
By: **Delegate Edwards**
Introduced and read first time: February 8, 2002
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Garrett County - Bonds for Garrett County Memorial Hospital**

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

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That, as used herein, the term "County" means the body politic and
27 corporate of the State of Maryland known as the County Commissioners of Garrett
28 County, and the term "hospital improvements" means the alteration, construction,
29 reconstruction, enlargement, equipping, expansion, extension, improvement,
30 rehabilitation, renovation, upgrading, and repair of the Garrett County Memorial
31 Hospital, including, but not limited to, the hospital buildings and facilities, capital
32 furnishings and equipment, and parking facilities, means of access and utility
33 services, demolition, removal, and relocation of existing Hospital facilities, the
34 acquisition and development, as applicable, of land, structures, real or personal
35 property, rights, rights-of-way, easements and other interests for such hospital

1 facilities, together with any related financing charges, interest prior to and during
2 construction (and, if deemed necessary by the County, for a limited period after
3 completion of construction), interest and reserves for principal and interest and for
4 extensions, enlargements, additions and improvements, architectural, engineering,
5 financial and legal planning and other professional services, plans, specifications,
6 studies, surveys, estimates of cost and of revenues, administrative expenses
7 necessary or incident to determining the feasibility or practicability of the hospital
8 facilities and such other expenses as may be necessary or incident to the acquisition,
9 construction, improvement, development, rehabilitation, repair, furnishing and
10 equipping of the hospital facilities, the financing or refinancing of such acquisition,
11 construction, improvement, development, rehabilitation, repair, furnishing and
12 equipping of the hospital facilities.

13 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
14 authorized to assist in the financing of the costs of the hospital facilities described in
15 Section 1 of this Act, and to borrow money and incur indebtedness for those purposes,
16 at one time or from time to time, in an amount not exceeding, in the aggregate
17 \$7,500,000 and to evidence such borrowing by the issuance and sale upon its full faith
18 and credit of general obligation bonds in like par amount, which may be issued at one
19 time or from time to time, in one or more groups or series, as the County may
20 determine.

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

1 The County may enter into agreements with agents, banks, fiduciaries,
2 insurers, or others for the purpose of enhancing the marketability of any security for
3 the bonds and for the purpose of securing any tender option that may be granted to
4 holders of the bonds, all as may be determined and presented in the aforesaid
5 resolution, which may (but need not) state as security for the performance by the
6 County of any monetary obligations under such agreements the same security given
7 by the County to bondholders for the performance by the County of its monetary
8 obligations under 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 9, 10, and 11 of Article 31 of the Annotated Code of
14 Maryland, as effective from time to time.

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. At least one publication
22 of the advertisement shall be made not less than 10 days before the sale of the bonds.

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

27 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
28 sale of bonds shall be used and applied exclusively and solely for financing the
29 hospital improvements for which the bonds are sold and that the proceeds shall be
30 loaned or otherwise paid by the County for the benefit of Garrett County Memorial
31 Hospital as and when and under such terms, conditions, and documentation as the
32 County directs, and secured by such collateral as the County directs in accordance
33 with the terms and conditions of its agreement or agreements with Garrett County
34 Memorial Hospital, of the resolutions of the County, and of this Act. If the net
35 proceeds of the sale of any issue of bonds exceeds the amount needed to finance the
36 hospital improvements described in the resolution, the excess funds so borrowed and
37 not expended shall be applied to the payment of the next principal maturity of the
38 bonds or to the redemption of any part of the bonds which have been made
39 redeemable or to the purchase and cancellation of bonds, unless the County shall
40 adopt a resolution allocating the excess funds to other hospital improvements.

41 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of this
42 Act that the County be vested with full discretion and authority to determine what
43 portion, if any, of the cost of any hospital improvements shall be paid from the
44 proceeds of general obligation bonds authorized pursuant to this Act and that the

1 County may provide or require such conditions for the loan of the proceeds of such
2 bonds to the Garrett County Memorial Hospital, as the County deems necessary or
3 appropriate, including (without limitation) provisions for the repayment from rates
4 charged patients at the Hospital.

5 SECTION 6. AND BE IT FURTHER ENACTED, That the County may enter
6 into an agreement or agreements with the Garrett County Memorial Hospital
7 pursuant to which the Hospital shall be required to make periodic payments from the
8 hospital's revenues or other assets to the County at such times and in such amounts
9 to assure the timely payment of the maturing principal of and interest on the bonds
10 and any related expenses of the County. However, the bonds hereby authorized shall
11 constitute, and they shall so recite, an irrevocable pledge of the full faith and credit
12 and unlimited taxing power of the County to the payment of the maturing principal of
13 and interest on the bonds as and when they become payable. In each and every fiscal
14 year that any of the bonds are outstanding, the County shall levy or cause to be levied
15 ad valorem taxes upon all the assessable property within the corporate limits of the
16 County in rate and amount sufficient to provide for or assure the payment, when due,
17 of the principal of and interest on all the bonds maturing in each such fiscal year and,
18 in the event the proceeds from the taxes so levied in any such fiscal year shall prove
19 inadequate for such payment, additional taxes shall be levied in the succeeding fiscal
20 year to make up any such deficiency. The County may apply to the payment of the
21 principal of and interest on any bonds issued hereunder any funds received by it from
22 the State of Maryland, the United States of America, any agency or instrumentality
23 thereof, or from any other source. If such funds are granted for the purpose of
24 assisting the County or the Hospital in financing the hospital improvements defined
25 in this Act, the taxes that otherwise might be required to be levied under this Act may
26 be reduced or need not be levied to the extent that any such funds are received or
27 receivable in any fiscal year.

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

1 SECTION 8. AND BE IT FURTHER ENACTED, That the County may, prior
2 to the preparation of definitive bonds, issue interim certificates or temporary bonds,
3 with or without coupons, exchangeable for definitive bonds when such bonds have
4 been executed and are available for such delivery, provided, however, that any such
5 interim certificates or temporary bonds shall be issued in all respects subject to the
6 restrictions and requirements set forth in this Act. The County may, by appropriate
7 resolution, provide for the replacement of any bonds issued hereunder which shall
8 have become mutilated or lost or destroyed upon such conditions and after receiving
9 such indemnity as the County may require.

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

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

19 SECTION 10. AND BE IT FURTHER ENACTED, That the authority to
20 borrow money and issue bonds conferred on the County by this Act shall be deemed to
21 provide an additional and alternative authority for borrowing money and shall be
22 regarded as supplemental and additional to powers conferred upon the County by
23 other laws and shall not be regarded as in derogation of any power now existing; and
24 all Acts of the General Assembly of Maryland heretofore passed authorizing the
25 County to borrow money are hereby continued to the extent that the powers contained
26 in such Acts have not been exercised, and nothing contained in this Act may be
27 construed to impair, in any way, the validity of any bonds that may have been issued
28 by the County under the authority of any said Acts, and the validity of the bonds is
29 hereby ratified, confirmed, and approved. This Act, being necessary for the welfare of
30 the inhabitants of Garrett County, shall be liberally construed to effect the purposes
31 hereof. All Acts and parts of Acts inconsistent with the provisions of this Act are
32 hereby repealed to the extent of such inconsistency.

33 SECTION 11. AND BE IT FURTHER ENACTED, That this Act shall take
34 effect June 1, 2002.