
By: **St. Mary's County Delegation**
Introduced and read first time: February 9, 2001
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **St. Mary's County - Hospital Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of St.
4 Mary's County, from time to time, to borrow not more than \$20,000,000 in order
5 to finance the construction, improvement, or development of St. Mary's Hospital
6 in St. Mary's County, as herein defined, and to effect 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 St. Mary's
25 County, and the term "construction, improvement, or development of St. Mary's
26 Hospital" means the acquisition, alteration, construction, reconstruction,
27 enlargement, equipping, expansion, extension, improvement, rehabilitation,
28 renovation, upgrading, and repair of St. Mary's Hospital and related facilities.

29 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
30 authorized to finance any part or all of the costs of St. Mary's Hospital described in
31 Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at
32 one time or from time to time, in an amount not exceeding, in the aggregate,
33 \$6,000,000 and to evidence such borrowing by the issuance and sale upon its full faith
34 and credit of general obligation bonds in like par amount, which may be issued at one

1 time or from time to time, in one or more groups or series, as the County may
2 determine.

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

27 The bonds may be made redeemable before maturity, at the option of the County,
28 at such price or prices and under such terms and conditions as may be fixed by the
29 County prior to the issuance of the bonds, either in the resolution or in a bond order
30 pursuant to the bond resolution. The bonds may be issued in registered form and
31 provision may be made for the registration of the principal only In case any officer
32 whose signature appears on any bond ceases to be such officer before the delivery
33 thereof, such signature shall nevertheless be valid and sufficient for all purposes as if
34 he had remained in office until such delivery. The bonds and the issuance and sale
35 thereof shall be exempt from the provisions of Sections 9, 10, and 11 of Article 31 of
36 the Annotated Code of Maryland.

37 The County may enter into agreements with agents, banks, fiduciaries,
38 insurers, or others for the purpose of enhancing the marketability of any security for
39 the bonds and for the purpose of securing any tender option that may be granted to
40 holders of the bonds, all as may be determined and presented in the aforesaid
41 resolution, which may (but need not) state as security for the performance by the
42 County of any monetary obligations under such agreements the same security given
43 by the County to bondholders for the performance by the County of its monetary
44 obligations under the bonds.

1 If the County determines in the resolution to offer any of the bonds by
2 solicitation of competitive bids at public sale, the resolution shall fix the terms and
3 conditions of the public sale and shall adopt a form of notice of sale, which shall
4 outline the terms and conditions, and a form of advertisement, which shall be
5 published in accordance with the terms of the resolution.

6 Upon delivery of any bonds to the purchaser or purchasers, payment therefor
7 shall be made to the Treasurer of St. Mary's County or such other official of St. Mary's
8 County as may be designated to receive such payment in a resolution passed by the
9 County before such delivery.

10 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
11 sale of bonds shall be used and applied exclusively and solely for the acquisition,
12 construction, improvement, or development of St. Mary's Hospital for which the bonds
13 are sold. If the amounts borrowed shall prove inadequate to finance the projects
14 described in the resolution, the County may issue additional bonds with the
15 limitations hereof for the purpose of evidencing the borrowing of additional funds for
16 such financing, provided the resolution authorizing the sale of additional bonds shall
17 so recite, but if the net proceeds of the sale of any issue of bonds exceeds the amount
18 needed to finance the projects described in the resolution, the excess funds so
19 borrowed and not expended shall be applied to the payment of the next principal
20 maturity of the bonds or to the redemption of any part of the bonds which have been
21 made redeemable or to the purchase and cancellation of bonds, unless the County
22 shall adopt a resolution allocating the excess funds to other capital projects, as
23 defined and within the limits set forth in this Act.

