

# SENATE BILL 905

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By: **Carroll County Senators**

Introduced and read first time: February 22, 2007

Assigned to: Rules

Re-referred to: Budget and Taxation, March 2, 2007

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 22, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Carroll County – Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of Carroll  
4 County, from time to time, to borrow not more than \$80,000,000 in order to  
5 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  
19 maturity; providing that such borrowing may be undertaken by the County in  
20 the form of installment purchase obligations executed and delivered by the

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 County for the purpose of acquiring agricultural land and woodland  
2 preservation easements; empowering and directing the County to levy, impose,  
3 and collect, annually, ad valorem taxes in rate and amount sufficient to provide  
4 funds for the payment of the maturing principal of and interest on the bonds;  
5 exempting the bonds and refunding bonds and the interest thereon and any  
6 income derived therefrom from all State, County, municipal, and other taxation  
7 in the State of Maryland; providing that nothing in this Act shall prevent the  
8 County from authorizing the issuance and sale of bonds the interest on which is  
9 not excludable from gross income for federal income tax purposes; and relating  
10 generally to the issuance and sale of such bonds.

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

28 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
29 authorized to finance any part or all of the costs of the construction, improvements or  
30 development of public facilities described in Section 1 of this Act, to make loans to  
31 each and every volunteer fire department in the County upon such terms and  
32 conditions as may be determined by the County for the purpose of financing certain  
33 fire or emergency-related equipment, buildings, or other facilities of volunteer fire  
34 departments, to finance the payment of contributions to the Carroll County Pension  
35 Plan, to finance the payment of contributions to other postemployment benefits  
36 provided by the County, to finance the payment of contributions to the length of  
37 service award program for members of volunteer fire departments in the County, and  
38 to borrow money and incur indebtedness for those purposes, at one time or from time  
39 to time, in an amount not exceeding, in the aggregate, \$80,000,000 and to evidence  
40 such borrowing by the issuance and sale upon its full faith and credit of general

1 obligation bonds in like par amount, which may be issued at one time or from time to  
2 time, in one or more groups or series, as the County may determine.

3 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be  
4 issued in accordance with a resolution of the County, which shall describe generally  
5 the construction, improvement, or development of public facilities, including water and  
6 sewer projects, the fire or emergency-related equipment, buildings, or other facilities  
7 of volunteer fire departments in the County, the contributions to the Carroll County  
8 Pension Plan, the contributions to other postemployment benefits provided by the  
9 County, and the contributions to the length of service award program for members of  
10 volunteer fire departments in the County, for which the proceeds of the bond sale are  
11 intended and the amount needed for those purposes. The County shall have and is  
12 hereby granted full and complete authority and discretion in the resolution to fix and  
13 determine with respect to the bonds of any issue: the designation, date of issue,  
14 denomination or denominations, form or forms, and tenor of the bonds which, without  
15 limitation, may be issued in registered form within the meaning of Section 30 of  
16 Article 31 of the Annotated Code of Maryland, as amended; the rate or rates of interest  
17 payable thereon, or the method of determining the same, which may include a variable  
18 rate; the date or dates and amount or amounts of maturity, which need not be in equal  
19 par amounts or in consecutive annual installments, provided only that no bond of any  
20 issue shall mature later than 30 years from the date of its issue; the manner of selling  
21 the bonds, which may be at either public or private sale, for such price or prices as  
22 may be determined to be for the best interests of Carroll County; the manner of  
23 executing and sealing the bonds, which may be by facsimile; the terms and conditions  
24 of any loans made to volunteer fire departments; the terms and conditions of any  
25 contributions to the Carroll County Pension Plan, the terms and conditions of any  
26 contributions to other postemployment benefits provided by the County, the terms and  
27 conditions of any contributions to the length of service award program for members of  
28 volunteer fire departments in the County, the terms and conditions, if any, under  
29 which bonds may be tendered for payment or purchase prior to their stated maturity;  
30 the terms or conditions, if any, under which bonds may or shall be redeemed prior to  
31 their stated maturity; the place or places of payment of the principal of and the  
32 interest on the bonds, which may be at any bank or trust company within or without  
33 the State of Maryland; covenants relating to compliance with applicable requirements  
34 of federal income tax law, including (without limitation) covenants regarding the  
35 payment of rebate or penalties in lieu of rebate; covenants relating to compliance with  
36 applicable requirements of federal or state securities laws; and generally all matters  
37 incident to the terms, conditions, issuance, sale, and delivery thereof.

