

SENATE BILL 608

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B3

1999 Regular Session  
9r2093

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By: **Senators Haines and Ferguson (Carroll County Senators)**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Carroll County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of  
4 Carroll County, from time to time, to borrow not more than \$28,500,000 in order  
5 to finance the construction, improvement, or development of certain public  
6 facilities in Carroll County, as herein defined, and to such borrowing by the  
7 issuance and sale at public or private sale of its general obligation bonds in like  
8 par amount empowering the County to fix and determine, by resolution, the  
9 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 Carroll  
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 roads, bridges and storm drains, public  
30 school buildings and facilities, landfills, Carroll Community College buildings and  
31 facilities, public operational buildings and facilities such as buildings and facilities for  
32 County administrative use, public safety, health and social services, libraries, refuse  
33 disposal buildings and facilities, and parks and recreation buildings and facilities,  
34 together with the costs of acquiring land or interests in land as well as any related  
35 architectural, financial, legal, planning, or engineering services.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
2 authorized to finance any part or all of the costs of the public facilities described in  
3 Section 1 of this Act, and to borrow money and incur indebtedness for those purposes,  
4 at one time or from time to time, in an amount not exceeding, in the aggregate,  
5 \$28,500,000 and to evidence such borrowing by the issuance and sale upon its full  
6 faith and credit of general obligation bonds in like par amount, which may be issued  
7 at one time or from time to time, in one or more groups or series, as the County may  
8 determine.

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

33 The bonds may be made redeemable before maturity, at the option of the County,  
34 at such price or prices and under such terms and conditions as may be fixed by the  
35 County prior to the issuance of the bonds, either in the resolution or in subsequent  
36 resolutions. The bonds may be issued in coupon or in registered form or both, and  
37 provision may be made for the registration of the principal only, or of both principal  
38 and interest, of bonds having coupons attached, and for the reconversion of bonds into  
39 coupon form if any bond has been registered as to both principal and interest. In case  
40 any officer whose signature appears on any bond or on any coupon attached thereto  
41 ceases to be such officer before the delivery thereof, such signature shall nevertheless  
42 be valid and sufficient for all purposes as if he had remained in office until such  
43 delivery. The bonds and the issuance and sale thereof shall be exempt from the  
44 provisions of Sections 9, 10, and 11 of Article 31 of the Annotated Code of Maryland.

45 The County may enter into agreements with agents, banks, fiduciaries,  
46 insurers, or others for the purpose of enhancing the marketability of any security for

1 the bonds and for the purpose of securing any tender option that may be granted to  
2 holders of the bonds, all as may be determined and presented in the aforesaid  
3 resolution, which may (but need not) state as security for the performance by the  
4 County of any monetary obligations under such agreements the same security given  
5 by the County to bondholders for the performance by the County of its monetary  
6 obligations under the bonds.

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

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

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

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

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

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

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

36 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations  
37 issued pursuant to the authority of this Act, their transfer, the interest payable  
38 thereon, and any income derived therefrom in the hands of the holders thereof from  
39 time to time (including any profit made in the sale thereof) shall be and are hereby  
40 declared to be at all times exempt from State, county, municipal, or other taxation of  
41 every kind and nature whatsoever within the State of Maryland. Nothing in this Act  
42 shall prevent the County from authorizing the issuance and sale of bonds the interest  
43 on which is not excludable from gross income for federal income tax purposes.

44 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow  
45 money and issue bonds conferred on the County by this Act shall be deemed to provide

1 an additional and alternative authority for borrowing money and shall be regarded as  
2 supplemental and additional to powers conferred upon the County by other laws and  
3 shall not be regarded as in derogation of any power now existing; and all Acts of the  
4 General Assembly of Maryland heretofore passed authorizing the County to borrow  
5 money are hereby continued to the extent that the powers contained in such Acts have  
6 not been exercised, and nothing contained in this Act may be construed to impair, in  
7 any way, the validity of any bonds that may have been issued by the County under the  
8 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,  
9 and approved. This Act, being necessary for the welfare of the inhabitants of Carroll  
10 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of  
11 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of  
12 such inconsistency.

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