

HOUSE BILL 471

B3

8lr2149

By: **St. Mary's County Delegation**

Introduced and read first time: January 30, 2008

Assigned to: Appropriations

Committee Report: Favorable

House action: Adopted

Read second time: February 12, 2008

CHAPTER _____

1 AN ACT concerning

2 **St. Mary's County – Public Facility Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of St.
4 Mary's County, from time to time, to borrow not more than \$35,000,000 in order
5 to finance the construction, improvement, or development of certain public
6 facilities in St. Mary's County, as herein defined, and to effect such borrowing
7 by the issuance and sale at public or private sale of its general obligation bonds
8 in like par amount; empowering the County to fix and determine, by resolution,
9 the form, tenor, interest rate or rates or method of determining the same, terms,
10 conditions, maturities, and all other details incident to the issuance and sale of
11 the bonds; empowering the County to issue refunding bonds for the purchase or
12 redemption of bonds in advance of maturity; empowering and directing the
13 County to levy, impose, and collect, annually, ad valorem taxes in rate and
14 amount sufficient to provide funds for the payment of the maturing principal of
15 and interest on the bonds; exempting the bonds and refunding bonds and the
16 interest thereon and any income derived therefrom from all State, county,
17 municipal, and other taxation in the State of Maryland; providing that nothing
18 in this Act shall prevent the County from authorizing the issuance and sale of
19 bonds the interest on which is not excludable from gross income for federal
20 income tax purposes; and relating generally to the issuance and sale of such
21 bonds.

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That, as used herein, the term "County" means the body politic and
24 corporate of the State of Maryland known as the County Commissioners of St. Mary's
25 County, and the term "construction, improvement, or development of public facilities"

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 means the acquisition, alteration, construction, reconstruction, enlargement,
2 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,
3 and repair of public buildings and facilities and public works projects, including, but
4 not limited to, public works projects such as highways, roads, bridges and storm
5 drains, public school buildings and facilities, boating facilities, shore erosion and other
6 marine property, landfills, and recycling facilities, public operational buildings and
7 facilities such as buildings and facilities for County administrative use, capital
8 improvements to the Wicomico Shores Taxing District, County athletic facilities, the
9 community college, community swimming pools, public safety, health, and social
10 services, libraries, commuter air service facilities, refuse disposal buildings and
11 facilities, and parks and recreation buildings and facilities, together with the costs of
12 acquiring land or interests in land as well as any related architectural, financial, legal,
13 planning, or engineering services.

14 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
15 authorized to finance any part or all of the costs of the public facilities described in
16 Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at
17 one time or from time to time, in an amount not exceeding, in the aggregate,
18 \$35,000,000 and to evidence such borrowing by the issuance and sale upon its full
19 faith and credit of general obligation bonds in like par amount, which may be issued at
20 one time or from time to time, in one or more groups or series, as the County may
21 determine.

22 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued
23 in accordance with a resolution of the County, which shall describe generally the
24 construction, improvement, or development of public facilities for which the proceeds
25 of the bond sale are intended and the amount needed for those purposes. The County
26 shall have and is hereby granted full and complete authority and discretion in the
27 resolution to fix and determine with respect to the bonds of any issue: the designation,
28 date of issue, denomination or denominations, form or forms, and tenor of the bonds
29 which, without limitation, may be issued in registered form within the meaning of
30 Section 30 of Article 31 of the Annotated Code of Maryland, as amended; the rate or
31 rates of interest payable thereon, or the method of determining the same, which may
32 include a variable rate; the date or dates and amount or amounts of maturity, which
33 need not be in equal par amounts or in consecutive annual installments, provided only
34 that no bond of any issue shall mature later than 30 years from the date of its issue;
35 the manner of selling the bonds, which may be at either public or private sale, for such
36 price or prices as may be determined to be in the best interests of St. Mary's County;
37 the manner of executing and sealing the bonds, which may be by facsimile; the terms
38 and conditions, if any, under which bonds may be tendered for payment or purchase
39 prior to their stated maturity; the terms or conditions, if any, under which bonds may
40 or shall be redeemed prior to their stated maturity; the place or places of payment of
41 the principal of and the interest on the bonds, which may be at any bank or trust
42 company within or without the State of Maryland; covenants relating to compliance
43 with applicable requirements of federal income tax law, including (without limitation)
44 covenants regarding the payment of rebate or penalties in lieu of rebate; covenants
45 relating to compliance with applicable requirements of federal or state securities laws;

1 and generally all matters incident to the terms, conditions, issuance, sale, and delivery
2 thereof.

