
By: **Delegate D. Davis**

Introduced and read first time: February 8, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Food Center Authority - Technical Changes**

3 FOR the purpose of clarifying the membership of the Maryland Food Center
4 Authority; clarifying that the ex officio members of the Authority are voting
5 members; authorizing ex officio Authority members to name designees to vote in
6 their absence; providing that at the end of a term an Authority member serves
7 until a successor is appointed and qualifies; repealing certain provisions of law
8 establishing an advisory council to the Authority; providing for the issuance of
9 federally taxable or tax-exempt bonds; repealing certain provisions of law
10 limiting the value of certain revenue bonds that the Authority may issue;
11 clarifying that sale of bonds may be competitive or negotiated; authorizing the
12 deposit of certain revenues into certain funds or reserves; authorizing the use of
13 certain revenues for the operation, improvement, maintenance, and protection
14 of developments or projects; repealing certain provisions of law authorizing the
15 Authority to ensure that a development or project be constructed and paid for
16 under certain supervision and with certain approval; repealing certain
17 provisions of law authorizing that security given by a contractor or a depository
18 of certain proceeds, revenues, or other money be satisfactory to certain persons;
19 repealing certain other obsolete provisions concerning bonds of the Authority;
20 making stylistic changes; and generally relating to the Maryland Food Center
21 Authority.

22 BY repealing

23 Article 41 - Governor - Executive and Administrative Departments
24 Section 13-103(b) and 13-107
25 Annotated Code of Maryland
26 (2003 Replacement Volume and 2005 Supplement)

27 BY adding to

28 Article 41 - Governor - Executive and Administrative Departments
29 Section 13-103(b)
30 Annotated Code of Maryland
31 (2003 Replacement Volume and 2005 Supplement)

1 BY repealing and reenacting, with amendments,
 2 Article 41 - Governor - Executive and Administrative Departments
 3 Section 13-111
 4 Annotated Code of Maryland
 5 (2003 Replacement Volume and 2005 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article 41 - Governor - Executive and Administrative Departments**

9 13-103.

10 [(b) The Authority consists of 12 members, all of whom shall be citizens of the
 11 State, one of whom shall be a resident of Howard County. The Director of Agricultural
 12 Extension, State of Maryland, the Comptroller of the State, the Secretary of
 13 Agriculture, and the Secretary of General Services shall be ex officio members, and
 14 the tenure of their office shall coincide with the terms for which they hold the
 15 designated offices. In the event of a vacancy in any of the ex officio offices, the seat on
 16 the Authority is to be taken by the interim or permanent successor.

17 The Governor of the State of Maryland, with the advice and consent of the
 18 Senate, shall appoint 5 members who shall be outstanding citizens of the State. Each
 19 member, excluding the ex officio members, shall be appointed for a term of five years
 20 from the dates of expiration of the member's respective term of office, except that any
 21 person appointed to fill a vacancy shall serve only for the unexpired term. Any
 22 member of the Authority is eligible for reappointment. The Governor, after notice in
 23 writing to a member 30 days in advance of the action, may remove any member other
 24 than the ex officio members for inefficiency, neglect, or misconduct. Any member so
 25 notified shall be entitled to a hearing before the Governor, provided that request for a
 26 hearing be made in writing to the Governor not later than ten days after receipt of the
 27 notice. In the event of removal the Governor shall promptly appoint a successor.]

- 28 (B) (1) (I) THE AUTHORITY CONSISTS OF 12 MEMBERS.
- 29 (II) 1. EACH MEMBER SHALL BE A RESIDENT OF THE STATE.
- 30 2. ONE MEMBER SHALL RESIDE IN HOWARD COUNTY.
- 31 (III) OF THE 12 MEMBERS:
- 32 1. FOUR SHALL BE EX OFFICIO VOTING MEMBERS:
- 33 A. THE DIRECTOR OF AGRICULTURAL EXTENSION;
- 34 B. THE COMPTROLLER OF THE STATE;
- 35 C. THE SECRETARY OF AGRICULTURE;

