

# HOUSE BILL 452

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CF SB 369

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By: **Delegate Beitzel**

Introduced and read first time: January 28, 2013

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Garrett County – Bonds for Garrett County Memorial Hospital**

3 FOR the purpose of authorizing and empowering the County Commissioners of  
4 Garrett County, from time to time, to borrow not more than \$15,000,000 in  
5 order to assist in the financing of the cost of certain hospital improvements in  
6 Garrett County, as herein defined, and to effect such borrowing by the issuance  
7 and sale at public or private sale of its general obligation bonds in like par  
8 amount; empowering the County to fix and determine, by resolution, the form,  
9 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 and directing the County to enter into an  
12 agreement with the Board of Governors of Garrett County Memorial Hospital  
13 for the payment of debt service requirements of the bonds from the revenues of  
14 the Garrett County Memorial Hospital; empowering the County to issue  
15 refunding bonds for the purchase or redemption of bonds in advance of  
16 maturity; empowering and directing the County to levy, impose, and collect,  
17 annually, ad valorem taxes in rate and amount sufficient to provide funds for  
18 the payment of the maturing principal of and interest on the bonds; exempting  
19 the bonds and refunding bonds and the interest thereon and any income derived  
20 therefrom from all State, county, municipal, and other taxation in the State of  
21 Maryland; providing that nothing in this Act shall prevent the County from  
22 authorizing the issuance and sale of bonds the interest on which is not  
23 excludable from gross income for federal income tax purposes; and generally  
24 relating to the issuance and sale of such bonds.

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
26 MARYLAND, That as used herein, the term “County” means the body politic and  
27 corporate of the State of Maryland known as the County Commissioners of Garrett  
28 County, and the term “hospital improvements” means the alteration, construction,  
29 reconstruction, enlargement, equipping, expansion, extension, improvement,  
30 rehabilitation, renovation, upgrading, and repair of the Garrett County Memorial

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Hospital, including, but not limited to, the hospital buildings and facilities, capital  
2 furnishings and equipment, and parking facilities, means of access and utility  
3 services, demolition, removal, and relocation of existing hospital facilities, the  
4 acquisition and development, as applicable, of land, structures, real or personal  
5 property, rights, rights-of-way, easements and other interests for such hospital  
6 facilities, together with any related financing charges, interest prior to and during  
7 construction (and, if deemed necessary by the County, for a limited period after  
8 completion of construction), interest and reserves for principal and interest and for  
9 extensions, enlargements, additions and improvements, architectural, engineering,  
10 financial and legal planning and other professional services, plans, specifications,  
11 studies, surveys, estimates of cost and of revenues, administrative expenses necessary  
12 or incident to determining the feasibility or practicability of the hospital facilities and  
13 such other expenses as may be necessary or incident to the acquisition, construction,  
14 improvement, development, rehabilitation, repair, furnishing and equipping of the  
15 hospital facilities, the financing or refinancing of such acquisition, construction,  
16 improvement, development, rehabilitation, repair, furnishing and equipping of the  
17 hospital facilities.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
19 authorized to assist in the financing of the costs of the hospital facilities described in  
20 Section 1 of this Act, and to borrow money and incur indebtedness for those purposes,  
21 at one time or from time to time, in an amount not exceeding, in the aggregate  
22 \$15,000,000 and to evidence such borrowing by the issuance and sale upon its full  
23 faith and credit of general obligation bonds in like par amount, which may be issued at  
24 one time or from time to time, in one or more groups or series, as the County may  
25 determine.

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

1 Maryland; covenants relating to compliance with applicable requirements of federal  
2 income tax law, including (without limitation) covenants regarding the payment of  
3 rebate or penalties in lieu of rebate; covenants relating to compliance with applicable  
4 requirements of federal or state securities laws; and generally all matters incident to  
5 the terms, conditions, issuance, sale, and delivery of the bonds.

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

14 In case any officer whose signature appears on any bond or on any coupon  
15 attached thereto ceases to be such officer before the delivery thereof, such signature  
16 shall nevertheless be valid and sufficient for all purposes as if he had remained in  
17 office until such delivery. The bonds and the issuance and sale thereof shall be exempt  
18 from the provisions of Sections 9, 10, and 11 of Article 31 of the Annotated Code of  
19 Maryland, as effective from time to time.

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 of  
27 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 Treasurer of Garrett County or such other official of Garrett  
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 financing the hospital  
34 improvements for which the bonds are sold and that the proceeds shall be loaned or  
35 otherwise paid by the County for the benefit of Garrett County Memorial Hospital as  
36 and when and under such terms, conditions, and documentation as the County directs,  
37 and secured by such collateral as the County directs in accordance with the terms and  
38 conditions of its agreement or agreements with Garrett County Memorial Hospital, of  
39 the resolutions of the County, and of this Act. If the net proceeds of the sale of any  
40 issue of bonds exceeds the amount needed to finance the hospital improvements  
41 described in the resolution, the excess funds so borrowed and not expended shall be  
42 applied to the payment of the next principal maturity of the bonds or to the

1 redemption of any part of the bonds which have been made redeemable or to the  
2 purchase and cancellation of bonds, unless the County shall adopt a resolution  
3 allocating the excess funds to other hospital improvements.

