
By: **Senator Forehand**

Introduced and read first time: January 19, 2005

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Montgomery County - Gaithersburg Aquatic and**
3 **Recreation Center**

4 FOR the purpose of authorizing the creation of a State Debt not to exceed \$1,000,000,
5 the proceeds to be used as a grant to the Mayor and City Council of the City of
6 Gaithersburg for certain development or improvement purposes; providing for
7 disbursement of the loan proceeds, subject to a requirement that the grantee
8 provide and expend a matching fund; establishing a deadline for the
9 encumbrance or expenditure of the loan proceeds; and providing generally for
10 the issuance and sale of bonds evidencing the loan.

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That:

13 (1) The Board of Public Works may borrow money and incur indebtedness on
14 behalf of the State of Maryland through a State loan to be known as the Montgomery
15 County - Gaithersburg Aquatic and Recreation Center Loan of 2005 in a total
16 principal amount equal to the lesser of (i) \$1,000,000 or (ii) the amount of the
17 matching fund provided in accordance with Section 1(5) below. This loan shall be
18 evidenced by the issuance, sale, and delivery of State general obligation bonds
19 authorized by a resolution of the Board of Public Works and issued, sold, and
20 delivered in accordance with §§ 8-117 through 8-124 of the State Finance and
21 Procurement Article and Article 31, § 22 of the Code.

22 (2) The bonds to evidence this loan or installments of this loan may be sold as
23 a single issue or may be consolidated and sold as part of a single issue of bonds under
24 § 8-122 of the State Finance and Procurement Article.

25 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
26 and first shall be applied to the payment of the expenses of issuing, selling, and
27 delivering the bonds, unless funds for this purpose are otherwise provided, and then
28 shall be credited on the books of the Comptroller and expended, on approval by the
29 Board of Public Works, for the following public purposes, including any applicable
30 architects' and engineers' fees: as a grant to the Mayor and City Council of the City of
31 Gaithersburg (referred to hereafter in this Act as "the grantee") for the design and

1 construction of the Gaithersburg Aquatic and Recreation Center, located in
2 Gaithersburg.

3 (4) An annual State tax is imposed on all assessable property in the State in
4 rate and amount sufficient to pay the principal of and interest on the bonds as and
5 when due and until paid in full. The principal shall be discharged within 15 years
6 after the date of issuance of the bonds.

7 (5) Prior to the payment of any funds under the provisions of this Act for the
8 purposes set forth in Section 1(3) above, the grantee shall provide and expend a
9 matching fund. No part of the grantee's matching fund may be provided, either
10 directly or indirectly, from funds of the State, whether appropriated or
11 unappropriated. The fund may consist of real property. No part of the fund may
12 consist of in kind contributions or funds expended prior to the effective date of this
13 Act. In case of any dispute as to the amount of the matching fund or what money or
14 assets may qualify as matching funds, the Board of Public Works shall determine the
15 matter and the Board's decision is final. The grantee has until June 1, 2007, to
16 present evidence satisfactory to the Board of Public Works that a matching fund will
17 be provided. If satisfactory evidence is presented, the Board shall certify this fact and
18 the amount of the matching fund to the State Treasurer, and the proceeds of the loan
19 equal to the amount of the matching fund shall be expended for the purposes provided
20 in this Act. Any amount of the loan in excess of the amount of the matching fund
21 certified by the Board of Public Works shall be canceled and be of no further effect.

22 (6) The proceeds of the loan must be expended or encumbered by the Board of
23 Public Works for the purposes provided in this Act no later than June 1, 2012. If any
24 funds authorized by this Act remain unexpended or unencumbered after June 1,
25 2012, the amount of the unencumbered or unexpended authorization shall be
26 canceled and be of no further effect. If bonds have been issued for the loan, the
27 amount of unexpended or unencumbered bond proceeds shall be disposed of as
28 provided in § 8-129 of the State Finance and Procurement Article.

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