

CHAPTER 642

(House Bill 1425)

AN ACT concerning

Department of Transportation – Consolidated Transportation Bonds – Issuance Procedures

FOR the purpose of authorizing the Department of Transportation to sell its consolidated transportation bonds at either a public, competitive sale or a private, negotiated sale, as determined by the Secretary of Transportation in accordance with certain criteria; providing that a public, competitive sale is the preferred method of issuance; providing for the form of notice of a public sale; providing for the publication of the notice of sale in a certain journal; repealing a certain publication requirement; and generally relating to the sale of the Department of Transportation’s consolidated transportation bonds.

BY repealing and reenacting, with amendments,

Article – Transportation
Section 3–202 and 3–203
Annotated Code of Maryland
(2008 Replacement Volume)

BY repealing and reenacting, without amendments,

Article – Transportation
Section 3–207
Annotated Code of Maryland
(2008 Replacement Volume)

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

Article – Transportation

3–202.

(a) The Department from time to time may issue its bonds on behalf of this State to finance the cost of any one or more or combination of transportation facilities.

(b) The bonds shall be known as “consolidated transportation bonds” and may be issued in any amount as long as the aggregate outstanding and unpaid principal balance of these bonds and bonds of prior issues does not exceed at any one time the sum of \$2.6 billion.

(C) THE PREFERRED METHOD OF ISSUANCE OF THE DEPARTMENT'S CONSOLIDATED TRANSPORTATION BONDS IS BY A PUBLIC, COMPETITIVE SALE.

(D) THE DEPARTMENT MAY ISSUE ITS CONSOLIDATED TRANSPORTATION BONDS AT A PRIVATE, NEGOTIATED SALE PROVIDED THAT:

(1) THE SECRETARY DETERMINES THAT EXTRAORDINARY CREDIT MARKET CONDITIONS EXIST THAT WARRANT THE USE OF THIS METHOD RATHER THAN A PUBLIC, COMPETITIVE SALE; AND

(2) THE SECRETARY DETERMINES THAT THE TERMS AND CONDITIONS, INCLUDING PRICE, INTEREST RATES, AND PAYMENT DATES, THAT CAN BE ACHIEVED BY A PRIVATE NEGOTIATED SALE ARE MORE ADVANTAGEOUS TO THE STATE.

[(c)] (E) The maximum outstanding and unpaid principal balance of consolidated transportation bonds and bonds of prior issues as of June 30 for the next fiscal year:

(1) Shall be established each year by the General Assembly in the State budget; and

(2) May not exceed the limit established in subsection (b) of this section.

3-203.

(a) The resolution authorizing the issuance of consolidated transportation bonds shall:

(1) Describe generally the transportation facilities the cost of which is proposed to be financed by the sale of bonds;

(2) State the estimated cost of financing these facilities; and

(3) Determine and specify:

(i) The date or dates of issue;

(ii) The date or dates and amount or amounts of maturities, which need not be in equal principal amounts or consecutive annual installments;

(iii) The rate or rates of interest payable on the bonds, or the manner of determining the rate or rates of interest, and the date or dates of payment of interest;

(iv) The tenor, form or forms, denomination or denominations, manner of execution, and place or places of payment of the principal of and interest on the bonds, which may be at any bank or trust company within or without this State;

(v) Whether the bonds are to be issued in coupon or registered form or both and whether provision is to be made for the registration of the principal only of coupon bonds, for the reconversion of fully registered bonds into coupon form, and for the replacement of bonds that are mutilated, lost, or destroyed;

(vi) [The terms and conditions of the public sale of the bonds] **WHETHER THE BONDS ARE TO BE SOLD AT A PUBLIC, COMPETITIVE SALE OR A PRIVATE, NEGOTIATED SALE, AS DETERMINED BY THE SECRETARY;**

(vii) [The] **IF THE BONDS ARE TO BE SOLD AT A PUBLIC SALE, THE** form of notice of sale, which shall outline the terms and conditions of the sale;

(viii) The form of advertisement, which shall be published [at least once in a newspaper of general circulation in Baltimore City and, also,] at least once in a journal having a circulation among banks and investment bankers, [at least one] **THE** publication of which shall be made not less than 10 days before the sale of bonds;

(ix) Whether all or any part of the bonds are redeemable before maturity and, if so, the terms, conditions, and prices of redemption; and

(x) Any other matter relating to the form, terms, conditions, issuance, sale, and delivery of the bonds.

(b) (1) The resolution may provide that the Secretary may postpone the time for receipt of proposals for the bonds without republishing the form of advertisement for the bonds.

(2) (i) The Secretary shall provide notice of the new date and time of sale not less than 24 hours prior to the time proposals are to be submitted, which date may not be more than 30 days after the originally scheduled date of sale.

(ii) The notice may be given by Munifacts News Service or a similar service or such other method as the Secretary deems appropriate.

3-207.

Each issue of consolidated transportation bonds shall be approved before sale by resolution of the Board of Public Works.

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

Approved by the Governor, May 19, 2009.