

SENATE BILL 795

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F3

1999 Regular Session
9r2626
CF 9r2640

By: **Senators McFadden, Hoffman, Blount, Sfikas, Conway, Kelley,
Bromwell, and Hughes**

Constitutional Requirements Complied with for Introduction in the last 35 Days of
Session

Introduced and read first time: March 19, 1999

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Education - New Baltimore City Board of School Commissioners - Bonding**
3 **Authority**

4 FOR the purpose of authorizing the New Baltimore City Board of School
5 Commissioners to issue bonds for the acquisition, development, or improvement
6 of public school facilities in the Baltimore City Public School System;
7 establishing the rights and duties associated with the bonding authority; and
8 generally relating to the Baltimore City Public School System.

9 BY repealing and reenacting, with amendments,
10 Article - Education
11 Section 4-301
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 1998 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article - Education
16 Section 4-306
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 1998 Supplement)

19 BY adding to
20 Article - Education
21 Section 4-306.1 through 4-306.8
22 Annotated Code of Maryland
23 (1997 Replacement Volume and 1998 Supplement)

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

1 **Article - Education**

2 4-301.

3 (a) In this subtitle the following words have the meanings indicated.

4 (b) "Board" means the New Baltimore City Board of School Commissioners of
5 the Baltimore City Public School System.

6 (C) "BONDS" MEANS REVENUE BONDS, CERTIFICATES, NOTES, DEMAND
7 NOTES, COMMERCIAL PAPER, OTHER EVIDENCE OF INDEBTEDNESS, AND, WHERE
8 APPLICABLE, BOND ANTICIPATION NOTES.

9 [(c)] (D) "Chief Executive Officer" means the Chief Executive Officer of the
10 New Baltimore City Board of School Commissioners.

11 (E) "COSTS" AS APPLIED TO THE ACQUISITION, DEVELOPMENT, OR
12 IMPROVEMENT OF A PUBLIC SCHOOL FACILITY IN THE BALTIMORE CITY PUBLIC
13 SCHOOL SYSTEM MEANS ALL COSTS OF THE PROJECT, INCLUDING:

14 (1) THE COST OF ACQUISITION, CONSTRUCTION, RECONSTRUCTION,
15 EQUIPPING, MAINTENANCE, REPAIR, RENOVATION, AND OPERATION;

16 (2) THE COST OF ACQUISITION OF ALL LAND, RIGHTS-OF-WAY,
17 PROPERTY RIGHTS, EASEMENTS, AND INTERESTS ACQUIRED BY THE BOARD;

18 (3) THE COST OF ALL MACHINERY AND EQUIPMENT;

19 (4) FINANCE CHARGES AND INTEREST PRIOR TO AND DURING
20 CONSTRUCTION AND FOR 1 YEAR AFTER COMPLETION OF CONSTRUCTION;

21 (5) THE COST OF ARCHITECTURAL, ENGINEERING, AND LEGAL
22 EXPENSES, PLANS, SPECIFICATIONS, FEASIBILITY STUDIES, SURVEYS, ESTIMATES OF
23 COSTS AND REVENUE, AND OTHER EXPENSES NECESSARY OR DESIRABLE FOR
24 DETERMINING THE FEASIBILITY OR PRACTICABILITY OF CONSTRUCTION OF ANY
25 PUBLIC SCHOOL FACILITY;

26 (6) RESERVES FOR THE PAYMENT OF DEBT SERVICE, OPERATING
27 RESERVES, AND REPAIR AND REPLACEMENT FUNDS; AND

28 (7) ADMINISTRATIVE EXPENSES AND OTHER EXPENSES NECESSARY OR
29 ALLOCABLE TO ANY PROJECT, THE FINANCING OR REFINANCING OF A PUBLIC
30 SCHOOL FACILITY, THE ISSUANCE OF BONDS, AND THE PLACING OF ANY PROJECT IN
31 OPERATION.

32 (F) "PUBLIC SCHOOL FACILITY" MEANS A BUILDING, PARKING FACILITY,
33 ATHLETIC FACILITY, TESTING FACILITY, OR OTHER FACILITY IN THE CITY OF
34 BALTIMORE, NOW EXISTING OR HEREAFTER ACQUIRED, THAT IS USED BY THE
35 BOARD IN RELATION TO THE EDUCATION OF STUDENTS IN THE BALTIMORE CITY
36 PUBLIC SCHOOL SYSTEM.

1 4-306.

2 (a) There is a Chief Financial Officer in the Baltimore City Public School
3 System who shall:

4 (1) Be responsible for the day-to-day management and oversight of the
5 fiscal affairs of the Baltimore City Public School System; and

6 (2) Report directly to the Chief Executive Officer.