- 1 D. THE SECRETARY OF GENERAL SERVICES; AND
- 2 2. EIGHT SHALL BE OUTSTANDING RESIDENTS APPOINTED
3 BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.
- 4 (2) (I) THE TERM OF AN APPOINTED MEMBER IS 5 YEARS.
- 5 (II) AT THE END OF A TERM, AN APPOINTED MEMBER CONTINUES
6 TO SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.
- 7 (III) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN
8 SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED
9 AND QUALIFIES.
- 10 (3) (I) THIRTY DAYS AFTER GIVING WRITTEN NOTICE TO THE
11 MEMBER, THE GOVERNOR MAY REMOVE AN APPOINTED MEMBER FOR
12 INEFFICIENCY, NEGLIGENCE, OR MISCONDUCT.
- 13 (II) THE MEMBER IS ENTITLED TO A HEARING BEFORE THE
14 GOVERNOR, IF A WRITTEN REQUEST FOR A HEARING IS MADE TO THE GOVERNOR NO
15 LATER THAN 10 DAYS AFTER RECEIVING THE NOTICE.
- 16 (III) IF A MEMBER IS REMOVED, THE GOVERNOR SHALL PROMPTLY
17 APPOINT A SUCCESSOR.
- 18 (4) AN EX OFFICIO VOTING MEMBER MAY DESIGNATE ANOTHER
19 INDIVIDUAL TO VOTE IN THAT MEMBER'S ABSENCE.

20 [13-107.

21 (a) An advisory council is created with the function to consult with the
22 members of the Authority from time to time. The council has no vote upon the
23 Authority but may be consulted regularly or from time to time by the Authority, and,
24 upon the invitation of the Authority, shall attend meetings of the Authority, either as
25 a group or individually. The Authority shall submit to the council all proposals on
26 matters which directly relate to the operating procedures of the produce market
27 facility in the market, and shall give sufficient notice to the council of these proposals
28 to allow the council to submit to the Authority comments and recommendations
29 concerning such proposals. These comments and recommendations must be
30 considered by the Authority before action on the proposals, but they shall not be in
31 any way binding upon the Authority. The council must submit its comments and
32 recommendations to the Authority within 30 days after receipt by it of these proposals
33 from the Authority, unless the Authority deems the matter involved to be of such
34 urgency as to require prompt action, in which case the council shall submit its
35 comments and recommendations within 5 days.

36 (b) The advisory council is composed of 11 members. If an executive director of
37 the Authority has been appointed by the Authority, the executive director shall be an
38 ex officio member of the council, and his tenure of office shall coincide with the term
39 for which he shall hold the position of executive director of the Authority. The ex

1 officio member of the council has all rights incidental to membership on the council,
2 except that he does not have the right to vote on matters coming before the council.
3 However, the ex officio member may participate in all discussions on those matters
4 and be present at the time of the vote. In the event of a vacancy in the position of
5 executive director, the ex officio seat on the council shall be taken by the interim or
6 permanent successor to that position. In the event that the position of executive
7 director of the Authority does not exist, the ex officio seat on the council shall be taken
8 by a person designated by the Authority. The executive director or the person
9 appointed by the Authority to take the ex officio seat of the executive director on the
10 council shall act as chairman of the council. The Maryland Agricultural Commission
11 shall appoint 5 members of the council. Those produce merchants who are tenants in
12 the produce market facility in the market shall appoint from among their number 5
13 members of the council. The Maryland Agricultural Commission and the produce
14 merchants shall determine their respective methods of appointment of members of
15 the council. Their successors shall be appointed for terms of 1 year from the date of
16 expiration of their terms of office, except that any person appointed to fill a vacancy
17 shall serve only for the unexpired term. Any member of the council is eligible for
18 reappointment. Compensation may not be paid to members of the council for
19 performance of their duties, but the Authority may reimburse them for actual
20 expenses necessarily incurred in the performance of their duties.

21 (c) The advisory council shall meet at least annually. All meetings of the
22 council shall be called by the chairman of the council by written notice to each
23 member at least 10 days in advance of the meeting. Five members of the council
24 constitute a quorum. The ex officio member of the council may not be counted for
25 purposes of determining the existence of a quorum. Action by the council shall be by
26 majority vote, each member, excluding the ex officio member, being entitled to 1 vote.
27 A vacancy in the council does not impair the right of a quorum to exercise all of the
28 rights and perform all of the duties of the council. The council may establish whatever
29 other rules and regulations as may be necessary for its own government.]

30 13-111.

31 (a) The Authority may provide by resolution for the issuance at one time, or in
32 series from time to time, of [negotiable] FEDERALLY TAX-EXEMPT OR FEDERALLY
33 TAXABLE revenue bonds of the Authority [in an amount not to exceed \$25,000,000 in
34 the aggregate,] for the purpose of paying all or a part of the cost of developments or
35 projects, and for all other purposes set out in this subtitle. Such bonds shall be
36 executed in such manner as determined by the Authority.

37 (b) The bonds shall be dated, shall bear interest at such rate or rates, payable
38 semiannually, and shall mature at such time or times not exceeding 40 years from the
39 date or dates of their respective issues as may be determined by the Authority, and
40 may be made redeemable before maturity, at the option of the Authority, at such price
41 or prices and under such terms and conditions as may be fixed by the Authority prior
42 to the issuance of the bonds. The principal of and the interest on such bonds may be
43 made payable in any lawful medium.