24 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
25 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
26 faith and credit and unlimited taxing power of the County to the payment of the
27 maturing principal of and interest on the bonds as and when they become payable. In
28 each and every fiscal year that any of the bonds are outstanding, the County shall
29 levy or cause to be levied ad valorem taxes upon all the assessable property within the
30 corporate limits of the County in rate and amount sufficient to provide for or assure
31 the payment, when due, of the principal of and interest on all the bonds maturing in
32 each such fiscal year and, in the event the proceeds from the taxes so levied in any
33 such fiscal year shall prove inadequate for such payment, additional taxes shall be
34 levied in the succeeding fiscal year to make up any such deficiency. The County may
35 apply to the payment of the principal of and interest on any bonds issued hereunder
36 any funds received by it from the State of Maryland, the United States of America,
37 any agency or instrumentality thereof, or from any other source, if such funds are
38 granted for the purpose of assisting the County in financing the acquisition,
39 construction, improvement, or development of St. Mary's Hospital defined in this Act
40 and, to the extent of any such funds received or receivable in any fiscal year, the taxes
41 that are required to be levied under this Act may be reduced accordingly.

42 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
43 authorized and empowered, at any time and from time to time, to issue its bonds in
44 the manner hereinabove described for the purpose of refunding, by payment at
45 maturity or upon purchase or redemption, any bonds issued hereunder. The validity

1 of any such refunding bonds shall in no way be dependent upon or related to the
2 validity or invalidity of the obligations so refunded. The powers herein granted with
3 respect to the issuance of bonds shall be applicable to the issuance of refunding bonds.
4 Such refunding bonds may be issued by the County in such an amount as shall be
5 necessary for the purpose of providing it with funds to pay any of its outstanding
6 bonds issued hereunder at maturity, for the purpose of providing it with funds to
7 purchase in the open market any of its outstanding bonds issued hereunder, prior to
8 the maturity thereof, or for the purpose of providing it with funds for the redemption
9 prior to maturity of any outstanding bonds issued hereunder which are, by their
10 terms, redeemable, for the purpose of providing it with funds to pay interest on any
11 outstanding bonds issued hereunder prior to their payment at maturity of purchase
12 or redemption in advance of maturity, or for the purpose of providing it with funds to
13 pay any redemption or purchase premium in connection with the refunding of any of
14 its outstanding bonds issued hereunder. The proceeds of the sale of any such
15 refunding bonds shall be segregated and set apart by the County as a separate trust
16 fund to be used solely for the purpose of paying the purchase or redemption prices of
17 the bonds to be refunded.

18 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior
19 to the preparation of definitive bonds, issue interim certificates or temporary bonds,
20 exchangeable for definitive bonds when such bonds have been executed and are
21 available for such delivery, provided, however, that any such interim certificates or
22 temporary bonds shall be issued in all respects subject to the restrictions and
23 requirements set forth in this Act. The County may, by appropriate resolution,
24 provide for the replacement of any bonds issued hereunder which shall have become
25 mutilated or lost or destroyed upon such conditions and after receiving such
26 indemnity as the County may require.

27 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations
28 issued pursuant to the authority of this Act, their transfer, the interest payable
29 thereon, and any income derived therefrom in the hands of the holders thereof from
30 time to time (including any profit made in the sale thereof) shall be and are hereby
31 declared to be at all times exempt from State, county, municipal, or other taxation of
32 every kind and nature whatsoever within the State of Maryland.

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

36 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
37 money and issue bonds conferred on the County by this Act shall be deemed to provide
38 an additional and alternative authority for borrowing money and shall be regarded as
39 supplemental and additional to powers conferred upon the County by other laws and
40 shall not be regarded as in derogation of any power now existing; and all Acts of the
41 General Assembly of Maryland heretofore passed authorizing the County to borrow
42 money are hereby continued to the extent that the powers contained in such Acts have
43 not been exercised, and nothing contained in this Act may be construed to impair, in
44 any way, the validity of any bonds that may have been issued by the County under the
45 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,

1 and approved. This Act, being necessary for the welfare of the inhabitants of St.
2 Mary's County, shall be liberally construed to effect the purposes hereof. All Acts and
3 parts of Acts inconsistent with the provisions of this Act are hereby repealed to the
4 extent of such inconsistency.

5 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
6 effect June 1, 2001.