7 (b) The Chief Executive Officer shall, subject to the approval of the Board:

8 (1) Select the Chief Financial Officer; and

9 (2) Establish the salary of the Chief Financial Officer.

10 (c) The employment contract of the Chief Financial Officer shall provide that
11 continued employment is contingent on the effective fiscal management of the
12 Baltimore City public schools.

13 (d) The Chief Financial Officer is not a public officer under the Constitution or
14 the laws of the State.

15 4-306.1.

16 (A) IN ORDER TO PROVIDE PUBLIC SCHOOL FACILITIES, THE BOARD MAY:

17 (1) ACQUIRE, CONSTRUCT, RECONSTRUCT, EQUIP, MAINTAIN, REPAIR,
18 OR RENOVATE FACILITIES AT ANY LOCATION IN THE CITY OF BALTIMORE, NOW
19 EXISTING OR HEREAFTER ACQUIRED;

20 (2) (I) ISSUE BONDS FOR THE PURPOSE OF FINANCING OR
21 REFINANCING ALL OR ANY PART OF THE COSTS OF THE DEVELOPMENT OR
22 IMPROVEMENT OF A PUBLIC SCHOOL FACILITY; AND

23 (II) ISSUE BONDS FOR THE PURPOSE OF ACQUIRING ANY PUBLIC
24 SCHOOL FACILITY PREVIOUSLY FINANCED THROUGH ANOTHER MEANS;

25 (3) ESTABLISH ONE OR MORE TRUST FUNDS FOR THE DEPOSIT OF THE
26 PROCEEDS OF THE BONDS OF ANY ISSUE AND RETAIN THE INTEREST REVENUE OR
27 OTHER INVESTMENT INCOME FROM THE BONDS TO BE APPLIED TO THE COSTS OF
28 ACQUIRING, CONSTRUCTING, RECONSTRUCTING, RENOVATING, EQUIPPING,
29 MAINTAINING, REPAIRING, AND OPERATING PUBLIC SCHOOL FACILITIES;

30 (4) ACQUIRE, HOLD, AND DISPOSE OF REAL AND PERSONAL PROPERTY
31 IN THE EXERCISE OF ITS POWERS AND THE PERFORMANCE OF ITS DUTIES UNDER
32 THIS SUBTITLE;

33 (5) ENTER INTO ALL CONTRACTS AND AGREEMENTS NECESSARY OR
34 INCIDENTAL TO THE PERFORMANCE OF ITS DUTIES AND THE EXECUTION OF ITS
35 POWERS UNDER THIS SUBTITLE, EMPLOY CONSULTING ENGINEERS, ARCHITECTS,

1 ATTORNEYS, CONSTRUCTION AND FINANCIAL EXPERTS, AND OTHER EMPLOYEES
2 AND AGENTS, AND DETERMINE THEIR COMPENSATION;

3 (6) RECEIVE AND ACCEPT FROM THE UNITED STATES OF AMERICA OR
4 ANY AGENCY OF THE FEDERAL GOVERNMENT GRANTS AND LOANS FOR THE
5 PURPOSE OF FINANCING OR REFINANCING ALL OR ANY PART OF THE COSTS OF THE
6 ACQUISITION, DEVELOPMENT, OR IMPROVEMENT OF A PUBLIC SCHOOL FACILITY,
7 AND RECEIVE AND ACCEPT AID OR CONTRIBUTIONS FROM ANY SOURCES OF MONEY,
8 PROPERTY, LABOR, OR OTHER THINGS OF VALUE, TO BE HELD, USED, AND APPLIED
9 FOR THE PURPOSES FOR WHICH THE GRANTS AND CONTRIBUTIONS WERE MADE;
10 AND

11 (7) PERFORM ALL ACTS AND THINGS NECESSARY TO CARRY OUT THE
12 POWERS EXPRESSLY GRANTED BY THE PROVISIONS OF THIS SUBTITLE.

13 (B) (1) THE AGGREGATE PRINCIPAL AMOUNT OF BONDS OUTSTANDING,
14 LESS THE AMOUNT OF ANY RESERVE FUND REQUIREMENT ESTABLISHED FOR THE
15 BONDS, MAY NOT EXCEED, AS OF THE DATE THAT THE BONDS ARE ISSUED,
16 \$25,000,000 ANNUALLY OR \$25,000,000 FOR AN ISSUANCE OF BONDS.