1 (c) Revenue bonds issued under the provisions of this section shall not be
2 deemed to constitute a debt of the State or of any political subdivision thereof or a
3 pledge of the faith and credit of the State or of any such political subdivision, but the
4 bonds shall be payable solely from the funds herein provided therefor from
5 development or project revenues. All revenue bonds shall contain on the face thereof
6 a statement to the effect that neither the Authority nor the State nor any political
7 subdivision thereof is obligated to pay the principal or the interest thereon except
8 from development or project revenues pledged to the payment of the bonds.

9 (d) The Authority shall determine the form of the revenue bonds, the manner
10 of executing the bonds, the denomination or denominations of the bonds, and the
11 place or places of payment of principal and interest thereof, which may be a bank or
12 trust company within or without the State.

13 (e) The revenue bonds shall be executed in such manner as may be
14 determined by the Authority. If any officer whose signature or facsimile thereof
15 appears on any bond ceases to be such officer before the delivery of bonds, the
16 signature or facsimile thereof shall nevertheless be valid and sufficient for all
17 purposes the same as if he had remained in office until the delivery.

18 [(f) All revenue bonds issued under the provisions of this section have and are
19 hereby declared to have, as between successive holders, all the qualities and incidents
20 of negotiable instruments under the negotiable instruments law section of the
21 Uniform Commercial Code of this State.]

22 [(g) (F) The revenue bonds shall be sold by the Authority, [at public or
23 private] EITHER BY COMPETITIVE OR NEGOTIATED sale, in such manner and for such
24 price as it may determine to be for its best interests. None of the provisions of §§
25 8-206 and 8-208 of the State Finance and Procurement Article have any application
26 to the bonds hereby authorized and such bonds are explicitly exempted therefrom.

27 [(h) (G) If the proceeds of the revenue bonds, by error of calculation or
28 otherwise, are less than the amount required for the purpose for which bonds are
29 authorized, additional bonds may be issued to provide the amount of the deficit, and
30 unless otherwise provided by the authorizing resolution or in the trust indenture
31 hereinafter mentioned, the additional bonds shall be deemed to be of the same issue
32 and may be entitled to payment from the same funds without preference or priority of
33 the bonds first issued for such purposes.

34 [(i) (H) Prior to the preparation of definitive revenue bonds, the Authority,
35 under the restrictions, may issue temporary revenue bonds, exchangeable for
36 definitive bonds upon the issuance of the latter. The Authority also may provide for
37 the replacement of any bonds which become mutilated or are destroyed or lost. The
38 bonds may be issued without an election or any other proceedings or the happening of
39 any conditions or things other than those proceedings, conditions, and things
40 specified and required by this subtitle.

41 [(j) (I) A resolution providing for the issuance of revenue bonds also may
42 provide for the issuance of additional bonds and may limit the amount by the

1 resolution or trust indenture, for the purpose of paying the cost of any extensions,
2 additions, and improvements which thereafter become necessary; the additional
3 bonds may be sold from time to time in the manner hereinabove provided and shall be
4 deemed a part of the original issue authorized by the resolution, and shall be issued
5 under such restrictions and limitations as prescribed by the resolution or trust
6 indenture.

7 [(k)] (J) The Authority may provide by resolution for the issuance of its
8 revenue refunding bonds for the purpose of refunding any bonds then outstanding
9 and issued under the provisions of this section. The issuance of such refunding bonds,
10 the details thereof, the rights of the holders thereof, and the duties of the Authority in
11 respect to them shall be governed by the provisions of this section insofar as
12 applicable. The refunding bonds shall mature at such time or times not exceeding 40
13 years from the date or dates of their respective issues as determined by the Authority.

14 [(l)] (K) The Authority may provide by resolution for the issuance of a single
15 issue of its revenue bonds for the combined purposes of (1) paying the cost of any
16 improvement, extension, enlargement, or reconstruction of a development or project
17 and (2) refunding its bonds theretofore issued for such development or project and
18 then outstanding and which shall then have matured or be subject to redemption or
19 can be acquired for retirement. The revenue refunding bonds shall mature at such
20 time or times not exceeding 40 years from the date or dates of their respective issues
21 as may be determined by the Authority.

22 [(m)] (L) (1) All moneys received from any revenue bonds issued and sold
23 under the provisions of this section shall be applied [solely] for the purposes for
24 which the bonds are authorized [or to a reserve fund created for the payment of the
25 bonds, and there is created and granted a lien upon such moneys until so applied in
26 favor of the holders of the bonds or paid to the trustee hereinafter provided for the
27 bonds].