38 Bonds issued under the authority of this Act to finance the payment of  
39 contributions to the Carroll County Pension Plan, a contribution to other  
40 postemployment benefits provided by the County, or a contribution to the length of  
41 service award program for members of volunteer fire departments in the County may

1 be issued for the public purposes of (i) realizing savings with respect to the aggregate  
2 cost of the County payment liability being funded, on either a direct comparison or  
3 present value basis; or (ii) structuring or restructuring contribution costs in a manner  
4 that (a) in the aggregate effects a reduction in County pension costs, other  
5 postemployment benefits costs or length of service award program costs, as applicable  
6 or (b) is determined by the County to be in the best interests of the County, to be  
7 consistent with the County's long-term financial plan, and to realize a financial  
8 objective of the County, including improving the relationship of contribution costs to a  
9 source of payments such as taxes, assessments, or other charges. Any findings made  
10 by the County in the resolution regarding the public purposes achieved by the  
11 issuance of bonds for such purposes shall be conclusive.

12 The bonds may be made redeemable before maturity, at the option of the  
13 County, at such price or prices and under such terms and conditions as may be fixed  
14 by the County prior to the issuance of the bonds, either in the resolution or in  
15 subsequent resolutions. The bonds may be issued in registered form, and provision  
16 may be made for the registration of the principal only. In case any officer whose  
17 signature appears on any bond ceases to be such officer before the delivery thereof,  
18 such signature shall nevertheless be valid and sufficient for all purposes as if the  
19 officer had remained in office until such delivery. The bonds and the issuance and sale  
20 thereof shall be exempt from the provisions of Sections 9, 10, and 11 of Article 31 of  
21 the Annotated Code of Maryland, as amended.

22 The borrowing authorized by this Act may also be undertaken by the County in  
23 the form of installment purchase obligations executed and delivered by the County for  
24 the purpose of acquiring easements or similar or related rights in land that restrict the  
25 use of agricultural land or woodland to maintain the character of the land as  
26 agricultural or woodland. The form of installment purchase obligations, the manner of  
27 accomplishing the acquisition of easements, which may be the direct exchange of  
28 installment purchase obligations for easement, and all matters incident to the  
29 execution and delivery of the installment purchase obligations and acquisition of the  
30 easements by the County shall be determined in the resolution. Except where the  
31 provisions of this Act would be inapplicable to installment purchase obligations, the  
32 term "bonds" used in this Act shall include installment purchase obligations and  
33 matters pertaining to the bonds under this Act, such as the security for the payment of  
34 the bonds, the exemption of the bonds from State, County, municipal, or other  
35 taxation, and authorization to issue refunding bonds and the limitation on the  
36 aggregate principal amount of bonds authorized for issuance, shall be applicable to  
37 installment purchase obligations.

38 The County may enter into agreements with agents, banks, fiduciaries,  
39 insurers, or others for the purpose of enhancing the marketability of any security for  
40 the bonds and for the purpose of securing any tender option that may be granted to

1 holders of the bonds, all as may be determined and presented in the aforesaid  
2 resolution, which may (but need not) state as security for the performance by the  
3 County of any monetary obligations under such agreements the same security given by  
4 the County to bondholders for the performance by the County of its monetary  
5 obligations under the bonds.

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

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

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

1 program for members of volunteer fire departments in the County, as defined and  
2 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 levy  
8 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 making of loans for the aforementioned fire or  
21 emergency-related equipment, buildings, or other facilities for volunteer fire  
22 departments in the County, or the financing of the payment of contributions to the  
23 Carroll County Pension Plan, contributions to other postemployment benefits provided  
24 by the County, or contributions to the length of service award program for members of  
25 volunteer fire departments in the County and, to the extent of any such funds received  
26 or receivable in any fiscal year, the taxes that are required to be levied may be reduced  
27 accordingly.

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

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

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

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

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

38 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take  
39 effect June 1, 2007.