

SENATE BILL 176

F2

9lr1260

By: **Senators Pugh, Conway, Gladden, Jones, and McFadden**

Introduced and read first time: January 22, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Education – Baltimore City Community College – Academic Facility Bonds**

3 FOR the purpose of increasing the amount of available bond debt for Baltimore City
4 Community College; authorizing Baltimore City Community College to issue
5 bonds for academic facilities; and generally relating to bonding authority and
6 Baltimore City Community College.

7 BY repealing and reenacting, with amendments,
8 Article – Education
9 Section 19–102
10 Annotated Code of Maryland
11 (2008 Replacement Volume)

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

14 **Article – Education**

15 19–102.

16 (a) In order to provide auxiliary and academic facilities a system may:

17 (1) Acquire, construct, reconstruct, equip, maintain, repair, renovate,
18 and operate auxiliary and academic facilities at any of its campuses or locations, now
19 existing or hereafter acquired;

20 (2) (i) Issue bonds for the purpose of financing or refinancing all or
21 any part of the costs of any 1 or more projects of a system, including any project
22 previously financed by a system or any predecessor; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(ii) Issue bonds for the purpose of acquiring any auxiliary facility or academic facility previously financed through a capital lease with a system or any predecessor;

(3) Establish 1 or more trust funds for the deposit of the proceeds of the bonds of any issue and retain the interest revenue or other investment income thereon to be applied to the costs of any project, but shall maintain separate accounts within any such trust funds for auxiliary facilities and for academic facilities;

(4) Fix, revise, charge, and collect auxiliary facilities fees and academic fees and pledge all or any part of such auxiliary facilities fees and academic fees as security for bonds issued for auxiliary and academic facilities by a system;

(5) Establish 1 or more trust funds for the deposit of any auxiliary facilities fees and academic fees which may be imposed pursuant to this subtitle, and retain the interest revenue or other investment income thereon, for the purpose of acquiring, constructing, reconstructing, renovating, equipping, maintaining, repairing, and operating auxiliary and academic facilities;

(6) Acquire, hold, and dispose of real and personal property in the exercise of its powers and the performance of its duties under this title;

(7) Enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this title, and employ consulting engineers, architects, attorneys, construction and financial experts, and other employees and agents as may be necessary, and fix their compensation;

(8) Receive and accept from the United States of America or any agency thereof grants and loans for the purpose of financing or refinancing all or any part of the costs of any 1 or more projects, and receive and accept aid or contributions from any sources of money, property, labor, or other things of value, to be held, used, and applied for the purposes for which such grants and contributions were made; and

(9) Do all acts and things necessary or convenient to carry out the powers expressly granted by the provisions of this title.

(b) A system may not pledge all or any part of the revenues received from:

(1) A State appropriation;

(2) Contracts, grants, or gifts received or to be received by a system, other than contracts for tuition, student fees, activity fees, or auxiliary facilities fees; or

(3) Any other source not expressly authorized by the General Assembly.

(c) (1) [Except as provided in paragraph (3) of this subsection, the] **THE** aggregate principal amount of bonds outstanding and the present value of capital lease payments, less the amount of any reserve fund or sinking fund requirement established for the bonds or capital leases, may not exceed, as of the date of issue of the bonds, the following:

- (i) \$1,050,000,000 for the University System of Maryland;
- (ii) \$88,000,000 for Morgan State University;
- (iii) \$60,000,000 for St. Mary's College of Maryland; and
- (iv) [~~\$15,000,000~~] **\$50,000,000** for Baltimore City Community College.

(2) Bonds outstanding do not include:

(i) Bonds previously issued by a system or any predecessor that are to be refunded, but only:

1. To the extent of any outstanding principal on the bonds that are being refunded; and

2. If an escrow or other similar arrangement has been made and held by the State Treasurer, a bank, or a trust company for the payment of such bonds, whether or not redeemed; or

(ii) Borrowings pursuant to § 12–105(c) of this article, except to the extent that such borrowings are subject to a financing agreement the term of which is for more than 5 years for the acquisition of the personal property.

[(3) Notwithstanding any other provision in this subsection, the Baltimore City Community College may issue bonds only for the purpose of financing auxiliary facilities.]

(d) (1) A system may not issue bonds for the purpose of financing all or any part of the costs of any academic facility or facilities until the General Assembly has approved in an act the:

- (i) Project or projects for any academic facility or facilities; and
- (ii) Maximum principal amount of bonds a system may issue in connection with such project or projects for any academic facility or facilities.

(2) The General Assembly's approval shall expressly authorize the project or projects for any academic facility or facilities and the maximum principal

1 amount of bonds a system may issue in connection with such project or projects for the
2 academic facility or facilities.

3 (3) Without the approval of the General Assembly, a system may issue
4 bonds to refinance all or any part of the costs of any project for any academic facility or
5 facilities for which a system previously issued bonds under the authority of this
6 section.

7 (4) (i) Any bonds issued under the requirements of this subsection
8 shall mature at such times not exceeding the useful life of the project for which the
9 bonds are issued, but not later than 21 years after their respective dates of issue, as
10 may be determined by a system.

11 (ii) Any bonds issued in accordance with paragraph (3) of this
12 subsection shall mature at such times as may be determined by a system, but not later
13 than 21 years after the date of issue of the bonds that were originally issued for the
14 academic facility or facilities authorized under the requirements of this subsection.

15 (e) (1) A system shall maintain records identifying the sources and
16 amounts of payments used to support:

17 (i) The auxiliary facilities; and

18 (ii) The academic facilities authorized under the requirements
19 of this subtitle.

20 (2) A system shall report:

21 (i) By September 1 to the Board of Public Works and, subject to
22 § 2-1246 of the State Government Article, to the Department of Legislative Services,
23 the information for the prior fiscal year required under paragraph (1) of this
24 subsection; and

25 (ii) By December 1, subject to § 2-1246 of the State Government
26 Article, to the Department of Legislative Services, the anticipated sources and
27 amounts of payments required for the next fiscal year for:

28 1. Auxiliary facilities; and

29 2. Academic facilities authorized under the
30 requirements of this subtitle.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 1, 2009.