

# SENATE BILL 369

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CF HB 452

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By: **Senator Edwards**

Introduced and read first time: January 25, 2013

Assigned to: Budget and Taxation

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 20, 2013

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

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.

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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 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That as used herein, the term “County” means the body politic and  
3 corporate of the State of Maryland known as the County Commissioners of Garrett  
4 County, and the term “hospital improvements” means the alteration, construction,  
5 reconstruction, enlargement, equipping, expansion, extension, improvement,  
6 rehabilitation, renovation, upgrading, and repair of the Garrett County Memorial  
7 Hospital, including, but not limited to, the hospital buildings and facilities, capital  
8 furnishings and equipment, and parking facilities, means of access and utility  
9 services, demolition, removal, and relocation of existing hospital facilities, the  
10 acquisition and development, as applicable, of land, structures, real or personal  
11 property, rights, rights-of-way, easements and other interests for such hospital  
12 facilities, together with any related financing charges, interest prior to and during  
13 construction (and, if deemed necessary by the County, for a limited period after  
14 completion of construction), interest and reserves for principal and interest and for  
15 extensions, enlargements, additions and improvements, architectural, engineering,  
16 financial and legal planning and other professional services, plans, specifications,  
17 studies, surveys, estimates of cost and of revenues, administrative expenses necessary  
18 or incident to determining the feasibility or practicability of the hospital facilities and  
19 such other expenses as may be necessary or incident to the acquisition, construction,  
20 improvement, development, rehabilitation, repair, furnishing and equipping of the  
21 hospital facilities, the financing or refinancing of such acquisition, construction,  
22 improvement, development, rehabilitation, repair, furnishing and equipping of the  
23 hospital facilities.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
25 authorized to assist in the financing of the costs of the hospital facilities described in  
26 Section 1 of this Act, and to borrow money and incur indebtedness for those purposes,  
27 at one time or from time to time, in an amount not exceeding, in the aggregate  
28 \$15,000,000 and to evidence such borrowing by the issuance and sale upon its full  
29 faith and credit of general obligation bonds in like par amount, which may be issued at  
30 one time or from time to time, in one or more groups or series, as the County may  
31 determine.

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

1 to be for the best interests of Garrett County; the manner of executing and sealing the  
2 bonds, which may be by facsimile; the terms and conditions, if any, under which bonds  
3 may be tendered for payment or purchase prior to their stated maturity; the terms or  
4 conditions, if any, under which bonds may or shall be redeemed prior to their stated  
5 maturity; the place or places of payment of the principal of and the interest on the  
6 bonds, which may be at any bank or trust company within or without the State of  
7 Maryland; covenants relating to compliance with applicable requirements of federal  
8 income tax law, including (without limitation) covenants regarding the payment of  
9 rebate or penalties in lieu of rebate; covenants relating to compliance with applicable  
10 requirements of federal or state securities laws; and generally all matters incident to  
11 the terms, conditions, issuance, sale, and delivery of the bonds.

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

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

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

34 Upon delivery of any bonds to the purchaser or purchasers, payment therefor  
35 shall be made to the Treasurer of Garrett County or such other official of Garrett  
36 County as may be designated to receive such payment in a resolution passed by the  
37 County before such delivery.

38 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the  
39 sale of bonds shall be used and applied exclusively and solely for financing the hospital  
40 improvements for which the bonds are sold and that the proceeds shall be loaned or  
41 otherwise paid by the County for the benefit of Garrett County Memorial Hospital as  
42 and when and under such terms, conditions, and documentation as the County directs,

1 and secured by such collateral as the County directs in accordance with the terms and  
2 conditions of its agreement or agreements with Garrett County Memorial Hospital, of  
3 the resolutions of the County, and of this Act. If the net proceeds of the sale of any  
4 issue of bonds exceeds the amount needed to finance the hospital improvements  
5 described in the resolution, the excess funds so borrowed and not expended shall be  
6 applied to the payment of the next principal maturity of the bonds or to the  
7 redemption of any part of the bonds which have been made redeemable or to the  
8 purchase and cancellation of bonds, unless the County shall adopt a resolution  
9 allocating the excess funds to other hospital improvements.

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

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

1 SECTION 7. AND BE IT FURTHER ENACTED, That the County is further  
2 authorized and empowered, at any time and from time to time, to issue its bonds in  
3 the manner hereinabove described for the purpose of refunding, by payment at  
4 maturity or upon purchase or redemption, any bonds issued hereunder. The validity of  
5 any such refunding bonds shall in no way be dependent upon or related to the validity  
6 or invalidity of the obligations so refunded. The powers herein granted with respect to  
7 the issuance of bonds shall be applicable to the issuance of refunding bonds. Such  
8 refunding bonds may be issued by the County for the purpose of providing it with  
9 funds to pay any of its outstanding bonds issued hereunder at maturity, for the  
10 purpose of providing it with funds to purchase in the open market any of its  
11 outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose  
12 of providing it with funds for the redemption prior to maturity of any outstanding  
13 bonds issued hereunder which are, by their terms, redeemable, for the purpose of  
14 providing it with funds to pay interest on any outstanding bonds issued hereunder  
15 prior to their payment at maturity of purchase or redemption in advance of maturity,  
16 or for the purpose of providing it with funds to pay any redemption or purchase  
17 premium in connection with the refunding of any of its outstanding bonds issued  
18 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated  
19 and set apart by the County as a separate trust fund to be used solely for the purpose  
20 of paying the purchase or redemption prices of the bonds to be refunded.

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

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

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

39 SECTION 10. AND BE IT FURTHER ENACTED, That the authority to borrow  
40 money and issue bonds conferred on the County by this Act shall be deemed to provide  
41 an additional and alternative authority for borrowing money and shall be regarded as  
42 supplemental and additional to powers conferred upon the County by other laws and  
43 shall not be regarded as in derogation of any power now existing; and all Acts of the

1 General Assembly of Maryland heretofore passed authorizing the County to borrow  
2 money are hereby continued to the extent that the powers contained in such Acts have  
3 not been exercised, and nothing contained in this Act may be construed to impair, in  
4 any way, the validity of any bonds that may have been issued by the County under the  
5 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,  
6 and approved. This Act, being necessary for the welfare of the inhabitants of Garrett  
7 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of  
8 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of  
9 such inconsistency.

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.