17 (2) THE BOARD MAY ISSUE BONDS FOR:

18 (I) THE FINANCING OF ALL OR ANY PART OF THE COSTS OF THE
19 ACQUISITION, DEVELOPMENT, OR IMPROVEMENT OF ANY PUBLIC SCHOOL FACILITY;
20 OR

21 (II) THE REFINANCING OF ALL OR ANY PART OF THE COSTS OF THE
22 ACQUISITION, DEVELOPMENT, OR IMPROVEMENT OF ANY PUBLIC SCHOOL FACILITY
23 FOR WHICH BONDS WERE ISSUED PREVIOUSLY UNDER THE AUTHORITY OF THIS
24 SUBTITLE.

25 (3) (I) ANY BONDS ISSUED UNDER THE REQUIREMENTS OF THIS
26 SUBTITLE TO FINANCE THE ACQUISITION, DEVELOPMENT, OR IMPROVEMENT OF A
27 PUBLIC SCHOOL FACILITY SHALL MATURE AT SUCH TIMES NOT EXCEEDING THE
28 USEFUL LIFE OF THE PUBLIC SCHOOL FACILITY FOR WHICH THE BONDS ARE ISSUED,
29 BUT NOT LATER THAN 15 YEARS AFTER THEIR RESPECTIVE DATES OF ISSUE, AS MAY
30 BE DETERMINED BY THE BOARD.

31 (II) ANY BONDS ISSUED TO REFINANCE THE ACQUISITION,
32 DEVELOPMENT, OR IMPROVEMENT OF A PUBLIC SCHOOL FACILITY SHALL MATURE
33 NOT LATER THAN 15 YEARS AFTER THE DATE OF ISSUANCE OF THE BONDS THAT
34 WERE ORIGINALLY ISSUED FOR THE PUBLIC SCHOOL FACILITY AUTHORIZED UNDER
35 THE REQUIREMENTS OF THIS SECTION.

36 (C) (1) THE BOARD SHALL MAINTAIN RECORDS IDENTIFYING THE SOURCES
37 AND AMOUNTS OF PAYMENTS USED TO SUPPORT THE ACQUISITION, DEVELOPMENT,
38 OR IMPROVEMENT OF THE PUBLIC SCHOOL FACILITIES AUTHORIZED UNDER THE
39 REQUIREMENT OF THIS SUBTITLE.

1 (2) THE BOARD SHALL REPORT CONCERNING THE ACQUISITION,
2 DEVELOPMENT, AND IMPROVEMENT OF PUBLIC SCHOOL FACILITIES ANNUALLY:

3 (I) BY SEPTEMBER 1, TO THE BOARD OF PUBLIC WORKS AND,
4 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL
5 ASSEMBLY, CONCERNING SOURCES OF INCOME AND PAYMENTS OF DEBT SERVICE
6 DURING THE PREVIOUS FISCAL YEAR; AND

7 (II) BY DECEMBER 1, SUBJECT TO § 2-1246 OF THE STATE
8 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, CONCERNING THE
9 ANTICIPATED SOURCES AND AMOUNTS OF PAYMENTS OF DEBT SERVICE
10 ANTICIPATED FOR THE NEXT FISCAL YEAR.

11 4-306.2.

12 (A) (1) THE BOARD MAY PROVIDE FROM TIME TO TIME, BY RESOLUTION,
13 FOR THE ISSUANCE, IN A SERIES, OF ITS BONDS FOR FINANCING OR REFINANCING
14 ALL OR ANY PART OF THE COSTS OF THE ACQUISITION, DEVELOPMENT, OR
15 IMPROVEMENT OF ANY PUBLIC SCHOOL FACILITY IN THE BALTIMORE CITY PUBLIC
16 SCHOOL SYSTEM.

17 (2) THE RESOLUTION SHALL DESCRIBE THE PUBLIC SCHOOL FACILITY,
18 THE ACQUISITION, DEVELOPMENT OR IMPROVEMENT OF WHICH IS TO BE FINANCED
19 OR REFINANCED BY THE BONDS, THE MAXIMUM PRINCIPAL AMOUNT OF THE BONDS,
20 AND THE SOURCES OF PAYMENT OF THE BONDS FOR THE FACILITY.

21 (3) (I) THE PRINCIPAL OF THE PREMIUM, IF ANY, AND INTEREST ON
22 THE BONDS FOR THE ACQUISITION, DEVELOPMENT, OR IMPROVEMENT OF PUBLIC
23 SCHOOL FACILITIES SHALL BE PAYABLE FROM ANY SOURCE OF FUNDING TO WHICH
24 THE BOARD HAS ACCESS.

