

BY: Appropriations Committee

AMENDMENTS TO SENATE BILL NO. 738

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike in its entirety line 2, and substitute "Local Government - Debt Authorization"; in lines 8, 11, 13, 14, 16, and 21, in each instance, strike "the County" and substitute "Carroll County"; strike beginning with "and" in line 23 down through "bonds" in line 24 and substitute "; authorizing and empowering the County Commissioners of Frederick County, from time to time, to borrow not more than \$3,000,000 in order to finance the cost of construction of certain buildings and facilities for the use and benefit of the Tourism Council of Frederick County, Inc. in Frederick County, as herein defined, and to effect such borrowing by the issuance and sale at public or private sale of its general obligation bonds in like principal amount; empowering Frederick County to fix and determine, by resolution, the form, tenor, interest rate or rates or method of determining the same, terms, conditions, maturities, and all other details incident to the issuance and sale of the bonds; empowering Frederick County to issue refunding bonds for the purchase or redemption of bonds in advance of maturity; empowering and directing Frederick County to levy, impose, and collect, annually, ad valorem taxes in rate and amount sufficient to provide funds for the payment of the maturing principal of and interest on the bonds; exempting the bonds and refunding bonds and the interest thereon and any income derived therefrom from all State, county, municipal, and other taxation in the State of Maryland; providing that nothing in this Act shall prevent Frederick County from authorizing the issuance and sale of bonds the interest on which is not excludable from gross income for federal income tax purposes; and generally relating to the issuance and sale of the bonds by Frederick County and Carroll County".

AMENDMENT NO. 2

On page 1, in line 26, strike "herein" and substitute "in this section and Sections 2, 3, 4, 5, 6, 7, 8, and 9 of this Act".

AMENDMENT NO. 3

On page 5, in line 43, after "That" insert ", as used in this section and Sections 11, 12, 13, 14,

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15, 16, 17, and 18 of this Act, the term "County" means the body politic and corporate of the State of Maryland known as the County Commissioners of Frederick County, and the term "construction of additions and improvements of the Tourism Council of Frederick County, Inc." means the cost of planning, acquisition, alteration, renovation, construction, reconstruction, demolition, development, improvement, expansion, and modernization of buildings and facilities for the use and benefit of the Tourism Council of Frederick County, Inc., including architectural, engineering, financial, legal, and other professional services, plans, specifications, studies, surveys, estimates of costs and of revenues, administrative expenses necessary or incident of determining the feasibility or practicability of the project and the development of the grounds and landscaping thereof, all customary permanent appurtenances, furnishings and equipment appropriate to the full use thereof, financing charges, interest prior to and during construction (and if deemed necessary by the County for a limited period after completion of construction), reserves for principal and interest and for extensions, enlargements, additions and improvements, and such other expenses as may be necessary or incident to the construction of additions and improvements of the Tourism Council of Frederick County, Inc., and the financing or refinancing of such additions and improvements including expenses of issuance of the bonds herein authorized. "Tourism Council of Frederick County, Inc." means the private nonsectarian corporation that operates the Frederick Tourism Council in Frederick County.

SECTION 11. AND BE IT FURTHER ENACTED, That the County is hereby authorized, but is in no way obligated, to finance any part or all of the costs of the facilities described in Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at one time or from time to time, in an amount not exceeding, in the aggregate, \$3,000,000 and to evidence such borrowing by the issuance and sale upon its full faith and credit of general obligation bonds in like par amount, which may be issued at one time or from time to time, in one or more groups or series, as the County may determine.

SECTION 12. AND BE IT FURTHER ENACTED, That the bonds shall be issued pursuant to a resolution of the County, which shall describe generally the projects of the construction of additions to and improvements of the Tourism Council of Frederick County, Inc. for which the proceeds of the bond sale are intended and the amount needed for those purposes. The County shall have and is hereby granted full and complete authority and discretion to determine whether or not to issue the bonds hereby authorized and in the resolution to fix and determine with respect to the bonds of any issue: the designation, date of issue, denomination or denominations, form or forms, and tenor

