

SENATE BILL 842

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2001 Regular Session
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By: **Carroll County Senators**

Introduced and read first time: February 19, 2001

Assigned to: Rules

Re-referred to: Budget and Taxation, February 22, 2001

Committee Report: Favorable

Senate action: Adopted

Read second time: March 22, 2001

CHAPTER _____

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

1 sale of such bonds.

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
3 MARYLAND, That, as used in this Act, the term "County" means that body politic
4 and corporate of the State of Maryland known as the County Commissioners of
5 Carroll County, the term "Hospital" means Carroll County General Hospital, Inc., the
6 term "Loan Agreement" means the agreement between the County and the Hospital
7 pursuant to which the County shall finance the cost of construction or acquisition of
8 certain hospital facilities and the Hospital shall make certain payments in
9 consideration of which, and the term "construction or acquisition of hospital facilities"
10 means those costs of acquisition, alteration, construction, reconstruction,
11 enlargement, equipping, expansion, extension, improvement, rehabilitation,
12 renovation, upgrading and repair of hospital buildings and facilities of the Hospital,
13 including but not limited to the costs of acquiring or mortgaging land or interests in
14 land as well as any related architectural, financial, legal, planning or engineering
15 services, any finance charges or interest prior to or during such construction or
16 acquisition and any other expenses necessary or incident to the project or the
17 financing thereof.

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

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

1 conditions, if any, under which bonds may or shall be redeemed prior to their stated
2 maturity; the place or places of payment of the principal of and the interest on the
3 bonds, which may be at any bank or trust company within or without the State of
4 Maryland; covenants relating to compliance with applicable requirements of federal
5 income tax law, including, without limitation, covenants regarding the payment of
6 rebate or penalties in lieu of rebate; and generally all matters incident to the terms,
7 conditions, issuance, sale and delivery thereof.

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

16 In case any officer whose signature appears on any bond ceases to be such
17 officer before delivery, the signature shall nevertheless be valid and sufficient for all
18 purposes as if the officer had remained in office until delivery. The bonds and their
19 issue and sale shall be exempt from the provisions of Sections 9, 10, and 11 of Article
20 31 of the Annotated Code of Maryland as effective from time to time.

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

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

34 SECTION 4. AND BE IT FURTHER ENACTED, That the loan by the County to
35 the Hospital shall be evidenced by a Loan Agreement authorized by resolution of the
36 County, which resolution shall authorize the loan and form of Loan Agreement and
37 empower the County to enter into such Loan Agreement, and which may empower the
38 County to enter into or accept related security agreements and specify the form of any
39 such agreements.

40 SECTION 5. AND BE IT FURTHER ENACTED, That the net proceeds of the
41 sale of bonds shall be used and applied exclusively and solely for the cost of
42 construction or acquisition of hospital facilities for which the bonds are sold. If the net
43 proceeds of the sale of any issue of bonds exceeds the amount needed to finance the

1 cost of construction or acquisition of hospital facilities described in the resolution, the
2 excess funds shall be applied to the payment of the next principal maturity of the
3 bonds or to the redemption of any part of the bonds which have been made
4 redeemable or to the purchase of cancellation of bonds, as the County may determine
5 to be in its best interest; provided, however, that if the County subsequently adopts a
6 resolution allocating such excess funds to the costs of construction or acquisition of
7 additional hospital facilities, such excess funds shall be used for such purposes.

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

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

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

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

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

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