28 (2) THE AUTHORITY SHALL SET ASIDE A SUFFICIENT AMOUNT OF THE
29 REVENUES DERIVED FROM A DEVELOPMENT OR PROJECT IN A SINKING FUND OR
30 OTHER SIMILAR FUND:

31 (I) AT REGULAR INTERVALS AS PROVIDED IN THE RESOLUTION OR
32 TRUST INDENTURE; AND

33 (II) PLEDGED TO PAYING:

34 1. THE PRINCIPAL OF AND INTEREST ON THE BONDS AS
35 THEY BECOME DUE; AND

36 2. THE REDEMPTION OR PURCHASE PRICE OF BONDS
37 RETIRED BY CALL OR PURCHASE AS SPECIFIED IN THE RESOLUTION OR TRUST
38 INDENTURE.

39 (3) IF THE RESOLUTION OR TRUST INDENTURE SO PROVIDES, THE
40 AUTHORITY MAY EXCLUDE FROM THE CALCULATION OF THE AMOUNT TO BE

1 DEPOSITED IN THE SINKING FUND AND MAY APPLY REVENUES THAT MAY BE
2 NECESSARY OR CONVENIENT:

3 (I) TO PAY FOR MAINTENANCE, REPAIR, OPERATION, AND
4 PROTECTION OF A DEVELOPMENT OR PROJECT;

5 (II) FOR RESERVES; AND

6 (III) FOR RENEWAL, REPLACEMENT, EXTENSION, ENLARGEMENT,
7 AND IMPROVEMENT OF A DEVELOPMENT OR PROJECT.

8 (4) THE LIEN OF THE PLEDGE OF REVENUES UNDER PARAGRAPH (2) OF
9 THIS SUBSECTION IS VALID AND BINDING:

10 (I) FROM THE TIME THE PLEDGE IS MADE; AND

11 (II) AGAINST EACH PARTY WITH A CLAIM AGAINST THE AUTHORITY
12 IN TORT, CONTRACT, OR OTHERWISE, REGARDLESS OF WHETHER THE PARTY HAS
13 NOTICE OF THE LIEN.

14 [(n)] (M) In the discretion of the Authority, the revenue bonds may be secured
15 by a trust indenture by and between the Authority and a corporate trustee, which
16 may be any trust company or bank having the powers of a trust company within or
17 outside of the State. Such trust indenture may pledge or assign revenues to be
18 received from the development or project, but it shall not convey or mortgage the
19 development or project or any part or parts thereof except with the express consent of
20 the Board of Public Works. The trust indenture may provide that any money realized
21 from the sale or the disposition of any of the land, buildings, structures, facilities,
22 equipment and other property of a development or project may be used to pay the
23 interest on and principal of the revenue bonds. Either the resolution providing for the
24 issuance of bonds or the trust indenture may contain provisions for protecting and
25 enforcing the rights and remedies of the bondholders as reasonable and proper, not in
26 violation of law, including covenants setting forth the duties of the Authority in
27 relation to the construction, acquisition, improvement, installation, maintenance,
28 operation, repairs, and insurance of the development or project and the custody,
29 safeguarding, and application of all moneys[; and may provide that the development
30 or project be constructed and paid for under the supervision and approval of
31 consulting engineers employed or designated by the Authority and satisfactory to the
32 original purchasers of the bonds issued hereunder; and may further provide that the
33 security given by contractors and by any depositary of the proceeds of the bonds or
34 revenues of the development or project or other moneys pertaining thereto be
35 satisfactory to the purchasers]. It shall be lawful for any bank or trust company
36 incorporated under the laws of this State to act as depositary of the proceeds of the
37 bonds or revenue and to furnish such indemnity bonds or to pledge such securities as
38 may be required by the Authority.

39 The resolution or trust indenture may set forth the rights and remedies of the
40 bondholders and of the trustee, and may restrict the individual right of action of
41 bondholders as is customary in trust indentures securing bonds and debentures of
42 corporations. Except as in this subtitle otherwise provided, the Authority may provide

1 by resolution or by the trust indenture for the [payment] DEPOSIT of the proceeds of
2 the sale of the bonds and the revenue of a development or project to such officer,
3 board, or depositary as it determines for the custody thereof, and for the method of
4 disbursement thereof, with such safeguards and restrictions as it determines. All
5 expenses incurred in carrying out such trust indenture may be treated as a part of the
6 cost of maintenance, operation and repair of a development or project.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2006.