
By: **Senator Middleton**

Introduced and read first time: January 27, 2006

Assigned to: Finance

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; repealing certain provisions of
9 law limiting the value of certain revenue bonds that the Authority may issue;
10 authorizing the use of moneys received from certain revenue bonds for the
11 improvement, maintenance, and protection of developments or projects from
12 which certain revenue bond payments are derived; repealing certain provisions
13 of law authorizing the Authority to ensure that a development or project be
14 constructed and paid for under certain supervision and with certain approval;
15 repealing certain provisions of law authorizing that security given by a
16 contractor or a depository of certain proceeds, revenues, or other money be
17 satisfactory to certain persons; making stylistic changes; and generally relating
18 to the Maryland Food Center Authority.

19 BY repealing
20 Article 41 - Governor - Executive and Administrative Departments
21 Section 13-103(b) and 13-107
22 Annotated Code of Maryland
23 (2003 Replacement Volume and 2005 Supplement)

24 BY adding to
25 Article 41 - Governor - Executive and Administrative Departments
26 Section 13-103(b)
27 Annotated Code of Maryland
28 (2003 Replacement Volume and 2005 Supplement)

29 BY repealing and reenacting, with amendments,
30 Article 41 - Governor - Executive and Administrative Departments
31 Section 13-111

1 Annotated Code of Maryland
2 (2003 Replacement Volume and 2005 Supplement)

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

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

6 13-103.

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

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

25 (B) (1) (I) THE AUTHORITY CONSISTS OF 12 MEMBERS.

26 (II) 1. EACH MEMBER SHALL BE A RESIDENT OF THE STATE.

27 2. ONE MEMBER SHALL RESIDE IN HOWARD COUNTY.

28 (III) OF THE 12 MEMBERS:

29 1. FOUR SHALL BE EX OFFICIO VOTING MEMBERS:

30 A. THE DIRECTOR OF AGRICULTURAL EXTENSION;

31 B. THE COMPTROLLER OF THE STATE;

32 C. THE SECRETARY OF AGRICULTURE;

33 D. THE SECRETARY OF GENERAL SERVICES; AND

34 2. EIGHT SHALL BE OUTSTANDING RESIDENTS APPOINTED
35 BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.

1 (2) (I) THE TERM OF AN APPOINTED MEMBER IS 5 YEARS.

2 (II) AT THE END OF A TERM, AN APPOINTED MEMBER CONTINUES
3 TO SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

4 (III) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN
5 SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED
6 AND QUALIFIES.

7 (3) (I) THIRTY DAYS AFTER GIVING WRITTEN NOTICE TO THE
8 MEMBER, THE GOVERNOR MAY REMOVE AN APPOINTED MEMBER FOR
9 INEFFICIENCY, NEGLIGENCE, OR MISCONDUCT.

10 (II) THE MEMBER IS ENTITLED TO A HEARING BEFORE THE
11 GOVERNOR, IF A WRITTEN REQUEST FOR A HEARING IS MADE TO THE GOVERNOR NO
12 LATER THAN 10 DAYS AFTER RECEIVING THE NOTICE.

13 (III) IF A MEMBER IS REMOVED, THE GOVERNOR SHALL PROMPTLY
14 APPOINT A SUCCESSOR.

15 (4) AN EX OFFICIO VOTING MEMBER MAY DESIGNATE ANOTHER
16 INDIVIDUAL TO VOTE IN THAT MEMBER'S ABSENCE.

17 [13-107.

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

33 (b) The advisory council is composed of 11 members. If an executive director of
34 the Authority has been appointed by the Authority, the executive director shall be an
35 ex officio member of the council, and his tenure of office shall coincide with the term
36 for which he shall hold the position of executive director of the Authority. The ex
37 officio member of the council has all rights incidental to membership on the council,
38 except that he does not have the right to vote on matters coming before the council.
39 However, the ex officio member may participate in all discussions on those matters
40 and be present at the time of the vote. In the event of a vacancy in the position of
41 executive director, the ex officio seat on the council shall be taken by the interim or

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

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

25 13-111.