of the bonds; the rate or rates of interest payable thereon, or the method of determining the same, which may include a variable rate; the date or dates and amount or amounts of maturity, which need not be in equal par amounts or in consecutive annual installments, provided only that no bond of any issue shall mature later than 35 years from the date of its issue; the manner of selling the bonds, which may be at either public or private sale, for such price or prices as may be determined to be for the best interests of Frederick County; the manner of executing and sealing the bonds, which may be by facsimile; the terms and conditions, if any, under which bonds may be tendered for payment or purchase prior to their stated maturity; the terms or conditions, if any, under which bonds may or shall be redeemed prior to their stated maturity; the place or places of payment of the principal of and the interest on the bonds, which may be at any bank or trust company within or without the State of Maryland; covenants relating to compliance with applicable requirements of federal income tax law, including covenants regarding the payment of rebate or penalties in lieu of rebate; covenants relating to compliance with applicable requirements of federal or state securities laws; and generally all matters incident to the terms, conditions, issuance, sale, and delivery thereof.

The County may enter into agreements with agents, banks, fiduciaries, insurers, or others for the purpose of enhancing the marketability of any security for the bonds and for the purpose of securing any tender option that may be granted to holders of the bonds.

In case any officer whose signature appears on any bond or on any coupon attached thereto ceases to be such officer before the delivery thereof, such signature shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery. The bonds and the issuance and sale thereof shall be exempt from the provisions of Sections 2C, 9, 10, and 11 of Article 31 of the Annotated Code of Maryland.

If the County determines in the resolution to offer any of the bonds by solicitation of competitive bids at public sale, the resolution shall fix the terms and conditions of the public sale and shall adopt a form of notice of sale, which shall outline the terms and conditions, and a form of advertisement, which shall be published in one or more daily or weekly newspapers having a general circulation in the County and which may also be published in one or more journals having a circulation primarily among banks and investment bankers. Any public sale of the bonds shall be held no sooner than ten days following the first publication of notice of sale.

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Upon delivery of any bonds to the purchaser or purchasers, payment therefor shall be made to the Treasurer of Frederick County or such other official of Frederick County as may be designated to receive such payment in a resolution passed by the County Commissioner of Frederick County before delivery. For purposes of issuance and sale, bonds authorized hereunder may be consolidated into a single issue with any other bonds authorized to be issued by the County.

SECTION 13. AND BE IT FURTHER ENACTED, That the net proceeds of the sale of bonds shall be used and applied exclusively and solely for the public facilities for which the bonds are sold. If the net proceeds of the sale of any issue of bonds exceeds the amount needed to finance the construction of buildings and improvements for the Tourism Council of Frederick County, Inc., described in the resolution, the excess funds so borrowed and not expended shall be applied to the payment of the next principal maturity of the bonds or to the redemption of any part of the bonds which have been made redeemable or to the purchase and cancellation of bonds, as the County may determine to be in its best interest. The authority granted under this Act shall not be exercised nor shall any of the proceeds of the sale of bonds be used or applied, in any manner which would cause any bonds, refunding bonds, or temporary bonds issued hereunder to be deemed "arbitrage bonds" within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended.

This Act authorizes and empowers, but in no way obligates, the County to issue the bonds described herein. The County has full and complete authority and discretion to determine whether or not to issue the bonds. It is the intent of this Act that the County be vested with full discretion and authority to determine what portion, if any, of the cost of any construction of buildings and improvements of the Tourism Council of Frederick County, Inc., shall be paid from the proceeds of general obligation bonds authorized pursuant to this Act and that the County may provide or require such conditions for the loan of the proceeds of such bonds to the Tourism Council of Frederick County, Inc., as the County deems necessary or appropriate. The County is further expressly authorized to agree that construction of buildings and improvements for the Tourism Council of Frederick County, Inc., may be financed in whole or in part from the proceeds of: (i) general obligation bonds issued pursuant to this Act or any other Act authorizing the issuance of general obligation bonds of the County for such purpose, or (ii) revenue bonds issued pursuant to any authority authorizing the issuance of revenue bonds to finance the improvements, or (iii) any combination of (i) and (ii); in connection with such agreement (without in any way creating any limitation on the discretion of the County) the County may further agree, in its discretion, that any interest (actual or implied) of the County in the Tourism Council or in any receipts or assets of the

Tourism Council may be subordinated to the interests of the holders of any revenue bonds issued to finance the Tourism Council improvements, all as may be determined in the absolute discretion of the County.