25 (II) THE BOARD SHALL MAINTAIN SEPARATE ACCOUNTS TO
26 IDENTIFY THE SOURCES OF PAYMENT OF THE BONDS FOR THE ACQUISITION,
27 DEVELOPMENT, OR IMPROVEMENT OF PUBLIC SCHOOL FACILITIES.

28 (B) (1) (I) THE BONDS OF EACH ISSUE FOR A PUBLIC SCHOOL FACILITY
29 SHALL BE DATED AND SHALL BEAR INTEREST AT A RATE OR RATES DETERMINED BY
30 THE BOARD.

31 (II) THE INTEREST MAY BE CALCULATED IN ACCORDANCE WITH
32 ANY METHOD DETERMINED BY THE BOARD.

33 (2) THE BONDS OF EACH ISSUE FOR A PUBLIC SCHOOL FACILITY SHALL
34 MATURE AT A TIME OR TIMES NOT EXCEEDING THE USEFUL LIFE OF THE PROJECT
35 FOR WHICH THE BONDS ARE ISSUED, BUT IN NO EVENT SHALL EXCEED 15 YEARS
36 FROM THEIR DATE OR DATES OF ISSUE, AS MAY BE DETERMINED BY THE BOARD.

37 (3) THE BONDS OF EACH ISSUE MAY BE MADE REDEEMABLE BEFORE
38 MATURITY AT A PRICE OR PRICES AND UNDER TERMS AND CONDITIONS OR IN

1 ACCORDANCE WITH A METHOD THAT THE BOARD HAS FIXED PRIOR TO THE
2 ISSUANCE OF THE BONDS.

3 (4) THE BOARD SHALL DETERMINE THE FORM OF THE BONDS,
4 INCLUDING ANY INTEREST COUPONS TO BE ATTACHED TO THEM, AND SHALL FIX
5 THE DENOMINATION OR DENOMINATIONS OF THE BONDS AND THE PLACE OR
6 PLACES OF PAYMENT OF PRINCIPAL AND INTEREST, WHICH MAY BE AT ANY BANK OR
7 TRUST COMPANY.

8 (C) (1) THE BONDS SHALL BEAR THE MANUAL OR FACSIMILE SIGNATURE
9 OF THE CHIEF EXECUTIVE OFFICER OR ONE OF THE OTHER MEMBERS OF THE
10 BOARD.

11 (2) THE OFFICIAL SEAL OF THE BOARD OR A FACSIMILE OF THE SEAL
12 SHALL BE AFFIXED TO THE BONDS, ATTESTED BY THE MANUAL OR FACSIMILE
13 SIGNATURE OF THE SECRETARY OR ANY ASSISTANT SECRETARY OF THE BOARD.

14 (3) IN CASE ANY OFFICER WHOSE MANUAL OR FACSIMILE SIGNATURE
15 APPEARS ON ANY BONDS OR COUPONS CEASES TO BE AN OFFICER BEFORE THE
16 DELIVERY OF THE BONDS, THE SIGNATURE OR FACSIMILE OF THE FORMER OFFICER
17 IS VALID AND SUFFICIENT FOR ALL PURPOSES AS IF THE OFFICER HAD REMAINED IN
18 OFFICE UNTIL DELIVERY.

19 (D) (1) ALL BONDS ISSUED UNDER THE PROVISIONS OF THIS SUBTITLE
20 SHALL HAVE ALL THE QUALITIES AND INCIDENTS OF NEGOTIABLE INSTRUMENTS
21 UNDER THE LAWS OF THE STATE RELATING TO NEGOTIABLE INSTRUMENTS.

22 (2) (I) THE BONDS MAY BE ISSUED IN COUPON, REGISTERED, OR
23 BOOK ENTRY FORM OR ANY COMBINATION OF THE FORMS.

24 (II) THE BOARD MAY SELL BONDS AT A PUBLIC OR PRIVATE SALE
25 FOR ANY PRICE.

26 (E) (1) THE PROCEEDS OF THE BONDS OF EACH ISSUE SHALL BE USED:

27 (I) FOR THE PAYMENT OF THE FINANCING OR REFINANCING OF,
28 OR REIMBURSEMENT TO, THE BOARD OF THE COSTS OF THE ACQUISITION,
29 DEVELOPMENT, OR IMPROVEMENT OF A PUBLIC SCHOOL FACILITY FOR WHICH THE
30 BONDS ARE ISSUED;

31 (II) FOR THE ACQUISITION, DEVELOPMENT, OR IMPROVEMENT OF
32 A PUBLIC SCHOOL FACILITY PREVIOUSLY FINANCED THROUGH ANOTHER MEANS;
33 OR

34 (III) FOR ANY COMBINATION OF ITEMS (I) AND (II) OF THIS
35 PARAGRAPH.

