
By: **Carroll County Senators**

Introduced and read first time: February 1, 2006

Assigned to: Budget and Taxation

A BILL ENTITLED

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 \$52,000,000 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 loans
7 for fire or emergency-related equipment, buildings, and other facilities of
8 volunteer fire departments in the County, to finance the payment of
9 contributions to the Carroll County Pension Plan, to finance the payment of
10 contributions to other postemployment benefits provided by the County, to
11 finance the payment of contributions to the length of service program for
12 members of volunteer fire departments in the County, and to effect such
13 borrowing by the issuance and sale at public or private sale of its general
14 obligation bonds in like par amount; empowering the County to fix and
15 determine, by resolution, the form, tenor, interest rate or rates or method of
16 determining the same, terms, conditions, maturities, and all other details
17 incident to the issuance and sale of the bonds; empowering the County to issue
18 refunding bonds for the purchase or redemption of bonds in advance of maturity;
19 providing that such borrowing may be undertaken by the County in the form of
20 installment purchase obligations executed and delivered by the County for the
21 purpose of acquiring agricultural land and woodland preservation easements;
22 empowering and directing the County to levy, impose, and collect, annually, ad
23 valorem taxes in rate and amount sufficient to provide funds for the payment of
24 the maturing principal of and interest on the bonds; exempting the bonds and
25 refunding bonds and the interest thereon and any income derived therefrom
26 from all State, County, municipal, and other taxation in the State of Maryland;
27 providing that nothing in this Act shall prevent the County from authorizing the
28 issuance and sale of bonds the interest on which is not excludable from gross
29 income for federal income tax purposes; and relating generally to the issuance
30 and sale of such bonds.

31 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
32 MARYLAND, That, as used herein, the term "County" means the body politic and
33 corporate of the State of Maryland known as the County Commissioners of Carroll
34 County, and the term "construction, improvement, or development of public facilities"
35 means the acquisition, alteration, construction, reconstruction, enlargement,

1 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,
2 and repair of public buildings and facilities and public works projects, including, but
3 not limited to, public works projects such as roads, bridges and storm drains, public
4 school buildings and facilities, landfills, Carroll Community College buildings and
5 facilities, public operational buildings and facilities such as buildings and facilities for
6 County administrative use, public safety, health and social services, libraries, refuse
7 disposal buildings and facilities, water and sewer infrastructure facilities, easements
8 or similar or related rights in land that restrict the use of agricultural land or
9 woodland to maintain the character of the land as agricultural land or woodland, and
10 parks and recreation buildings and facilities, together with the costs of acquiring land
11 or interests in land as well as any related architectural, financial, legal, planning, or
12 engineering services.

13 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
14 authorized to finance any part or all of the costs of the construction, improvements or
15 development of public facilities described in Section 1 of this Act, to make loans to
16 each and every volunteer fire department in the County upon such terms and
17 conditions as may be determined by the County for the purpose of financing certain
18 fire or emergency-related equipment, buildings, or other facilities of volunteer fire
19 departments, to finance the payment of contributions to the Carroll County Pension
20 Plan, to finance the payment of contributions to other postemployment benefits
21 provided by the County, to finance the payment of contributions to the length of
22 service award program for members of volunteer fire departments in the County, and
23 to borrow money and incur indebtedness for those purposes, at one time or from time
24 to time, in an amount not exceeding, in the aggregate, \$52,000,000 and to evidence
25 such borrowing by the issuance and sale upon its full faith and credit of general
26 obligation bonds in like par amount, which may be issued at one time or from time to
27 time, in one or more groups or series, as the County may determine.

