
By: **Carroll County Senators**

Introduced and read first time: February 3, 2005

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 28, 2005

CHAPTER _____

1 AN ACT concerning

2 **Carroll County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
 4 Carroll County, from time to time, to borrow not more than \$35,000,000 in order
 5 to finance the construction, improvement, or development of certain public
 6 facilities in Carroll County, including water and sewer projects, to finance fire or
 7 emergency-related equipment, buildings, and other facilities of volunteer fire
 8 departments in the county, to finance the payment of a contribution to the
 9 Carroll County Pension Plan, and to effect such borrowing by the issuance and
 10 sale at public or private sale of its general obligation bonds in like par amount;
 11 empowering the county to fix and determine, by resolution, the form, tenor,
 12 interest rate or rates or method of determining the same, terms, conditions,
 13 maturities, and all other details incident to the issuance and sale of the bonds;
 14 empowering the county to issue refunding bonds for the purchase or redemption
 15 of bonds in advance of maturity; providing that such borrowing may be
 16 undertaken by the county in the form of installment purchase obligations
 17 executed and delivered by the county for the purpose of acquiring agricultural
 18 land and woodland preservation easements; empowering and directing the
 19 county to levy, impose, and collect, annually, ad valorem taxes in rate and
 20 amount sufficient to provide funds for the payment of the maturing principal of
 21 and interest on the bonds; exempting the bonds and refunding bonds and the
 22 interest thereon and any income derived therefrom from all State, county,
 23 municipal, and other taxation in the State of Maryland; providing that nothing
 24 in this Act shall prevent the county from authorizing the issuance and sale of
 25 bonds the interest on which is not excludable from gross income for federal
 26 income tax purposes; and relating generally to the issuance and sale of such
 27 bonds.

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That, as used herein, the term "County" means the body politic and
3 corporate of the State of Maryland known as the County Commissioners of Carroll
4 County, and the term "construction, improvement, or development of public facilities"
5 means the acquisition, alteration, construction, reconstruction, enlargement,
6 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,
7 and repair of public buildings and facilities and public works projects, including, but
8 not limited to, public works projects such as roads, bridges and storm drains, public
9 school buildings and facilities, landfills, Carroll Community College buildings and
10 facilities, public operational buildings and facilities such as buildings and facilities for
11 County administrative use, public safety, health and social services, libraries, refuse
12 disposal buildings and facilities, water and sewer infrastructure facilities, easements
13 or similar or related rights in land that restrict the use of agricultural land or
14 woodland to maintain the character of the land as agricultural land or woodland, and
15 parks and recreation buildings and facilities, together with the costs of acquiring land
16 or interests in land as well as any related architectural, financial, legal, planning, or
17 engineering services.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
19 authorized to finance any part or all of the costs of the construction, improvements or
20 development of public facilities described in Section 1 of this Act, to make loans to
21 each and every volunteer fire department in the County upon such terms and
22 conditions as may be determined by the County for the purpose of financing certain
23 fire or emergency-related equipment, buildings, or other facilities of volunteer fire
24 departments, to finance the payment of a contribution to the Carroll County Pension
25 Plan, and to borrow money and incur indebtedness for those purposes, at one time or
26 from time to time, in an amount not exceeding, in the aggregate, \$35,000,000 and to
27 evidence such borrowing by the issuance and sale upon its full faith and credit of
28 general obligation bonds in like par amount, which may be issued at one time or from
29 time to time, in one or more groups or series, as the County may determine.

30 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be
31 issued in accordance with a resolution of the County, which shall describe generally
32 the construction, improvement, or development of public facilities, including water
33 and sewer projects, the fire or emergency-related equipment, buildings, or other
34 facilities of volunteer fire departments in the County, and a contribution to the
35 Carroll County Pension Plan, for which the proceeds of the bond sale are intended
36 and the amount needed for those purposes. The County shall have and is hereby
37 granted full and complete authority and discretion in the resolution to fix and
38 determine with respect to the bonds of any issue: the designation, date of issue,
39 denomination or denominations, form or forms, and tenor of the bonds which, without
40 limitation, may be issued in registered form within the meaning of Section 30 of
41 Article 31 of the Annotated Code of Maryland, as amended; the rate or rates of
42 interest payable thereon, or the method of determining the same, which may include
43 a variable rate; the date or dates and amount or amounts of maturity, which need not
44 be in equal par amounts or in consecutive annual installments, provided only that no
45 bond of any issue shall mature later than 30 years from the date of its issue; the
46 manner of selling the bonds, which may be at either public or private sale, for such
47 price or prices as may be determined to be for the best interests of Carroll County; the

1 manner of executing and sealing the bonds, which may be by facsimile; the terms and
2 conditions of any loans made to volunteer fire departments; the terms and conditions
3 of a contribution to the Carroll County Pension Plan, the terms and conditions, if any,
4 under which bonds may be tendered for payment or purchase prior to their stated
5 maturity; the terms or conditions, if any, under which bonds may or shall be redeemed
6 prior to their stated maturity; the place or places of payment of the principal of and
7 the interest on the bonds, which may be at any bank or trust company within or
8 without the State of Maryland; covenants relating to compliance with applicable
9 requirements of federal income tax law, including (without limitation) covenants
10 regarding the payment of rebate or penalties in lieu of rebate; covenants relating to
11 compliance with applicable requirements of federal or state securities laws; and
12 generally all matters incident to the terms, conditions, issuance, sale, and delivery
13 thereof.