4 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of this Act  
5 that the County be vested with full discretion and authority to determine what  
6 portion, if any, of the cost of any hospital improvements shall be paid from the  
7 proceeds of general obligation bonds authorized pursuant to this Act and that the  
8 County may provide or require such conditions for the loan of the proceeds of such  
9 bonds to the Garrett County Memorial Hospital, as the County deems necessary or  
10 appropriate, including (without limitation) provisions for the repayment from rates  
11 charged patients at the Hospital.

12 SECTION 6. AND BE IT FURTHER ENACTED, That the County may enter  
13 into an agreement or agreements with the Board of Governors of Garrett County  
14 Memorial Hospital pursuant to which the hospital shall be required to make periodic  
15 payments from the hospital's revenues or other assets (i) to the County at such times  
16 and in such amounts to assure the timely payment of the maturing principal of and  
17 interest on the bonds and any related expenses of the County; or (ii) directly to the  
18 purchaser or purchasers of the bonds at such times and in such amounts to assure the  
19 timely payment of the maturing of the principal of and interest on the bonds.  
20 However, the bonds hereby authorized shall constitute, and they shall so recite, an  
21 irrevocable pledge of the full faith and credit and unlimited taxing power of the  
22 County to the payment of the maturing principal of and interest on the bonds as and  
23 when they become payable. In each and every fiscal year that any of the bonds are  
24 outstanding, the County shall levy or cause to be levied ad valorem taxes upon all the  
25 assessable property within the corporate limits of the County in rate and amount  
26 sufficient to provide for or assure the payment, when due, of the principal of and  
27 interest on all the bonds maturing in each such fiscal year and, in the event the  
28 proceeds from the taxes so levied in any such fiscal year shall prove inadequate for  
29 such payment, additional taxes shall be levied in the succeeding fiscal year to make up  
30 any such deficiency. The County may apply to the payment of the principal of and  
31 interest on any bonds issued hereunder any funds received by it from the State of  
32 Maryland, the United States of America, any agency or instrumentality thereof, or  
33 from any other source. If such funds are granted for the purpose of assisting the  
34 County or the hospital in financing the hospital improvements defined in this Act, the  
35 taxes that otherwise might be required to be levied under this Act may be reduced or  
36 need not be levied to the extent that any such funds are received or receivable in any  
37 fiscal year.

38 SECTION 7. AND BE IT FURTHER ENACTED, That the County is further  
39 authorized and empowered, at any time and from time to time, to issue its bonds in  
40 the manner hereinabove described for the purpose of refunding, by payment at  
41 maturity or upon purchase or redemption, any bonds issued hereunder. The validity of  
42 any such refunding bonds shall in no way be dependent upon or related to the validity  
43 or invalidity of the obligations so refunded. The powers herein granted with respect to  
44 the issuance of bonds shall be applicable to the issuance of refunding bonds. Such

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

14 SECTION 8. AND BE IT FURTHER ENACTED, That the County may, prior to  
15 the preparation of definitive bonds, issue interim certificates or temporary bonds, with  
16 or without coupons, exchangeable for definitive bonds when such bonds have been  
17 executed and are available for such delivery, provided, however, that any such interim  
18 certificates or temporary bonds shall be issued in all respects subject to the  
19 restrictions and requirements set forth in this Act. The County may, by appropriate  
20 resolution, provide for the replacement of any bonds issued hereunder which shall  
21 have become mutilated or lost or destroyed upon such conditions and after receiving  
22 such indemnity as the County may require.

23 SECTION 9. AND BE IT FURTHER ENACTED, That any and all obligations  
24 issued pursuant to the authority of this Act, their transfer, the interest payable  
25 thereon, and any income derived therefrom in the hands of the holders thereof from  
26 time to time (including any profit made in the sale thereof) shall be and are hereby  
27 declared to be at all times exempt from State, county, municipal, or other taxation of  
28 every kind and nature whatsoever within the State of Maryland.

29 Nothing in this Act shall prevent the County from authorizing the issuance and  
30 sale of bonds the interest on which is not excludable from gross income for federal  
31 income tax purposes.

32 SECTION 10. AND BE IT FURTHER ENACTED, That the authority to borrow  
33 money and issue bonds conferred on the County by this Act shall be deemed to provide  
34 an additional and alternative authority for borrowing money and shall be regarded as  
35 supplemental and additional to powers conferred upon the County by other laws and  
36 shall not be regarded as in derogation of any power now existing; and all Acts of the  
37 General Assembly of Maryland heretofore passed authorizing the County to borrow  
38 money are hereby continued to the extent that the powers contained in such Acts have  
39 not been exercised, and nothing contained in this Act may be construed to impair, in  
40 any way, the validity of any bonds that may have been issued by the County under the  
41 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,  
42 and approved. This Act, being necessary for the welfare of the inhabitants of Garrett  
43 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of

1 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of  
2 such inconsistency.

3 SECTION 11. AND BE IT FURTHER ENACTED, That this Act shall take  
4 effect July 1, 2013.