36 (2) (I) THE PROCEEDS OF THE BONDS OF EACH ISSUE SHALL BE
37 DISBURSED UNDER THE TERMS AND CONDITIONS OF THE RESOLUTION OR TRUST
38 AGREEMENT RELATING TO THE BONDS.

1 (II) THE RESOLUTION OR TRUST AGREEMENT MAY PROVIDE FOR
2 THE ISSUANCE OF ADDITIONAL BONDS TO FINANCE OR REFINANCE ANY PUBLIC
3 SCHOOL FACILITY THAT WAS AUTHORIZED UNDER THE REQUIREMENTS OF THIS
4 SUBTITLE.

5 (III) UNLESS OTHERWISE PROVIDED IN THE RESOLUTION
6 AUTHORIZING THE ISSUANCE OF THE BONDS OR IN THE TRUST AGREEMENT
7 SECURING THEM, THE ADDITIONAL BONDS SHALL BE DEEMED TO BE OF THE SAME
8 ISSUE AND SHALL BE ENTITLED TO PAYMENT FROM THE SAME SOURCES WITHOUT
9 PREFERENCE OR PRIORITY OF THE BONDS FIRST ISSUED.

10 (F) (1) PRIOR TO THE PREPARATION OF DEFINITIVE BONDS, THE BOARD,
11 UNDER LIKE RESTRICTIONS, MAY ISSUE INTERIM RECEIPTS OR TEMPORARY BONDS,
12 WITH OR WITHOUT COUPONS, EXCHANGEABLE FOR DEFINITIVE BONDS WHEN THE
13 BONDS ARE EXECUTED AND AVAILABLE FOR DELIVERY.

14 (2) THE RESOLUTION OR TRUST AGREEMENT MAY PROVIDE FOR THE
15 REPLACEMENT OF ANY BONDS MUTILATED, DESTROYED, OR LOST.

16 (G) (1) BONDS MAY BE ISSUED UNDER THE PROVISIONS OF THIS SUBTITLE:

17 (I) WITHOUT OBTAINING THE CONSENT OF ANY DEPARTMENT,
18 DIVISION, COMMISSION, BOARD, BUREAU, OR AGENCY OF THE STATE; OR

19 (II) WITHOUT ANY OTHER PROCEEDINGS OR THE OCCURRENCE OF
20 ANY OTHER CONDITIONS OTHER THAN THOSE PROCEEDINGS OR CONDITIONS THAT
21 ARE REQUIRED SPECIFICALLY BY PROVISIONS OF THIS SUBTITLE.

22 (2) THE PROVISIONS OF TITLE 8, SUBTITLE 2 OF THE STATE FINANCE
23 AND PROCUREMENT ARTICLE DO NOT APPLY TO BONDS ISSUED UNDER THE
24 PROVISIONS OF THIS SUBTITLE.

25 (H) (1) ANY BONDS ISSUED UNDER THIS SUBTITLE DO NOT CREATE OR
26 CONSTITUTE ANY INDEBTEDNESS OR OBLIGATION OF THE STATE OR OF ANY
27 POLITICAL SUBDIVISION OF THE STATE EXCEPT THE NEW BALTIMORE CITY BOARD
28 OF SCHOOL COMMISSIONERS, AND THE BONDS SHALL SO STATE ON THEIR FACE.

29 (2) THE BONDS DO NOT CONSTITUTE A DEBT OR OBLIGATION
30 CONTRACTED BY THE GENERAL ASSEMBLY OR PLEDGE THE FAITH AND CREDIT OF
31 THE STATE WITHIN THE MEANING OF ARTICLE III, § 34 OF THE MARYLAND
32 CONSTITUTION.

33 (I) (1) UNDER THE RESOLUTION OR TRUST AGREEMENT, THE BOARD MAY
34 PLEDGE TO THE PAYMENT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND
35 INTEREST ON THE BONDS:

36 (I) ALL OR ANY PART OF THE FEES GENERATED BY AN ACTIVITY
37 OF THE BOARD;

1 (II) THE PROCEEDS OF THE BONDS AND INVESTMENT EARNINGS
2 THEREON;

3 (III) ANY GRANT OR GIFT RECEIVED BY THE BOARD;

4 (IV) RESERVES OR OTHER FUNDS ESTABLISHED FOR THE BONDS
5 UNDER THE RESOLUTION OR TRUST AGREEMENT; OR

6 (V) ANY MONEYS WHICH MAY LAWFULLY BE APPLIED TO THE
7 PAYMENT OF THE BONDS.

