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By: **St. Mary's County Delegation**  
Introduced and read first time: February 3, 2003  
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Committee Report: Favorable  
House action: Adopted  
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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **St. Mary's County - Public Facilities 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 \$25,000,000 in order  
5 to finance the construction, improvement, or development of certain public  
6 facilities in St. Mary's County, as herein defined, and to effect such borrowing by  
7 the issuance and sale at public or private sale of its general obligation bonds in  
8 like par amount; empowering the County to fix and determine, by resolution,  
9 the 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 public facilities"  
26 means the acquisition, alteration, construction, reconstruction, enlargement,  
27 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,

1 and repair of public buildings and facilities and public works projects, including, but  
2 not limited to, public works projects such as highways, roads, bridges and storm  
3 drains, public school buildings and facilities, boating facilities, shore erosion and  
4 other marine property, landfills, and recycling facilities, public operational buildings  
5 and facilities such as buildings and facilities for County administrative use, capital  
6 improvements to the Wicomico Shores Taxing District, County athletic facilities, the  
7 community college, community swimming pools, public safety, health, and social  
8 services, libraries, commuter air service facilities, refuse disposal buildings and  
9 facilities, and parks and recreation buildings and facilities, together with the costs of  
10 acquiring land or interests in land as well as any related architectural, financial,  
11 legal, planning, or engineering services.

12 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
13 authorized to finance any part or all of the costs of the public facilities described in  
14 Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at  
15 one time or from time to time, in an amount not exceeding, in the aggregate,  
16 \$25,000,000 and to evidence such borrowing by the issuance and sale upon its full  
17 faith and credit of general obligation bonds in like par amount, which may be issued  
18 at one time or from time to time, in one or more groups or series, as the County may  
19 determine.

20 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be  
21 issued in accordance with a resolution of the County, which shall describe generally  
22 the construction, improvement, or development of public facilities for which the  
23 proceeds of the bond sale are intended and the amount needed for those purposes. The  
24 County shall have and is hereby granted full and complete authority and discretion in  
25 the resolution to fix and determine with respect to the bonds of any issue: the  
26 designation, date of issue, denomination or denominations, form or forms, and tenor  
27 of the bonds which, without limitation, may be issued in registered form within the  
28 meaning of Section 30 of Article 31 of the Annotated Code of Maryland, as amended;  
29 the rate or rates of interest payable thereon, or the method of determining the same,  
30 which may include a variable rate; the date or dates and amount or amounts of  
31 maturity, which need not be in equal par amounts or in consecutive annual  
32 installments, provided only that no bond of any issue shall mature later than 30 years  
33 from the date of its issue; the manner of selling the bonds, which may be at either  
34 public or private sale, for such price or prices as may be determined to be in the best  
35 interests of St. Mary's County; the manner of executing and sealing the bonds, which  
36 may be by facsimile; the terms and conditions, if any, under which bonds may be  
37 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 thereof.

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

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

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

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

31 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the  
32 sale of bonds shall be used and applied exclusively and solely for the acquisition,  
33 construction, improvement, or development of public facilities for which the bonds are  
34 sold. If the amounts borrowed shall prove inadequate to finance the projects described  
35 in the resolution, the County may issue additional bonds with the limitations hereof  
36 for the purpose of evidencing the borrowing of additional funds for such financing,  
37 provided the resolution authorizing the sale of additional bonds shall so recite, but if  
38 the net proceeds of the sale of any issue of bonds exceeds the amount needed to  
39 finance the projects described in the resolution, the excess funds so borrowed and not  
40 expended shall be applied to the payment of the next principal maturity of the bonds  
41 or to the redemption of any part of the bonds which have been made redeemable or to  
42 the purchase and cancellation of bonds, unless the County shall adopt a resolution  
43 allocating the excess funds to the acquisition, construction, improvement, or  
44 development of other public facilities, as defined and within the limits set forth in this  
45 Act.