28 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be
29 issued in accordance with a resolution of the County, which shall describe generally
30 the construction, improvement, or development of public facilities, including water
31 and sewer projects, the fire or emergency-related equipment, buildings, or other
32 facilities of volunteer fire departments in the County, the contributions to the Carroll
33 County Pension Plan, the contributions to other postemployment benefits provided by
34 the County, and the contributions to the length of service award program for members
35 of volunteer fire departments in the County, for which the proceeds of the bond sale
36 are intended and the amount needed for those purposes. The County shall have and is
37 hereby 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 any contributions to the Carroll County Pension Plan, the terms and conditions of
4 any contributions to other postemployment benefits provided by the County, the
5 terms and conditions of any contributions to the length of service award program for
6 members of volunteer fire departments in the County, the terms and conditions, if
7 any, under which bonds may be tendered for payment or purchase prior to their stated
8 maturity; the terms or conditions, if any, under which bonds may or shall be redeemed
9 prior to their stated maturity; the place or places of payment of the principal of and
10 the interest on the bonds, which may be at any bank or trust company within or
11 without the State of Maryland; covenants relating to compliance with applicable
12 requirements of federal income tax law, including (without limitation) covenants
13 regarding the payment of rebate or penalties in lieu of rebate; covenants relating to
14 compliance with applicable requirements of federal or state securities laws; and
15 generally all matters incident to the terms, conditions, issuance, sale, and delivery
16 thereof.

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

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

42 The borrowing authorized by this Act may also be undertaken by the County in
43 the form of installment purchase obligations executed and delivered by the County for
44 the purpose of acquiring easements or similar or related rights in land that restrict
45 the use of agricultural land or woodland to maintain the character of the land as
46 agricultural or woodland. The form of installment purchase obligations, the manner

1 of accomplishing the acquisition of easements, which may be the direct exchange of
2 installment purchase obligations for easement, and all matters incident to the
3 execution and delivery of the installment purchase obligations and acquisition of the
4 easements by the County shall be determined in the resolution. Except where the
5 provisions of this Act would be inapplicable to installment purchase obligations, the
6 term "bonds" used in this Act shall include installment purchase obligations and
7 matters pertaining to the bonds under this Act, such as the security for the payment
8 of the bonds, the exemption of the bonds from State, County, municipal, or other
9 taxation, and authorization to issue refunding bonds and the limitation on the
10 aggregate principal amount of bonds authorized for issuance, shall be applicable to
11 installment purchase obligations.

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

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

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

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

1 of the bonds which have been made redeemable or to the purchase and cancellation of
2 bonds, unless the County shall adopt a resolution allocating the excess funds to the
3 acquisition, construction, improvement, or development of other public facilities,
4 including water and sewer projects, or to the making of loans for fire or
5 emergency-related equipment, buildings, or other facilities of volunteer fire
6 departments in the County or to the financing of the payment of contributions to the
7 Carroll County Pension Plan, contributions to other postemployment benefits
8 programs provided by the County, or contributions to the length of service award
9 program for members of volunteer fire departments in the County, as defined and
10 within the limits set forth in this Act.

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

36 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
37 authorized and empowered, at any time and from time to time, to issue its bonds in
38 the manner herein above described for the purpose of refunding, by payment at
39 maturity or upon purchase or redemption, any bonds issued hereunder. The validity
40 of any such refunding bonds shall in no way be dependent upon or related to the
41 validity or invalidity of the obligations so refunded. The powers herein granted with
42 respect to the issuance of bonds shall be applicable to the issuance of refunding bonds.
43 Such refunding bonds may be issued by the County for the purpose of providing it
44 with funds to pay any of its outstanding bonds issued hereunder at maturity, for the
45 purpose of providing it with funds to purchase in the open market any of its
46 outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose
47 of providing it with funds for the redemption prior to maturity of any outstanding

1 bonds issued hereunder which are, by their terms, redeemable, for the purpose of
2 providing it with funds to pay interest on any outstanding bonds issued hereunder
3 prior to their payment at maturity of purchase or redemption in advance of maturity,
4 or for the purpose of providing it with funds to pay any redemption or purchase
5 premium in connection with the refunding of any of its outstanding bonds issued
6 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated
7 and set apart by the County as a separate trust fund to be used solely for the purpose
8 of paying the purchase or redemption prices of the bonds to be refunded.

9 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior
10 to the preparation of definitive bonds, issue interim certificates or temporary bonds,
11 exchangeable for definitive bonds when such bonds have been executed and are
12 available for such delivery, provided, however, that any such interim certificates or
13 temporary bonds shall be issued in all respects subject to the restrictions and
14 requirements set forth in this Act. The County may, by appropriate resolution,
15 provide for the replacement of any bonds issued hereunder which shall have become
16 mutilated or lost or destroyed upon such conditions and after receiving such
17 indemnity as the County may require.

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

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

40 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
41 effect June 1, 2006.