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By: **Senator Jones**

Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Baltimore City - The Historic Sphinx Club**

3 FOR the purpose of authorizing the creation of a State Debt not to exceed \$250,000,  
4 the proceeds to be used as a grant to the Board of Directors of the Baltimore  
5 Development Corporation for certain development or improvement purposes;  
6 providing for disbursement of the loan proceeds, subject to a requirement that  
7 the grantee provide and expend a matching fund; requiring the grantee to grant  
8 and convey a certain easement to the Maryland Historical Trust; establishing a  
9 deadline for the encumbrance or expenditure of the loan proceeds; and providing  
10 generally for 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 Baltimore  
15 City - The Historic Sphinx Club Loan of 2005 in a total principal amount equal to the  
16 lesser of (i) \$250,000 or (ii) the amount of the matching fund provided in accordance  
17 with Section 1(5) below. This loan shall be evidenced by the issuance, sale, and  
18 delivery of State general obligation bonds authorized by a resolution of the Board of  
19 Public Works and issued, sold, and delivered in accordance with §§ 8-117 through  
20 8-124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

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

24 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
25 and first shall be applied to the payment of the expenses of issuing, selling, and  
26 delivering the bonds, unless funds for this purpose are otherwise provided, and then  
27 shall be credited on the books of the Comptroller and expended, on approval by the  
28 Board of Public Works, for the following public purposes, including any applicable  
29 architects' and engineers' fees: as a grant to the Board of Directors of the Baltimore  
30 Development Corporation (referred to hereafter in this Act as "the grantee") for the  
31 planning, design, repair, renovation, reconstruction, and capital equipping of a  
32 building to be used as The Historic Sphinx Club Complex, in Baltimore City.

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

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

20 (6) (a) Prior to the issuance of the bonds, the grantee shall grant and convey  
21 to the Maryland Historical Trust a perpetual preservation easement to the extent of  
22 its interest:

23 (i) On the land or such portion of the land acceptable to the Trust;  
24 and

25 (ii) On the exterior and interior, where appropriate, of the historic  
26 structures.

27 (b) If the grantee or beneficiary of the grant holds a lease on the land  
28 and structures, the Trust may accept an easement on the leasehold interest.

29 (c) The easement must be in form and substance acceptable to the Trust  
30 and any liens or encumbrances against the land or the structures must be acceptable  
31 to the Trust.

32 (7) The proceeds of the loan must be expended or encumbered by the Board of  
33 Public Works for the purposes provided in this Act no later than June 1, 2012. If any  
34 funds authorized by this Act remain unexpended or unencumbered after June 1,  
35 2012, the amount of the unencumbered or unexpended authorization shall be  
36 canceled and be of no further effect. If bonds have been issued for the loan, the  
37 amount of unexpended or unencumbered bond proceeds shall be disposed of as  
38 provided in § 8-129 of the State Finance and Procurement Article.

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