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By: **Delegate Hixson**

Introduced and read first time: February 21, 2005

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Montgomery County - Chelsea School**

3 FOR the purpose of authorizing the creation of a State Debt in the amount of  
4 \$500,000, the proceeds to be used as a grant to the Board of Governors of the  
5 Chelsea School, Inc. for certain development or improvement purposes;  
6 providing for disbursement of the loan proceeds; establishing a deadline for the  
7 encumbrance or expenditure of the loan proceeds; and providing generally for  
8 the issuance and sale of bonds evidencing the loan.

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
10 MARYLAND, That:

11 (1) The Board of Public Works may borrow money and incur indebtedness on  
12 behalf of the State of Maryland through a State loan to be known as the Montgomery  
13 County - Chelsea School Loan of 2005 in the total principal amount of \$500,000. This  
14 loan shall be evidenced by the issuance, sale, and delivery of State general obligation  
15 bonds authorized by a resolution of the Board of Public Works and issued, sold, and  
16 delivered in accordance with §§ 8-117 through 8-124 of the State Finance and  
17 Procurement Article and Article 31, § 22 of the Code.

18 (2) The bonds to evidence this loan or installments of this loan may be sold as  
19 a single issue or may be consolidated and sold as part of a single issue of bonds under  
20 § 8-122 of the State Finance and Procurement Article.

21 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
22 and first shall be applied to the payment of the expenses of issuing, selling, and  
23 delivering the bonds, unless funds for this purpose are otherwise provided, and then  
24 shall be credited on the books of the Comptroller and expended, on approval by the  
25 Board of Public Works, for the following public purposes, including any applicable  
26 architects' and engineers' fees: as a grant to the Board of Governors of the Chelsea  
27 School, Inc. for the planning, design, repair, renovation, reconstruction, and capital  
28 equipping of a classroom building and gymnasium and for the demolition and lead  
29 abatement of the annex to the Chelsea School, located in Silver Spring.

30 (4) An annual State tax is imposed on all assessable property in the State in  
31 rate and amount sufficient to pay the principal of and interest on the bonds, as and

1 when due and until paid in full. The principal shall be discharged within 15 years  
2 after the date of issuance of the bonds.

3 (5) The proceeds of the loan must be expended or encumbered by the Board of  
4 Public Works for the purposes provided in this Act no later than June 1, 2012. If any  
5 funds authorized by this Act remain unexpended or unencumbered after June 1,  
6 2012, the amount of the unencumbered or unexpended authorization shall be  
7 canceled and be of no further effect. If bonds have been issued for the loan, the  
8 amount of unexpended or unencumbered bond proceeds shall be disposed of as  
9 provided in § 8-129 of the State Finance and Procurement Article.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 June 1, 2005.