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By: **Frederick County Delegation**

Introduced and read first time: February 3, 2000

Assigned to: Appropriations

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Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: February 25, 2000

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Frederick County - Tourism Council Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of  
4 Frederick County, from time to time, to borrow not more than \$3,000,000 in  
5 order to finance the cost of construction of certain buildings and facilities for the  
6 use and benefit of the Tourism Council of Frederick County, Inc. in Frederick  
7 County, as herein defined, and to effect such borrowing by the issuance and sale  
8 at public or private sale of its general obligation bonds in like principal amount;  
9 empowering the County to fix and determine, by resolution, the form, tenor,  
10 interest rate or rates or method of determining the same, terms, conditions,  
11 maturities, and all other details incident to the issuance and sale of the bonds;  
12 empowering the County to issue refunding bonds for the purchase or redemption  
13 of bonds in advance of maturity; empowering and directing the County to levy,  
14 impose, and collect, annually, ad valorem taxes in rate and amount sufficient to  
15 provide funds for the payment of the maturing principal of and interest on the  
16 bonds; exempting the bonds and refunding bonds and the interest thereon and  
17 any income derived therefrom from all State, county, municipal, and other  
18 taxation in the State of Maryland; providing that nothing in this Act shall  
19 prevent the County from authorizing the issuance and sale of bonds the interest  
20 on which is not excludable from gross income for federal income tax purposes;  
21 and generally relating to the issuance and sale of the bonds by Frederick  
22 County.

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
24 MARYLAND, That, as used herein, the term "County" means the body politic and  
25 corporate of the State of Maryland known as the County Commissioners of Frederick  
26 County, and the term "construction of additions and improvements ~~to~~ of the Tourism  
27 Council of Frederick County, Inc." means the cost of planning, acquisition, alteration,

1 renovation, construction, reconstruction, demolition, development, improvement,  
2 expansion, and modernization of buildings and facilities for the use and benefit of the  
3 Tourism Council of Frederick County, Inc., including architectural, engineering,  
4 financial, legal, and other professional services, plans, specifications, studies,  
5 surveys, estimates of costs and of revenues, administrative expenses necessary or  
6 incident of determining the feasibility or practicability of the project and the  
7 development of the grounds and landscaping thereof, all customary permanent  
8 appurtenances, furnishings and equipment appropriate to the full use thereof,  
9 financing charges, interest prior to and during construction (and if deemed necessary  
10 by the County for a limited period after completion of construction), reserves for  
11 principal and interest and for extensions, enlargements, additions and improvements,  
12 and such other expenses as may be necessary or incident to the construction of  
13 additions and improvements ~~to~~ of the Tourism Council of Frederick County, Inc. and  
14 the financing or refinancing of such additions and improvements including expenses  
15 of issuance of the bonds herein authorized. "Tourism Council of Frederick County,  
16 Inc." means the private nonsectarian corporation that operates the Frederick Tourism  
17 Council in Frederick County.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
19 authorized, but is in no way obligated, to finance any part or all of the costs of the  
20 public facilities described in Section 1 of this Act, and to borrow money and incur  
21 indebtedness for that purpose, at one time or from time to time, in an amount not  
22 exceeding, in the aggregate, \$3,000,000 and to evidence such borrowing by the  
23 issuance and sale upon its full faith and credit of general obligation bonds in like par  
24 amount, which may be issued at one time or from time to time, in one or more groups  
25 or series, as the County may determine.

26 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued  
27 pursuant to a resolution of the County, which shall describe generally the projects of  
28 the construction of ~~buildings~~ additions to and improvements ~~for~~ of the Tourism  
29 Council of Frederick County, Inc. for which the proceeds of the bond sale are intended  
30 and the amount needed for those purposes. The County shall have and is hereby  
31 granted full and complete authority and discretion to determine whether or not to  
32 issue the bonds hereby authorized and in the resolution to fix and determine with  
33 respect to the bonds of any issue: the designation, date of issue, denomination or  
34 denominations, form or forms, and tenor of the bonds; the rate or rates of interest  
35 payable thereon, or the method of determining the same, which may include a  
36 variable rate; the date or dates and amount or amounts of maturity, which need not  
37 be in equal par amounts or in consecutive annual installments, provided only that no  
38 bond of any issue shall mature later than 35 years from the date of its issue; the  
39 manner of selling the bonds, which may be at either public or private sale, for such  
40 price or prices as may be determined to be for the best interests of Frederick County;  
41 the manner of executing and sealing the bonds, which may be by facsimile; the terms  
42 and conditions, if any, under which bonds may be tendered for payment or purchase  
43 prior to their stated maturity; the terms or conditions, if any, under which bonds may  
44 or shall be redeemed prior to their stated maturity; the place or places of payment of  
45 the principal of and the interest on the bonds, which may be at any bank or trust  
46 company within or without the State of Maryland; covenants relating to compliance  
47 with applicable requirements of federal income tax law, including covenants

1 regarding the payment of rebate or penalties in lieu of rebate; covenants relating to  
2 compliance with applicable requirements of federal or state securities laws; and  
3 generally all matters incident to the terms, conditions, issuance, sale, and delivery  
4 thereof.