The County may choose to take title to such buildings in its own name and to lease the same to the Tourism Council of Frederick County, Inc. The County is further authorized to issue bonds hereunder to pay its share of the costs of buildings and improvements for the use and benefit of the Tourism Council of Frederick County, Inc., which may be owned by another governmental or nonprofit entity, including but not limited to, the State of Maryland or the City of Frederick.

SECTION 14. AND BE IT FURTHER ENACTED, That the County may enter into an agreement or agreements with the Tourism Council of Frederick County, Inc., pursuant to which that corporation shall be required to make periodic payments from the Tourism Council's revenues or other assets to the County at such times and in such amounts to assure the timely payment of the maturing principal of and interest on said bonds and any expenses of the County in connection therewith. However, the bonds hereby authorized shall constitute, and they shall so recite, an irrevocable pledge of the full faith and credit and unlimited taxing power of the County to the payment of the maturing principal of and interest on the bonds as and when they become payable. In each and every fiscal year that any of the bonds are outstanding, the County shall levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of Frederick County in rate and amount sufficient to provide for or assure the payment, when due, of the principal of and interest on all the bonds maturing in each such fiscal year and, in the event the proceeds from the taxes so levied in any such fiscal year shall prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up any such deficiency. The County may apply to the payment of the principal of and interest on any bonds issued hereunder any funds received by it from the State of Maryland, the United States of America, any agency or instrumentality thereof, or the Tourism Council of Frederick County, Inc., or from any other source. If such funds are granted for the purpose of assisting the County in financing the construction of buildings and improvements of the Tourism Council of Frederick County, Inc., defined in this Act and, to the extent of any such funds received or receivable in any fiscal year, the taxes that might otherwise be levied under this Act, may be reduced or need not be levied.

SECTION 15. AND BE IT FURTHER ENACTED, That the County is hereby further

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authorized and empowered, at any time and from time to time, to issue its bonds in the manner herein above described for the purpose of refunding, by payment at maturity or upon purchase or redemption, any bonds issued hereunder. The validity of any such refunding bonds shall in no way be dependent upon or related to the validity or invalidity of the obligations so refunded. The powers herein granted with respect to the issuance of bonds shall be applicable to the issuance of refunding bonds. Such refunding bonds may be issued by the County for the purpose of providing it with funds to pay any of its outstanding bonds issued hereunder at maturity, for the purpose of providing it with funds to purchase in the open market any of its outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose of providing it with funds for the redemption prior to maturity of any outstanding bonds issued hereunder which are, by their terms, redeemable, for the purpose of providing it with funds to pay interest on any outstanding bonds issued hereunder prior to their payment at maturity of purchase or redemption in advance of maturity, or for the purpose of providing it with funds to pay any redemption or purchase premium in connection with the refunding of any of its outstanding bonds issued hereunder. The proceeds of the sale of any such refunding bonds shall be segregated and set apart by the County as a separate trust fund to be used solely for the purpose of paying the purchase or redemption prices of the bonds to be refunded.

SECTION 16. AND BE IT FURTHER ENACTED, That the County may, prior to the preparation of definitive bonds, issue interim certificates or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds have been executed and are available for such delivery, provided, however, that any such interim certificates or temporary bonds shall be issued in all respects subject to the restrictions and requirements set forth in this Act. The County may, by appropriate resolution, provide for the replacement of any bonds issued hereunder which shall have become mutilated or lost or destroyed upon such conditions and after receiving such indemnity as the County may require.

SECTION 17. AND BE IT FURTHER ENACTED, That any and all obligations issued pursuant to the authority of this Act, their transfer, the interest payable thereon, and any income derived therefrom in the hands of the holders thereof from time to time (including any profit made in the sale thereof) shall be and are hereby declared to be at all times exempt from State, county, municipal, or other taxation of every kind and nature whatsoever within the State of Maryland.

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

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

SECTION 19. AND BE IT FURTHER ENACTED, That".