8 (2) PRIOR TO AND DURING CONSTRUCTION AND FOR 1 YEAR AFTER
9 COMPLETION OF CONSTRUCTION OF ANY PUBLIC SCHOOL FACILITY FOR WHICH
10 BONDS HAVE BEEN ISSUED, THE INTEREST ON THE BONDS MAY BE PAID OUT OF THE
11 PROCEEDS OF THE BONDS OR OUT OF OTHER MONEYS ALLOCATED FOR THAT
12 PURPOSE.

13 (J) (1) (I) THE BOARD MAY PROVIDE, FROM TIME TO TIME, FOR THE
14 ISSUANCE AND SALE OF ITS BOND ANTICIPATION NOTES IN ACCORDANCE WITH THE
15 PROCEDURES SET FORTH IN THIS SUBTITLE FOR THE ISSUANCE OF BONDS.

16 (II) THE PRINCIPAL OF, THE PREMIUM, IF ANY, AND INTEREST ON
17 THE NOTES SHALL BE PAYABLE OUT OF THE FIRST PROCEEDS OF THE SALE OF ANY
18 SERIES OF BONDS ISSUED UNDER THE PROVISIONS OF THIS SUBTITLE OR ANY
19 OTHER SOURCES FROM WHICH BONDS ISSUED UNDER THIS SUBTITLE COULD BE
20 PAID.

21 (2) (I) BOND ANTICIPATION NOTES MAY BE ISSUED IN SERIES AS
22 FUNDS ARE REQUIRED AND MAY BE RENEWED OR EXTENDED AT MATURITY WITH OR
23 WITHOUT RESALE.

24 (II) ALL SUCH NOTES SHALL BE SOLD AND EXECUTED IN THE SAME
25 MANNER AS PROVIDED FOR BONDS ISSUED PURSUANT TO THIS SUBTITLE.

26 (3) EXCEPT WHERE THE PROVISIONS OF THIS SUBTITLE WOULD BE
27 INAPPLICABLE TO BOND ANTICIPATION NOTES, THE TERM "BONDS" USED IN THIS
28 SUBTITLE SHALL INCLUDE BOND ANTICIPATION NOTES, INCLUDING THE
29 PROVISIONS PERTAINING TO THE EXEMPTION FROM TAXATION BY THE STATE AND
30 ITS POLITICAL SUBDIVISIONS.

31 (K) (1) IN CONNECTION WITH THE ISSUANCE OF ANY BONDS, THE BOARD
32 MAY:

33 (I) OBTAIN OR ENTER INTO AGREEMENTS AND CONTRACTS FOR
34 BOND INSURANCE, RESERVE FUND INSURANCE, A LETTER OF CREDIT, A LINE OF
35 CREDIT, OR ANY FORM OF ADDITIONAL, SUBSTITUTE, OR REPLACEMENT SECURITY
36 FOR ANY BONDS; AND

37 (II) PLEDGE OR ASSIGN ALL OR ANY PART OF THE FUNDS OF THE
38 BOARD TO THE REPAYMENT OR REIMBURSEMENT OF THE PROVIDER OF THE BOND

1 INSURANCE, RESERVE FUND INSURANCE, LETTER OF CREDIT, LINE OF CREDIT, OR
2 OTHER FORM OF ADDITIONAL, SUBSTITUTE, OR REPLACEMENT SECURITY.

3 (2) ANY OF THE AGREEMENTS AND CONTRACTS MAY CONTAIN THE
4 COVENANTS, TERMS, AND CONDITIONS AS MAY BE CONTAINED IN ANY TRUST
5 AGREEMENT FOR ANY BONDS.

6 4-306.3.

7 (A) ANY BONDS ISSUED UNDER THE PROVISIONS OF THIS SUBTITLE MAY BE
8 SECURED BY A TRUST AGREEMENT BETWEEN THE NEW BALTIMORE CITY BOARD OF
9 SCHOOL COMMISSIONERS AND A CORPORATE TRUSTEE, WHICH MAY BE ANY TRUST
10 COMPANY OR BANK HAVING THE POWERS OF A TRUST COMPANY.

11 (B) ANY TRUST AGREEMENT MAY PLEDGE OR ASSIGN ALL OR ANY PART OF
12 THE BOARD'S FUNDS OR ASSETS.