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

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

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

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

30 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the  
31 sale of bonds shall be used and applied exclusively and solely for the public facilities  
32 for which the bonds are sold. If the net proceeds of the sale of any issue of bonds  
33 exceeds the amount needed to finance the ~~the~~ construction of buildings and  
34 improvements for the Tourism Council of Frederick County, Inc. described in the  
35 resolution, the excess funds so borrowed and not expended shall be applied to the  
36 payment of the next principal maturity of the bonds or to the redemption of any part  
37 of the bonds which have been made redeemable or to the purchase and cancellation of  
38 bonds, ~~unless the County shall adopt a resolution allocating the excess funds to the~~  
39 ~~costs of other public facilities as the county may determine to be in its best interest.~~

40 The authority granted under this Act shall not be exercised nor shall any of the  
41 proceeds of the sale of bonds be used or applied, in any manner which would cause  
42 any bonds, refunding bonds, or temporary bonds issued hereunder to be deemed

1 "arbitrage bonds" within the meaning of Section 103 of the Internal Revenue Code of  
2 1986, as amended.

3 This Act authorizes and empowers, but in no way obligates, the County to issue  
4 the bonds described herein. The County has full and complete authority and  
5 discretion to determine whether or not to issue the bonds. It is the intent of this Act  
6 that the County be vested with full discretion and authority to determine what  
7 portion, if any, of the cost of any construction of buildings and improvements of the  
8 Tourism Council of Frederick County, Inc., shall be paid from the proceeds of general  
9 obligation bonds authorized pursuant to this Act and that the County may provide or  
10 require such conditions for the loan of the proceeds of such bonds to the Tourism  
11 Council of Frederick County, Inc., as the County deems necessary or appropriate. The  
12 County is further expressly authorized to agree that construction of buildings and  
13 improvements for the Tourism Council of Frederick County, Inc. may be financed in  
14 whole or in part from the proceeds of: (i) general obligation bonds issued pursuant to  
15 this Act or any other Act authorizing the issuance of general obligation bonds of the  
16 County for such purpose, or (ii) revenue bonds issued pursuant to any authority  
17 authorizing the issuance of revenue bonds to finance the improvements, or (iii) any  
18 combination of (i) and (ii); in connection with such agreement (without in any way  
19 creating any limitation on the discretion of the County) the County may further  
20 agree, in its discretion, that any interest (actual or implied) of the County in the  
21 Tourism Council or in any receipts or assets of the Tourism Council may be  
22 subordinated to the interests of the holders of any revenue bonds issued to finance the  
23 Tourism Council improvements, all as may be determined in the absolute discretion of  
24 the County.

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

31 SECTION 5. AND BE IT FURTHER ENACTED, That the County may enter  
32 into an agreement or agreements with the Tourism Council of Frederick County, Inc.,  
33 pursuant to which that corporation shall be required to make periodic payments from  
34 the Tourism Council's revenues or other assets to the County at such times and in  
35 such amounts to assure the timely payment of the maturing principal of and interest  
36 on said bonds and any expenses of the County in connection therewith. However, the  
37 bonds hereby authorized shall constitute, and they shall so recite, an irrevocable  
38 pledge of the full faith and credit and unlimited taxing power of the County to the  
39 payment of the maturing principal of and interest on the bonds as and when they  
40 become payable. In each and every fiscal year that any of the bonds are outstanding,  
41 the County shall levy or cause to be levied ad valorem taxes upon all the assessable  
42 property within the corporate limits of Frederick County in rate and amount  
43 sufficient to provide for or assure the payment, when due, of the principal of and  
44 interest on all the bonds maturing in each such fiscal year and, in the event the  
45 proceeds from the taxes so levied in any such fiscal year shall prove inadequate for  
46 such payment, additional taxes shall be levied in the succeeding fiscal year to make

1 up any such deficiency. The County may apply to the payment of the principal of and  
2 interest on any bonds issued hereunder any funds received by it from the State of  
3 Maryland, the United States of America, any agency or instrumentality thereof, or  
4 the Tourism Council of Frederick County, Inc., or from any other source. If such funds  
5 are granted for the purpose of assisting the County in financing the construction,  
6 ~~improvement, development, or renovation of the public facilities of buildings and~~  
7 improvements of the Tourism Council of Frederick County, Inc. defined in this Act  
8 and, to the extent of any such funds received or receivable in any fiscal year, the taxes  
9 that might otherwise be levied under this Act, may be reduced or need not be levied.

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

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

18 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 June 1, 2000.