and
31 other marine property, landfills, and recycling facilities, public operational buildings
32 and facilities such as buildings and facilities for County administrative use, capital
33 improvements to the Wicomico Shores Taxing District, County athletic facilities, the
34 community college, community swimming pools, public safety, health, and social
35 services, libraries, commuter air service facilities, refuse disposal buildings and

1 facilities, and parks and recreation buildings and facilities, together with the costs of
2 acquiring land or interests in land as well as any related architectural, financial,
3 legal, planning, or engineering services.

4 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
5 authorized to finance any part or all of the costs of the public facilities described in
6 Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at
7 one time or from time to time, in an amount not exceeding, in the aggregate,
8 \$25,000,000 and to evidence such borrowing by the issuance and sale upon its full
9 faith and credit of general obligation bonds in like par amount, which may be issued
10 at one time or from time to time, in one or more groups or series, as the County may
11 determine.

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

36 The bonds may be made redeemable before maturity, at the option of the County,
37 at such price or prices and under such terms and conditions as may be fixed by the
38 County prior to the issuance of the bonds, either in the resolution or in a bond order
39 pursuant to the bond resolution. The bonds may be issued in coupon or in registered
40 form or both, and provision may be made for the registration of the principal only, or
41 of both principal and interest, of bonds having coupons attached, and for the
42 reconversion of bonds into coupon form if any bond has been registered as to both
43 principal and interest. In case any officer whose signature appears on any bond or on
44 any coupon attached thereto ceases to be such officer before the delivery thereof, such
45 signature shall nevertheless be valid and sufficient for all purposes as if he had
46 remained in office until such delivery. The bonds and the issuance and sale thereof

1 shall be exempt from the provisions of Sections 9, 10, and 11 of Article 31 of the
2 Annotated Code of Maryland.

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

11 If the County determines in the resolution to offer any of the bonds by
12 solicitation of competitive bids at public sale, the resolution shall fix the terms and
13 conditions of the public sale and shall adopt a form of notice of sale, which shall
14 outline the terms and conditions, and a form of advertisement, which shall be
15 published in accordance with the terms of the resolution.

16 Upon delivery of any bonds to the purchaser or purchasers, payment therefor
17 shall be made to the Treasurer of St. Mary's County or such other official of St. Mary's
18 County as may be designated to receive such payment in a resolution passed by the
19 County before such delivery.

20 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
21 sale of bonds shall be used and applied exclusively and solely for the acquisition,
22 construction, improvement, or development of public facilities for which the bonds are
23 sold. If the amounts borrowed shall prove inadequate to finance the projects described
24 in the resolution, the County may issue additional bonds with the limitations hereof
25 for the purpose of evidencing the borrowing of additional funds for such financing,
26 provided the resolution authorizing the sale of additional bonds shall so recite, but if
27 the net proceeds of the sale of any issue of bonds exceeds the amount needed to
28 finance the projects described in the resolution, the excess funds so borrowed and not
29 expended shall be applied to the payment of the next principal maturity of the bonds
30 or to the redemption of any part of the bonds which have been made redeemable or to
31 the purchase and cancellation of bonds, unless the County shall adopt a resolution
32 allocating the excess funds to the acquisition, construction, improvement, or
33 development of other public facilities, as defined and within the limits set forth in this
34 Act.

35 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
36 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
37 faith and credit and unlimited taxing power of the County to the payment of the
38 maturing principal of and interest on the bonds as and when they become payable. In
39 each and every fiscal year that any of the bonds are outstanding, the County shall
40 levy or cause to be levied ad valorem taxes upon all the assessable property within the
41 corporate limits of the County in rate and amount sufficient to provide for or assure
42 the payment, when due, of the principal of and interest on all the bonds maturing in
43 each such fiscal year and, in the event the proceeds from the taxes so levied in any
44 such fiscal year shall prove inadequate for such payment, additional taxes shall be

1 levied in the succeeding fiscal year to make up any such deficiency. The County may
2 apply to the payment of the principal of and interest on any bonds issued hereunder
3 any funds received by it from the State of Maryland, the United States of America,
4 any agency or instrumentality thereof, or from any other source, if such funds are
5 granted for the purpose of assisting the County in financing the acquisition,
6 construction, improvement, or development of the public facilities defined in this Act
7 and, to the extent of any such funds received or receivable in any fiscal year, the taxes
8 that are required to be levied may be reduced accordingly.

9 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
10 authorized and empowered, at any time and from time to time, to issue its bonds in
11 the manner hereinabove described for the purpose of refunding, by payment at
12 maturity or upon purchase or redemption, any bonds issued hereunder. The validity
13 of any such refunding bonds shall in no way be dependent upon or related to the
14 validity or invalidity of the obligations so refunded. The powers herein granted with
15 respect to the issuance of bonds shall be applicable to the issuance of refunding bonds.
16 Such refunding bonds may be issued by the County in such an amount as shall be
17 necessary for the purpose of providing it with funds to pay any of its outstanding
18 bonds issued hereunder at maturity, for the purpose of providing it with funds to
19 purchase in the open market any of its outstanding bonds issued hereunder, prior to
20 the maturity thereof, or for the purpose of providing it with funds for the redemption
21 prior to maturity of any outstanding bonds issued hereunder which are, by their
22 terms, redeemable, for the purpose of providing it with funds to pay interest on any
23 outstanding bonds issued hereunder prior to their payment at maturity of purchase
24 or redemption in advance of maturity, or for the purpose of providing it with funds to
25 pay any redemption or purchase premium in connection with the refunding of any of
26 its outstanding bonds issued hereunder. The proceeds of the sale of any such
27 refunding bonds shall be segregated and set apart by the County as a separate trust
28 fund to be used solely for the purpose of paying the purchase or redemption prices of
29 the bonds to be refunded.

30 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior
31 to the preparation of definitive bonds, issue interim certificates or temporary bonds,
32 with or without coupons, exchangeable for definitive bonds when such bonds have
33 been executed and are available for such delivery, provided, however, that any such
34 interim certificates or temporary bonds shall be issued in all respects subject to the
35 restrictions and requirements set forth in this Act. The County may, by appropriate
36 resolution, provide for the replacement of any bonds issued hereunder which shall
37 have become mutilated or lost or destroyed upon such conditions and after receiving
38 such indemnity as the County may require.

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

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

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

18 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
19 effect June 1, 1999.