26 (a) The Authority may provide by resolution for the issuance at one time, or in
27 series from time to time, of negotiable revenue bonds of the Authority [in an amount
28 not to exceed \$25,000,000 in the aggregate,] for the purpose of paying all or a part of
29 the cost of developments or projects, and for all other purposes set out in this subtitle.
30 Such bonds shall be executed in such manner as determined by the Authority.

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

38 (c) Revenue bonds issued under the provisions of this section shall not be
39 deemed to constitute a debt of the State or of any political subdivision thereof or a
40 pledge of the faith and credit of the State or of any such political subdivision, but the
41 bonds shall be payable solely from the funds herein provided therefor from
42 development or project revenues. All revenue bonds shall contain on the face thereof
43 a statement to the effect that neither the Authority nor the State nor any political

1 subdivision thereof is obligated to pay the principal or the interest thereon except
2 from development or project revenues pledged to the payment of the bonds.

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

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

12 (f) All revenue bonds issued under the provisions of this section have and are
13 hereby declared to have, as between successive holders, all the qualities and incidents
14 of negotiable instruments under the negotiable instruments law section of the
15 Uniform Commercial Code of this State.

16 (g) The revenue bonds shall be sold by the Authority, at public or private sale,
17 in such manner and for such price as it may determine to be for its best interests.
18 None of the provisions of §§ 8-206 and 8-208 of the State Finance and Procurement
19 Article have any application to the bonds hereby authorized and such bonds are
20 explicitly exempted therefrom.

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

28 (i) Prior to the preparation of definitive revenue bonds, the Authority, under
29 the restrictions, may issue temporary revenue bonds, exchangeable for definitive
30 bonds upon the issuance of the latter. The Authority also may provide for the
31 replacement of any bonds which become mutilated or are destroyed or lost. The bonds
32 may be issued without an election or any other proceedings or the happening of any
33 conditions or things other than those proceedings, conditions, and things specified
34 and required by this subtitle.

35 (j) A resolution providing for the issuance of revenue bonds also may provide
36 for the issuance of additional bonds and may limit the amount by the resolution or
37 trust indenture, for the purpose of paying the cost of any extensions, additions, and
38 improvements which thereafter become necessary; the additional bonds may be sold
39 from time to time in the manner hereinabove provided and shall be deemed a part of
40 the original issue authorized by the resolution, and shall be issued under such
41 restrictions and limitations as prescribed by the resolution or trust indenture.

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

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

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

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

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

26 (II) PLEDGED TO PAYING:

27 1. THE PRINCIPAL OF AND INTEREST ON THE BONDS AS
28 THEY BECOME DUE; AND

29 2. THE REDEMPTION OR PURCHASE PRICE OF BONDS
30 RETIRED BY CALL OR PURCHASE AS SPECIFIED IN THE RESOLUTION OR TRUST
31 INDENTURE.

32 (3) THE AUTHORITY MAY EXCLUDE FROM THE CALCULATION OF THE
33 AMOUNT TO BE DEPOSITED IN THE SINKING FUND THE REVENUES THAT MAY BE
34 NECESSARY OR CONVENIENT:

35 (I) TO PAY FOR MAINTENANCE, REPAIR, AND OPERATION OF A
36 DEVELOPMENT OR PROJECT;

37 (II) FOR RESERVES; AND

1 (III) FOR RENEWAL, REPLACEMENT, EXTENSION, ENLARGEMENT,
2 AND IMPROVEMENT OF A DEVELOPMENT OR PROJECT AS PROVIDED IN THE
3 RESOLUTION OR TRUST INDENTURE.

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

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

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

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

35 The resolution or trust indenture may set forth the rights and remedies of the
36 bondholders and of the trustee, and may restrict the individual right of action of
37 bondholders as is customary in trust indentures securing bonds and debentures of
38 corporations. Except as in this subtitle otherwise provided, the Authority may provide
39 by resolution or by the trust indenture for the payment of the proceeds of the sale of
40 the bonds and the revenue of a development or project to such officer, board, or
41 depository as it determines for the custody thereof, and for the method of
42 disbursement thereof, with such safeguards and restrictions as it determines. All
43 expenses incurred in carrying out such trust indenture may be treated as a part of the
44 cost of maintenance, operation and repair of a development or project.

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