1 SECTION 5. 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 assure  
8 the payment, when due, of the principal of and interest on all the bonds maturing in  
9 each such fiscal year and, in the event the proceeds from the taxes so levied in any  
10 such fiscal year shall prove inadequate for such payment, additional taxes shall be  
11 levied in the succeeding fiscal year to make up any such deficiency. The County may  
12 apply to the payment of the principal of and interest on any bonds issued hereunder  
13 any funds received by it from the State of Maryland, the United States of America,  
14 any agency or instrumentality thereof, or from any other source, if such funds are  
15 granted for the purpose of assisting the County in financing the acquisition,  
16 construction, improvement, or development of the public facilities defined in this Act  
17 and, to the extent of any such funds received or receivable in any fiscal year, the taxes  
18 that are required to be levied under this Act may be reduced accordingly.

19 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further  
20 authorized and empowered, at any time and from time to time, to issue its bonds in  
21 the manner hereinabove described for the purpose of refunding, by payment at  
22 maturity or upon purchase or redemption, any bonds issued hereunder. The validity  
23 of any such refunding bonds shall in no way be dependent upon or related to the  
24 validity or invalidity of the obligations so refunded. The powers herein granted with  
25 respect to the issuance of bonds shall be applicable to the issuance of refunding bonds.  
26 Such refunding bonds may be issued by the County in such an amount as shall be  
27 necessary for the purpose of providing it with funds to pay any of its outstanding  
28 bonds issued hereunder at maturity, for the purpose of providing it with funds to  
29 purchase in the open market any of its outstanding bonds issued hereunder, prior to  
30 the maturity thereof, or for the purpose of providing it with funds for the redemption  
31 prior to maturity of any outstanding bonds issued hereunder which are, by their  
32 terms, redeemable, for the purpose of providing it with funds to pay interest on any  
33 outstanding bonds issued hereunder prior to their payment at maturity of purchase  
34 or redemption in advance of maturity, or for the purpose of providing it with funds to  
35 pay any redemption or purchase premium in connection with the refunding of any of  
36 its outstanding bonds issued hereunder. The proceeds of the sale of any such  
37 refunding bonds shall be segregated and set apart by the County as a separate trust  
38 fund to be used solely for the purpose of paying the purchase or redemption prices of  
39 the bonds to be refunded.

40 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior  
41 to the preparation of definitive bonds, issue interim certificates or temporary bonds,  
42 exchangeable for definitive bonds when such bonds have been executed and are  
43 available for such delivery, provided, however, that any such interim certificates or  
44 temporary bonds shall be issued in all respects subject to the restrictions and  
45 requirements set forth in this Act. The County may, by appropriate resolution,  
46 provide for the replacement of any bonds issued hereunder which shall have become

1 mutilated or lost or destroyed upon such conditions and after receiving such  
2 indemnity as the County may require.

3 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations  
4 issued pursuant to the authority of this Act, their transfer, the interest payable  
5 thereon, and any income derived therefrom in the hands of the holders thereof from  
6 time to time (including any profit made in the sale thereof) shall be and are hereby  
7 declared to be at all times exempt from State, county, municipal, or other taxation of  
8 every kind and nature whatsoever within the State of Maryland. Nothing in this Act  
9 shall prevent the County from authorizing the issuance and sale of bonds the interest  
10 on which is not excludable from gross income for federal income tax purposes.

11 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow  
12 money and issue bonds conferred on the County by this Act shall be deemed to provide  
13 an additional and alternative authority for borrowing money and shall be regarded as  
14 supplemental and additional to powers conferred upon the County by other laws and  
15 shall not be regarded as in derogation of any power now existing; and all Acts of the  
16 General Assembly of Maryland heretofore passed authorizing the County to borrow  
17 money are hereby continued to the extent that the powers contained in such Acts have  
18 not been exercised, and nothing contained in this Act may be construed to impair, in  
19 any way, the validity of any bonds that may have been issued by the County under the  
20 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,  
21 and approved. This Act, being necessary for the welfare of the inhabitants of St.  
22 Mary's County, shall be liberally construed to effect the purposes hereof. All Acts and  
23 parts of Acts inconsistent with the provisions of this Act are hereby repealed to the  
24 extent of such inconsistency.

25 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take  
26 effect June 1, 2003.