13 (C) ANY TRUST AGREEMENT OR ANY RESOLUTION PROVIDING FOR THE
14 ISSUANCE OF BONDS MAY CONTAIN PROVISIONS FOR PROTECTING AND ENFORCING
15 THE RIGHTS AND REMEDIES OF THE BONDHOLDERS THAT ARE REASONABLE AND
16 PROPER AND NOT IN VIOLATION OF LAW, INCLUDING COVENANTS THAT SHALL
17 INCLUDE:

18 (1) THE DUTIES OF THE BOARD IN RELATION TO THE ACQUISITION OF
19 PROPERTY, AND THE CONSTRUCTION, IMPROVEMENT, MAINTENANCE, REPAIR,
20 OPERATION, USE, AND INSURANCE OF ANY PUBLIC SCHOOL FACILITIES AUTHORIZED
21 UNDER THE REQUIREMENTS OF THIS SUBTITLE;

22 (2) THE DUTIES OF THE BOARD IN RELATION TO ITS FUNDS;

23 (3) THE CUSTODY, SAFEGUARDING, AND APPLICATION OF ALL MONEYS;
24 AND

25 (4) PROVISIONS FOR THE EMPLOYMENT OF THE INTERAGENCY
26 COMMISSION ON SCHOOL CONSTRUCTION IN CONNECTION WITH THE
27 CONSTRUCTION OR OPERATION OF PUBLIC SCHOOL FACILITIES FOR THE
28 BALTIMORE CITY PUBLIC SCHOOL SYSTEM.

29 (D) ANY BANK OR TRUST COMPANY INCORPORATED UNDER THE LAWS OF THE
30 STATE THAT ACTS AS A DEPOSITORY OF THE PROCEEDS OF THE BONDS MAY
31 FURNISH INDEMNIFYING BONDS OR PLEDGE SECURITIES AS REQUIRED BY THE
32 BOARD.

33 (E) ANY TRUST AGREEMENT OR ANY RESOLUTION PROVIDING FOR THE
34 ISSUANCE OF BONDS MAY PROVIDE THE RIGHTS AND REMEDIES OF BONDHOLDERS
35 AND TRUSTEES, AND MAY RESTRICT THE INDIVIDUAL RIGHT OF ACTION BY
36 BONDHOLDERS.

37 (F) ANY TRUST AGREEMENT OR ANY RESOLUTION MAY CONTAIN OTHER
38 PROVISIONS THAT THE BOARD DEEMS REASONABLE AND PROPER FOR THE

1 SECURITY OF THE BONDHOLDERS, INCLUDING COVENANTS PERTAINING TO THE
2 ISSUANCE OF ADDITIONAL PARITY BONDS UPON STATED CONDITIONS.

3 (G) THE RESOLUTION PROVIDING FOR THE ISSUANCE OF BONDS IS A TRUST
4 AGREEMENT IF IT SO STIPULATES.

5 (H) ALL EXPENSES INCURRED IN CARRYING OUT THE PROVISIONS OF ANY
6 TRUST AGREEMENT OR ANY RESOLUTION MAY BE TREATED AS A PART OF THE COST
7 OF THE OPERATIONS OF THE BOARD.

8 (I) ALL MONEYS RECEIVED BY THE BOARD AS PROCEEDS FROM THE SALE OF
9 BONDS AUTHORIZED BY THIS SUBTITLE SHALL BE DEEMED TO BE TRUST FUNDS TO
10 BE HELD AND APPLIED AS PROVIDED BY THE PROVISIONS OF THIS SUBTITLE.

11 4-306.4.

12 (A) THE EXERCISE OF THE POWERS GRANTED BY THE PROVISIONS OF THIS
13 SUBTITLE SHALL BE FOR THE BENEFIT OF THE STUDENTS WHO ATTEND THE PUBLIC
14 SCHOOLS UNDER THE BOARD AND FOR THE IMPROVEMENT OF THEIR EDUCATION,
15 PROSPERITY, HEALTH, LIVING CONDITIONS, AND GENERAL WELFARE.

16 (B) THE BOARD MAY NOT BE REQUIRED TO PAY ANY TAXES OR ASSESSMENTS
17 ON ANY BUILDING OR BUILDINGS OR ANY PROPERTY, REAL, PERSONAL, OR MIXED,
18 ACQUIRED OR USED UNDER THE PROVISIONS OF THIS SUBTITLE.

19 (C) BONDS ISSUED UNDER THE PROVISIONS OF THIS SUBTITLE, THEIR
20 TRANSFER AND INCOME, INCLUDING ANY PROFIT MADE ON THEIR SALE, ARE FREE
21 FROM TAXATION BY THE STATE OR BY ANY OF ITS POLITICAL SUBDIVISIONS, OR BY
22 ANY TOWN OR INCORPORATED MUNICIPALITY OR ANY OTHER PUBLIC AGENCY
23 WITHIN THE STATE.