14 Bonds issued under the authority of this Act to finance the payment of a
15 contribution to the Carroll County Pension Plan may be issued for the public purposes
16 of (i) realizing savings with respect to the aggregate cost of the County payment
17 liability being funded, on either a direct comparison or present value basis; or (ii)
18 structuring or restructuring pension contribution costs in a manner that (a) in the
19 aggregate effects a reduction in the total cost of County pension costs, or (b) is
20 determined by the County to be in the best interests of the County, to be consistent
21 with the County's long-term financial plan, and to realize a financial objective of the
22 County, including improving the relationship of pension contribution costs to a source
23 of payments such as taxes, assessments, or other charges. Any findings made by the
24 County in the resolution regarding the public purposes achieved by the issuance of
25 bonds for such purposes shall be conclusive.

26 The bonds may be made redeemable before maturity, at the option of the County,
27 at such price or prices and under such terms and conditions as may be fixed by the
28 County prior to the issuance of the bonds, either in the resolution or in subsequent
29 resolutions. The bonds may be issued in registered form, and provision may be made
30 for the registration of the principal only. In case any officer whose signature appears
31 on any bond ceases to be such officer before the delivery thereof, such signature shall
32 nevertheless be valid and sufficient for all purposes as if he had remained in office
33 until such delivery. The bonds and the issuance and sale thereof shall be exempt from
34 the provisions of Sections 9, 10, and 11 of Article 31 of the Annotated Code of
35 Maryland, as amended.

36 The borrowing authorized by this Act may also be undertaken by the County in
37 the form of installment purchase obligations executed and delivered by the County for
38 the purpose of acquiring easements or similar or related rights in land that restrict
39 the use of agricultural land or woodland to maintain the character of the land as
40 agricultural or woodland. The form of installment purchase obligations, the manner
41 of accomplishing the acquisition of easements, which may be the direct exchange of
42 installment purchase obligations for easement, and all matters incident to the
43 execution and delivery of the installment purchase obligations and acquisition of the
44 easements by the County shall be determined in the resolution. Except where the
45 provisions of this Act would be inapplicable to installment purchase obligations, the
46 term "bonds" used in this Act shall include installment purchase obligations and

1 matters pertaining to the bonds under this Act, such as the security for the payment
2 of the bonds, the exemption of the bonds from State, County, municipal, or other
3 taxation, and authorization to issue refunding bonds and the limitation on the
4 aggregate principal amount of bonds authorized for issuance, shall be applicable to
5 installment purchase obligations.

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

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

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

26 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
27 sale of bonds shall be used and applied exclusively and solely for the acquisition,
28 construction, improvement, or development of public facilities, including water and
29 sewer projects, to make loans to volunteer fire departments for the financing of fire or
30 emergency-related equipment, buildings, or other facilities of volunteer fire
31 departments in the County or to finance the payment of a contribution to the Carroll
32 County Pension Plan for which the bonds are sold. If the amounts borrowed shall
33 prove inadequate to finance the projects described in the resolution, the County may
34 issue additional bonds with the limitations hereof for the purpose of evidencing the
35 borrowing of additional funds for such financing, provided the resolution authorizing
36 the sale of additional bonds shall so recite, but if the net proceeds of the sale of any
37 issue of bonds exceed the amount needed to finance the projects described in the
38 resolution, the excess funds so borrowed and not expended shall be applied to the
39 payment of the next principal maturity of the bonds or to the redemption of any part
40 of the bonds which have been made redeemable or to the purchase and cancellation of
41 bonds, unless the County shall adopt a resolution allocating the excess funds to the
42 acquisition, construction, improvement, or development of other public facilities,
43 including water and sewer projects, or to the financing of other fire or
44 emergency-related equipment, buildings, or other facilities of volunteer fire

1 departments in the County or to the financing of a payment of a contribution to the
2 Carroll County Pension Plan, as defined and within the limits set forth in this Act.

3 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
4 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
5 faith and credit and unlimited taxing power of the County to the payment of the
6 maturing principal of and interest on the bonds as and when they become payable. In
7 each and every fiscal year that any of the bonds are outstanding, the County shall
8 levy or cause to be levied ad valorem taxes upon all the assessable property within the
9 corporate limits of the County in rate and amount sufficient to provide for or assure
10 the payment, when due, of the principal of and interest on all the bonds maturing in
11 each such fiscal year and, in the event the proceeds from the taxes so levied in any
12 such fiscal year shall prove inadequate for such payment, additional taxes shall be
13 levied in the succeeding fiscal year to make up any such deficiency. The County may
14 apply to the payment of the principal of and interest on any bonds issued hereunder
15 any funds received by it as loan repayments from volunteer fire departments and any
16 funds received by it from the State of Maryland, the United States of America, any
17 agency or instrumentality thereof, or from any other source, if such funds are granted
18 for the purpose of assisting the County in financing the acquisition, construction,
19 improvement, or development of the public facilities defined in this Act, including the
20 water and sewer projects or the aforementioned fire or emergency-related equipment,
21 buildings, or other facilities for volunteer fire departments in the County, and, to the
22 extent of any such funds received or receivable in any fiscal year, the taxes that are
23 required to be levied may be reduced accordingly.

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

44 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior
45 to the preparation of definitive bonds, issue interim certificates or temporary bonds,
46 exchangeable for definitive bonds when such bonds have been executed and are

1 available for such delivery, provided, however, that any such interim certificates or
2 temporary bonds shall be issued in all respects subject to the restrictions and
3 requirements set forth in this Act. The County may, by appropriate resolution,
4 provide for the replacement of any bonds issued hereunder which shall have become
5 mutilated or lost or destroyed upon such conditions and after receiving such
6 indemnity as the County may require.

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

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

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