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By: **Carroll County Senators**

Introduced and read first time: February 19, 2001

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Carroll County - Bond Authorization - Carroll County General Hospital, Inc.**

3 FOR the purpose of authorizing and empowering the County Commissioners of  
4 Carroll County, from time to time, to borrow not more than \$20,000,000 for the  
5 purpose of lending the proceeds of the borrowing to the Carroll County General  
6 Hospital, Inc., upon such terms and conditions as may be determined by the  
7 County, which proceeds are to be used to finance the cost of certain hospital  
8 facilities, including but not limited to the construction, renovation, equipping  
9 and improvement of existing and new facilities, all as herein defined, and to  
10 effect such borrowing by the issuance and sale at public or private sale of its  
11 general obligation bonds in like par amount; empowering the County to fix and  
12 determine, by resolution, the form, tenor, interest rate or rates or method of  
13 determining the same, terms, conditions, maturities and all other details  
14 incident to the issuance and sale of the bonds; empowering the County to enter  
15 into agreements for the purpose of enhancing the marketability of and security  
16 for the bonds and for the purpose of securing any tender option; empowering the  
17 County to issue refunding bonds for the payment at maturity or the purchase or  
18 redemption of bonds in advance of maturity; empowering the County, by  
19 resolution, to enter into a loan agreement with Carroll County General Hospital,  
20 Inc., and related security agreements; empowering and directing the County to  
21 levy, impose and collect, annually, ad valorem taxes in rate and amount which,  
22 along with payments from Carroll County General Hospital, Inc. pursuant to  
23 the loan agreement and State and federal allotments, if any, will provide  
24 sufficient funds for the payment of the maturing principal of and interest on the  
25 bonds; exempting the bonds and refunding bonds, and the interest thereon and  
26 any income derived therefrom, from all State, county, municipal and other  
27 taxation in the State of Maryland; and generally relating to the issuance and  
28 sale of such bonds.

29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
30 MARYLAND, That, as used in this Act, the term "County" means that body politic  
31 and corporate of the State of Maryland known as the County Commissioners of  
32 Carroll County, the term "Hospital" means Carroll County General Hospital, Inc., the  
33 term "Loan Agreement" means the agreement between the County and the Hospital  
34 pursuant to which the County shall finance the cost of construction or acquisition of  
35 certain hospital facilities and the Hospital shall make certain payments in

1 consideration of which, and the term "construction or acquisition of hospital facilities"  
2 means those costs of acquisition, alteration, construction, reconstruction,  
3 enlargement, equipping, expansion, extension, improvement, rehabilitation,  
4 renovation, upgrading and repair of hospital buildings and facilities of the Hospital,  
5 including but not limited to the costs of acquiring or mortgaging land or interests in  
6 land as well as any related architectural, financial, legal, planning or engineering  
7 services, any finance charges or interest prior to or during such construction or  
8 acquisition and any other expenses necessary or incident to the project or the  
9 financing thereof.

10 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
11 authorized to assist the Hospital to finance the construction or acquisition of hospital  
12 facilities for the Hospital, as defined in Section 1 of this Act, upon such terms and  
13 conditions as may be determined by the County. In order to make such financing  
14 possible, the County is hereby authorized to finance any part or all of the cost of  
15 construction or acquisition of hospital facilities described in Section 1 of this Act, and  
16 to borrow money and incur indebtedness for that purpose, at one time or from time to  
17 time, in an amount not exceeding, in the aggregate, \$20,000,000, and to evidence its  
18 borrowing by the issuance and sale upon its full faith and credit of general obligation  
19 bonds in like par amount, which may be issued at one time or from time to time, in  
20 one or more groups or series, as the County may determine.

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

1 The County may enter into agreements with agents, banks, fiduciaries, insurers  
2 or others for the purpose of enhancing the marketability of and security for the bonds  
3 and for the purpose of securing any tender option that may be granted to holders of  
4 the bonds, all as may be determined and prescribed in the aforesaid resolution, which  
5 may, but need not, state as security for the performance by the County of any  
6 monetary obligations under such agreements the same security given by the County  
7 to bondholders for the performance by the County of its monetary obligations under  
8 the bonds.

9 In case any officer whose signature appears on any bond ceases to be such  
10 officer before delivery, the signature shall nevertheless be valid and sufficient for all  
11 purposes as if the officer had remained in office until delivery. The bonds and their  
12 issue and sale shall be exempt from the provisions of Sections 9, 10, and 11 of Article  
13 31 of the Annotated Code of Maryland as effective from time to time.

14 If the County determines in the resolution to offer any of the bonds by  
15 solicitation of competitive bids at public sale, the resolution shall fix the terms and  
16 conditions of the public sale and shall adopt a form of notice of sale, which shall  
17 outline the terms and conditions, and a form of advertisement, which shall be  
18 published in one or more daily or weekly newspapers having a general circulation in  
19 the county and which may also be published in one or more journals having a  
20 circulation primarily among banks and investment bankers. At least one publication  
21 of the advertisement shall be made not less than ten (10) days before the sale of the  
22 bonds.

23 Upon delivery of any bonds to the purchaser or purchasers, payment shall be  
24 made to the Director of the Department of Finance of Carroll County or such other  
25 official of Carroll County as may be designated to receive payment in a resolution  
26 passed by the County before delivery.

27 SECTION 4. AND BE IT FURTHER ENACTED, That the loan by the County to  
28 the Hospital shall be evidenced by a Loan Agreement authorized by resolution of the  
29 County, which resolution shall authorize the loan and form of Loan Agreement and  
30 empower the County to enter into such Loan Agreement, and which may empower the  
31 County to enter into or accept related security agreements and specify the form of any  
32 such agreements.