24 4-306.5.

25 (A) THE BOARD MAY PROVIDE, BY RESOLUTION, FOR THE ISSUANCE OF
26 BONDS FOR THE PURPOSE OF REFUNDING ANY BONDS THEN OUTSTANDING,
27 INCLUDING THE PAYMENT OF ANY REDEMPTION PREMIUM AND ANY INTEREST
28 ACCRUED OR THAT MAY ACCRUE TO THE DATE OF REDEMPTION OF THE BONDS AND
29 ANY ISSUANCE COSTS OF REFUNDING THE BONDS.

30 (B) THE PROVISIONS OF THIS SUBTITLE GOVERN:

- 31 (1) THE ISSUANCE OF THE REFUNDING BONDS;
- 32 (2) THEIR MATURITIES AND OTHER DETAILS;
- 33 (3) THE RIGHTS AND REMEDIES OF THE BONDHOLDER;
- 34 (4) THE SECURITY FOR THE REFUNDING OF THE BONDS; AND
- 35 (5) THE RIGHTS, DUTIES, AND OBLIGATIONS OF THE BOARD.

1 4-306.6.

2 (A) BONDS ISSUED UNDER THE PROVISIONS OF THIS SUBTITLE ARE
3 SECURITIES IN WHICH ALL OF THE FOLLOWING MAY LEGALLY AND PROPERLY
4 INVEST FUNDS, INCLUDING CAPITAL IN THEIR CONTROL OR BELONGING TO THEM:

5 (1) PUBLIC OFFICERS AND PUBLIC AGENCIES OF THE STATE AND ITS
6 POLITICAL SUBDIVISIONS, EXCEPT OFFICIALS OF THE BOARD;

7 (2) BANKS, TRUST COMPANIES, SAVINGS AND LOAN ASSOCIATIONS,
8 INVESTMENT COMPANIES, AND OTHERS CARRYING ON A BANKING BUSINESS;

9 (3) INSURANCE COMPANIES AND INSURANCE ASSOCIATIONS AND
10 OTHERS CARRYING ON AN INSURANCE BUSINESS;

11 (4) ADMINISTRATORS, EXECUTORS, GUARDIANS, TRUSTEES, AND OTHER
12 FIDUCIARIES; AND

13 (5) ALL OTHER PERSONS.

14 (B) THE BONDS ARE SECURITIES THAT PROPERLY AND LEGALLY MAY BE
15 DEPOSITED WITH AND RECEIVED BY ANY STATE OR MUNICIPAL OFFICE OR ANY
16 AGENCY OR POLITICAL SUBDIVISION OF THE STATE FOR ANY PURPOSE FOR WHICH
17 THE DEPOSIT OF BONDS OR OTHER OBLIGATIONS OF THE STATE IS NOW OR
18 HEREAFTER AUTHORIZED BY LAW.

19 4-306.7.

20 (A) THE TITLE TO ANY PROPERTY ACQUIRED OR CONSTRUCTED UNDER THE
21 PROVISIONS OF THIS SUBTITLE SHALL BE IN THE NAME OF THE BOARD.

22 (B) (1) THE STATE CONSENTS TO THE USE OF ANY LANDS OWNED BY IT FOR
23 THE USE OF THE BOARD THAT MAY BE SUITABLE AND NECESSARY FOR THE
24 CONSTRUCTION OR OPERATION OF ANY OF THE PUBLIC SCHOOL FACILITIES
25 AUTHORIZED BY THE PROVISIONS OF THIS SUBTITLE; AND

26 (2) THE STATE COVENANTS THAT IT WILL NOT REVOKE THIS CONSENT
27 DURING THE TERM OF BONDS ISSUED UNDER THIS SUBTITLE.

28 4-306.8.

29 (A) THE PROVISIONS OF THIS SUBTITLE, BEING NECESSARY FOR THE
30 WELFARE OF THE CITY OF BALTIMORE AND ITS INHABITANTS, SHALL BE LIBERALLY
31 CONSTRUED TO EFFECT THE PURPOSES OF THE PROVISIONS.

32 (B) THE PROVISIONS OF THIS SUBTITLE ARE SEVERABLE, AND IF ANY OF THE
33 PROVISIONS SHALL BE HELD UNCONSTITUTIONAL BY ANY COURT OF COMPETENT
34 JURISDICTION, THE DECISION OF THE COURT MAY NOT AFFECT OR IMPAIR ANY OF
35 THE REMAINING PROVISIONS.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 1999.