

SENATE BILL 750

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2001 Regular Session
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By: **Senator Colburn**
Introduced and read first time: February 2, 2001
Assigned to: Budget and Taxation

Committee Report: Favorable
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Read second time: March 21, 2001

CHAPTER _____

1 AN ACT concerning

2 **Dorchester County - Public School Capital Improvement Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Dorchester County, from time to time, to borrow not more than \$2,500,000 in
5 order to finance, with certain restrictions, certain public school capital
6 improvements in Dorchester County, as herein defined, and to effect such
7 borrowing by the issuance and sale at public or private sale of its general
8 obligation bonds in like par amount; empowering the County to fix and
9 determine, by resolution, the form, tenor, interest rate or rates or method of
10 determining the same, terms, conditions, maturities, and all other details
11 incident to the issuance and sale of the bonds; empowering the County to issue
12 refunding bonds for the purchase or redemption of bonds in advance of maturity;
13 empowering and directing the County to levy, impose, and collect, annually, ad
14 valorem taxes in rate and amount sufficient to provide funds for the payment of
15 the maturing principal of and interest on the bonds; exempting the bonds and
16 refunding bonds and the interest thereon and any income derived therefrom
17 from all State, county, municipal, and other taxation in the State of Maryland;
18 providing that nothing in this Act shall prevent the County from authorizing the
19 issuance and sale of bonds the interest on which is not excludable from gross
20 income for federal income tax purposes; and relating generally to the issuance
21 and sale of such bonds.

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That, as used herein, the term "County" means that body politic and
24 corporate of the State of Maryland known as the County Commissioners of Dorchester
25 County, and the term "public school capital improvements" means the cost of
26 alteration, construction, reconstruction, enlargement, expansion, extension,
27 improvement, rehabilitation, renovation, upgrading, equipping, and repair of public

1 school facilities in the County, including related costs for architectural, financial,
2 legal, planning, or engineering services, any finance charges or interest prior to or
3 during such financings, and any other costs or expenditures incurred by the County
4 in connection therewith.

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

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

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

1 In case any officer whose signature appears on any bond ceases to be such
2 officer before delivery, the signature shall nevertheless be valid and sufficient for all
3 purposes as if the officer had remained in office until delivery. The bonds and their
4 issue and sale shall be exempt from the provisions of Sections 9, 10, and 11 of Article
5 31 of the Annotated Code of Maryland as effective from time to time.

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

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

18 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
19 sale of the bonds shall be used and applied exclusively and solely for the public school
20 capital improvements in Dorchester County. If the net proceeds of the sale of any
21 issue of bonds exceeds the amount needed to finance the public school capital
22 improvements described in the resolution, the excess funds shall be applied to the
23 payment of the next principal maturity of the bonds or to the redemption of any part
24 of the bonds which have been made redeemable or to the purchase and cancellation of
25 bonds, as the County may determine to be in its best interest, unless the County shall
26 adopt a resolution allocating the excess funds to other public school capital
27 improvements.

28 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
29 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
30 faith and credit and unlimited taxing power of the County to the payment of the
31 maturing principal of and interest on the bonds as and when they become payable. In
32 each and every fiscal year that any of the bonds are outstanding, the County shall
33 levy or cause to be levied ad valorem taxes upon all the assessable property within the
34 corporate limits of the County in rate and amount sufficient to provide for or assure
35 the payment, when due, of the principal of and interest on all the bonds maturing in
36 each such fiscal year and, in the event the proceeds from the taxes so levied in any
37 such fiscal year shall prove inadequate for such payment, additional taxes shall be
38 levied in the succeeding fiscal year to make up any such deficiency. The County may
39 apply to the payment of the principal of and interest on any bonds issued hereunder
40 any funds received by it from the State of Maryland, the United States of America,
41 any agency or instrumentality thereof, or from any other source, if such funds are
42 granted for the purpose of assisting the County in financing the public school capital
43 improvements defined in this Act and, to the extent any such funds received or
44 receivable in any fiscal year, the taxes that are required to be levied under this Act
45 may be reduced proportionately or need not be levied.

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

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

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

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

39 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
40 money and issue bonds conferred on the County by this Act shall be deemed to provide
41 an additional and alternative authority for borrowing money and shall be regarded as
42 supplemental and additional to powers conferred upon the County by other laws and
43 shall not be regarded as in derogation of any power now existing; and all Acts of the
44 General Assembly of Maryland heretofore passed authorizing the County to borrow
45 money are hereby continued to the extent that the powers contained in such Acts have

1 not been exercised, and nothing contained in this Act may be construed to impair, in
2 any way, the validity of any bonds that may have been issued by the County under the
3 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,
4 and approved. This Act, being necessary for the welfare of the inhabitants of
5 Dorchester County, shall be liberally construed to effect the purposes hereof. All Acts
6 and parts of Acts inconsistent with the provisions of this Act are hereby repealed to
7 the extent of such inconsistency.

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