33 SECTION 5. AND BE IT FURTHER ENACTED, That the net proceeds of the  
34 sale of bonds shall be used and applied exclusively and solely for the cost of  
35 construction or acquisition of hospital facilities for which the bonds are sold. If the net  
36 proceeds of the sale of any issue of bonds exceeds the amount needed to finance the  
37 cost of construction or acquisition of hospital facilities described in the resolution, the  
38 excess funds shall be applied to the payment of the next principal maturity of the  
39 bonds or to the redemption of any part of the bonds which have been made  
40 redeemable or to the purchase of cancellation of bonds, as the County may determine  
41 to be in its best interest; provided, however, that if the County subsequently adopts a  
42 resolution allocating such excess funds to the costs of construction or acquisition of  
43 additional hospital facilities, such excess funds shall be used for such purposes.

1 SECTION 6. AND BE IT FURTHER ENACTED, That the bonds hereby  
2 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full  
3 faith and credit and unlimited taxing power of the county to the payment of the  
4 maturing principal of and interest on the bonds as and when they become payable. In  
5 each and every fiscal year that any of the bonds are outstanding, the County shall  
6 levy or cause to be levied ad valorem taxes upon all the assessable property within the  
7 corporate limits of the County in rate and amount sufficient to provide for or assume  
8 the payment, when due, of the principal of and interest on all the bonds maturing in  
9 each such fiscal year and, if the proceeds from the taxes so levied in any fiscal year  
10 prove inadequate for such payment, additional taxes shall be levied in the succeeding  
11 fiscal year to make up any deficiency. The County may apply to the payment of the  
12 principal of and interest on any bonds issued hereunder any funds received by it as  
13 loan payments from the Hospital pursuant to the Loan Agreement described in  
14 Section 1 of this Act, and any funds received by it from the State of Maryland, the  
15 United States of America, any agency or instrumentality of either, or from any other  
16 source if such funds are granted for the purpose of assisting the County in financing  
17 the cost of construction or acquisition of hospital facilities as defined in this Act and,  
18 to the extent of any such payments or funds received or receivable in any fiscal year  
19 that the County determines to apply to payments of the principal of or interest on the  
20 bonds, taxes that might otherwise be required to be levied under this Act may be  
21 reduced proportionately or need not be levied.

22 SECTION 7. AND BE IT FURTHER ENACTED, That the County is hereby  
23 further authorized and empowered, at any time and from time to time, to issue its  
24 bonds in the manner hereinabove described for the purpose of refunding any bonds  
25 issued under this Act by payment at maturity or the purchase or redemption of bonds  
26 in advance of maturity. The validity of any refunding bonds shall in no way be  
27 dependent upon or related to the validity or invalidity of the obligations being  
28 refunded. The powers herein granted with respect to the issuance of bonds shall be  
29 applicable to the issuance of refunding bonds. Such refunding bonds may be issued by  
30 the County for the purpose of providing it with funds to pay any of its outstanding  
31 bonds issued under this Act at maturity, to purchase in the open market any of its  
32 outstanding bonds issued under this Act, prior to their maturity, to redeem prior to  
33 maturity any outstanding bonds which are, by their terms, redeemable, to pay  
34 outstanding bonds which are, by their terms, redeemable, to pay interest on any  
35 outstanding bonds prior to their payment at maturity or purchase or redemption in  
36 advance of maturity or to pay any redemption or purchase premium in connection  
37 with the refunding of any of its outstanding bonds issued under this Act. The proceeds  
38 of the sale of any refunding bonds shall be segregated and set apart by the County as  
39 a separate trust fund to be used solely for the purpose of paying the purchase or  
40 redemption prices of the bonds to be refunded.

41 SECTION 8. AND BE IT FURTHER ENACTED, That the County may, prior to  
42 the preparation of definitive bonds, issue interim certificates or temporary bonds,  
43 exchangeable for definitive bonds when such bonds have been executed and are  
44 available for delivery. The County may, by appropriate resolution, provide for the  
45 replacement of any bonds issued under this Act which may have become mutilated or  
46 lost or destroyed upon whatever conditions and after receiving whatever indemnity as  
47 the County may require.

1 SECTION 9. AND BE IT FURTHER ENACTED, That any and all obligations  
2 issued under this Act, their transfer, the interest payable on them, and any income  
3 derived from them from time to time (including any profit made in their sale) shall be  
4 and are hereby declared to be at all times exempt from State, county, municipal or  
5 other taxation of every kind and nature whatsoever within the State of Maryland.

6 SECTION 10. AND BE IT FURTHER ENACTED, That the authority to borrow  
7 money and issue bonds conferred on the County by this Act shall be deemed to provide  
8 additional, alternative and supplemental authority for borrowing money and shall be  
9 regarded as supplemental and additional to powers conferred upon the County by  
10 other laws and shall not be regarded as in derogation of any power now existing; and  
11 all previously enacted laws authorizing the County to borrow money are hereby  
12 continued to the extent that the power contained in them is continuing or has not  
13 been exercised, unless any law is expressly repealed by this Act, and the validity of  
14 any bonds issued under previously enacted laws is hereby ratified, confirmed and  
15 approved. This Act, being necessary for the welfare of the inhabitants of Carroll  
16 County, shall be liberally construed to effect its purposes. All Acts and parts of Acts  
17 inconsistent with the provisions of this Act are hereby repealed to the extent of any  
18 inconsistency.

19 SECTION 11. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 June 1, 2001.