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By: **Washington County Delegation**

Introduced and read first time: February 12, 1999

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **Washington County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of  
4 Washington County, from time to time, to borrow not more than \$50,000,000 in  
5 order to finance the costs of construction, improvement, or development of  
6 certain public facilities in Washington County, as herein defined, and to effect  
7 such borrowing by the issuance and sale at public or private sale of its general  
8 obligation bonds in like par amount; empowering the County to fix and  
9 determine, by resolution, the form, tenor, interest rate or rates or method of  
10 determining the same, terms, conditions, maturities, and all other details  
11 incident to the issuance and sale of the bonds; empowering the County to issue  
12 refunding bonds for the purchase or redemption of bonds in advance of maturity;  
13 empowering and directing the County to levy, impose, and collect, annually, ad  
14 valorem taxes in rate and amount sufficient to provide funds for the payment of  
15 the maturing principal of and interest on the bonds; exempting the bonds and  
16 refunding bonds, and the interest thereon and any income derived therefrom,  
17 from all State, county, municipal, and other taxation in the State of Maryland;  
18 providing that nothing in this Act shall prevent the County from authorizing the  
19 issuance and sale of bonds the interest on which is not excludable from gross  
20 income for federal income tax purposes; and relating generally to the issuance  
21 and sale of such 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  
25 Washington County, and the term "construction, improvement, or development of  
26 public facilities" means the acquisition, alteration, construction, reconstruction,  
27 enlargement, equipping, expansion, extension, improvement, rehabilitation,  
28 renovation, upgrading, and repair of public buildings and facilities and public works  
29 projects, including, but not limited to, the following, together with related  
30 architectural, financial, legal, planning or engineering services:

31 (a) Public school buildings, administrative facilities, sites, and grounds;

32 (b) Community College buildings, sites, and grounds;

1 (c) Buildings and facilities for public safety, health and social services,  
2 libraries, County administration purposes, refuse collection, recycling or disposal by  
3 whatever means and park and recreation purposes; and

4 (d) Acquisition of land or interests in land and any improvement thereon.

5 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
6 authorized to finance any part or all of the costs of the facilities described in Section  
7 1 of this Act, and to borrow money and incur indebtedness for that purpose, at one  
8 time or from time to time, in an amount not exceeding, in the aggregate, \$50,000,000  
9 and to evidence such borrowing by the issuance and sale upon its full faith and credit  
10 of general obligation bonds in like par amount, which may be issued at one time or  
11 from time to time, in one or more groups or series, as the County may determine.

12 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued  
13 in accordance with a resolution of the County, which shall describe generally the  
14 construction, improvement, or development of public facilities for which the proceeds  
15 of the bond sale are intended and the amount needed for those purposes. The County  
16 shall have and is hereby granted full and complete authority and discretion in the  
17 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 the County; the manner of executing and sealing the  
26 bonds, which may be by facsimile; the terms and conditions, if any, under which bonds  
27 may be tendered for payment or purchase prior to their stated maturity; the terms or  
28 conditions, if any, under which bonds may or shall be redeemed prior to their stated  
29 maturity; the place or places of payment of the principal of and the interest on the  
30 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; and generally all matters incident to the terms,  
34 conditions, issuance, sale, and delivery thereof.

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

1 provisions of Sections 2C, 9, 10, and 11 of Article 31 of the Annotated Code of  
2 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, including the manner of receipt of bids, and a form  
15 of advertisement, which shall be published in one or more daily or weekly newspapers  
16 having a general circulation in the County and which may also be published in one or  
17 more journals having a circulation primarily among banks and investment bankers.  
18 At least one publication of the advertisement shall be made not less than 10 days  
19 before the sale of the bonds.

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

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

39 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby  
40 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full  
41 faith and credit and unlimited taxing power of the County to the payment of the  
42 maturing principal of and interest on the bonds as and when they become payable. In  
43 each and every fiscal year that any of the bonds are outstanding, the County shall  
44 levy or cause to be levied ad valorem taxes upon all the assessable property within the

1 corporate limits of the County in rate and amount sufficient to provide for or assure  
2 the payment, when due, of the principal of and interest on all the bonds maturing in  
3 each such fiscal year and, in the event the proceeds from the taxes so levied in any  
4 such fiscal year shall prove inadequate for such payment, additional taxes shall be  
5 levied in the succeeding fiscal year to make up any such deficiency. The County may  
6 apply to the payment of the principal of and interest on any bonds issued hereunder  
7 any funds received by it from the State of Maryland, the United States of America,  
8 any agency or instrumentality thereof, or from any other source, if such funds are  
9 granted for the purpose of assisting the County in financing the acquisition,  
10 construction, improvement, or development of the public facilities defined in this Act  
11 and, to the extent of any such funds received or receivable in any fiscal year, the taxes  
12 that are required to be levied may be reduced accordingly.

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

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

42 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations  
43 issued pursuant to the authority of this Act, their transfer, the interest payable  
44 thereon, and any income derived therefrom in the hands of the holders thereof from  
45 time to time (including any profit made in the sale thereof) shall be and are hereby

1 declared to be at all times exempt from State, county, municipal, or other taxation of  
2 every kind and nature whatsoever within the State of Maryland.

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

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

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