3 The bonds may be made redeemable before maturity, at the option of the
4 County, at such price or prices and under such terms and conditions as may be fixed
5 by the County prior to the issuance of the bonds, either in the resolution or in a bond
6 order pursuant to the bond resolution. The bonds may be issued in registered form and
7 provision may be made for the registration of the principal only. In case any officer
8 whose signature appears on any bond ceases to be such officer before the delivery
9 thereof, such signature shall nevertheless be valid and sufficient for all purposes as if
10 he had remained in office until such delivery. The bonds and the issuance and sale
11 thereof shall be exempt from the provisions of Sections 9, 10, and 11 of Article 31 of
12 the Annotated Code of Maryland, as amended.

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

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

29 Upon delivery of any bonds to the purchaser or purchasers, payment therefor
30 shall be made to the Treasurer of St. Mary's County or such other official of St. Mary's
31 County as may be designated to receive such payment in a resolution passed by the
32 County before such delivery.

33 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
34 sale of bonds shall be used and applied exclusively and solely for the acquisition,
35 construction, improvement, or development of public facilities for which the bonds are
36 sold. If the amounts borrowed shall prove inadequate to finance the projects described
37 in the resolution, the County may issue additional bonds with the limitations hereof
38 for the purpose of evidencing the borrowing of additional funds for such financing,
39 provided the resolution authorizing the sale of additional bonds shall so recite, but if
40 the net proceeds of the sale of any issue of bonds exceeds the amount needed to finance
41 the projects described in the resolution, the excess funds so borrowed and not
42 expended shall be applied to the payment of the next principal maturity of the bonds
43 or to the redemption of any part of the bonds which have been made redeemable or to

1 the purchase and cancellation of bonds, unless the County shall adopt a resolution
2 allocating the excess funds to the acquisition, construction, improvement, or
3 development of other public facilities, as defined and within the limits set forth in this
4 Act.

5 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
6 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
7 faith and credit and unlimited taxing power of the County to the payment of the
8 maturing principal of and interest on the bonds as and when they become payable. In
9 each and every fiscal year that any of the bonds are outstanding, the County shall levy
10 or cause to be levied ad valorem taxes upon all the assessable property within the
11 corporate limits of the County in rate and amount sufficient to provide for or assure
12 the payment, when due, of the principal of and interest on all the bonds maturing in
13 each such fiscal year and, in the event the proceeds from the taxes so levied in any
14 such fiscal year shall prove inadequate for such payment, additional taxes shall be
15 levied in the succeeding fiscal year to make up any such deficiency. The County may
16 apply to the payment of the principal of and interest on any bonds issued hereunder
17 any funds received by it from the State of Maryland, the United States of America, any
18 agency or instrumentality thereof, or from any other source, if such funds are granted
19 for the purpose of assisting the County in financing the acquisition, construction,
20 improvement, or development of the public facilities defined in this Act and, to the
21 extent of any such funds received or receivable in any fiscal year, the taxes that are
22 required to be levied under this Act may be reduced accordingly.

23 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
24 authorized and empowered, at any time and from time to time, to issue its bonds in
25 the manner hereinabove described for the purpose of refunding, by payment at
26 maturity or upon purchase or redemption, any bonds issued hereunder. The validity of
27 any such refunding bonds shall in no way be dependent upon or related to the validity
28 or invalidity of the obligations so refunded. The powers herein granted with respect to
29 the issuance of bonds shall be applicable to the issuance of refunding bonds. Such
30 refunding bonds may be issued by the County in such an amount as shall be necessary
31 for the purpose of providing it with funds to pay any of its outstanding bonds issued
32 hereunder at maturity, for the purpose of providing it with funds to purchase in the
33 open market any of its outstanding bonds issued hereunder, prior to the maturity
34 thereof, or for the purpose of providing it with funds for the redemption prior to
35 maturity of any outstanding bonds issued hereunder which are, by their terms,
36 redeemable, for the purpose of providing it with funds to pay interest on any
37 outstanding bonds issued hereunder prior to their payment at maturity of purchase or
38 redemption in advance of maturity, or for the purpose of providing it with funds to pay
39 any redemption or purchase premium in connection with the refunding of any of its
40 outstanding bonds issued hereunder. The proceeds of the sale of any such refunding
41 bonds shall be segregated and set apart by the County as a separate trust fund to be
42 used solely for the purpose of paying the purchase or redemption prices of the bonds to
43 be refunded.

44 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to
45 the preparation of definitive bonds, issue interim certificates or temporary bonds,

1 exchangeable for definitive bonds when such bonds have been executed and are
2 available for such delivery, provided, however, that any such interim certificates or
3 temporary bonds shall be issued in all respects subject to the restrictions and
4 requirements set forth in this Act. The County may, by appropriate resolution, provide
5 for the replacement of any bonds issued hereunder which shall have become mutilated
6 or lost or destroyed upon such conditions and after receiving such indemnity as the
7 County may require.

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

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

30 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
31 effect June 1, 2008.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.