

SENATE BILL 458

B3

3lr2644
CF HB 575

By: **Senator Bailey**

Introduced and read first time: February 3, 2023

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 28, 2023

CHAPTER _____

1 AN ACT concerning

2 **St. Mary's County – Bond Authority – YMCA Facility**

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

21 Preamble

22 WHEREAS, The County has determined that a YMCA facility in St. Mary's County,
23 Maryland ("YMCA Facility") will benefit the citizens of St. Mary's County, will fill a need

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 for all citizens of the County, especially the youth and senior citizens of the County, and
2 will benefit the health, safety, and welfare of the citizens of the County; and

3 WHEREAS, In order to facilitate the construction of the YMCA Facility, the County
4 has agreed to contribute an initial amount for architectural and design services, as well as
5 a subsequent amount for construction of the YMCA Facility contingent on certain
6 conditions; now, therefore,

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
8 That, as used herein, the term “County” means the body politic and corporate of the State
9 of Maryland known as the County Commissioners of St. Mary’s County, and the term
10 “construction, improvement, or development of public facilities” means the acquisition,
11 alteration, construction, reconstruction, enlargement, equipping, expansion, extension,
12 improvement, rehabilitation, renovation, upgrading, and repair of the YMCA Facility in St.
13 Mary’s County, together with the costs of acquiring land or interests in land as well as any
14 related architectural, financial, legal, planning, or engineering services.

15 SECTION 2. AND BE IT FURTHER ENACTED, That on or before September 1,
16 2024, the County will allocate the sum of \$15,000,000 toward the construction of the YMCA
17 Facility, which funds shall be available for distribution upon the commencement of
18 construction of the YMCA Facility and shall be disbursed by the County as payment for
19 construction cost invoices submitted to the County by the YMCA after approval by the
20 YMCA.

21 SECTION 3. AND BE IT FURTHER ENACTED, That the County shall allocate the
22 \$15,000,000 in construction funding described in Section 2 of this Act contingent on the
23 YMCA initiating a capital campaign which raises at least \$4,000,000 from the St. Mary’s
24 County community and the public at large. All expenses related to the capital campaign
25 shall be paid by the YMCA which may use funds donated to the capital campaign for the
26 payment of any such expenses.

27 SECTION 4. AND BE IT FURTHER ENACTED, That the County is hereby
28 authorized to finance any part or all of the costs of the facilities described in Section 1 of
29 this Act, and to borrow money and incur indebtedness for that purpose, at one time or from
30 time to time, in an amount not exceeding, in the aggregate, \$15,000,000, and to evidence
31 such borrowing by the issuance and sale upon its full faith and credit of general obligation
32 bonds in like par amount, which may be issued at one time or from time to time, in one or
33 more groups or series, as the County may determine.

34 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds shall be issued in
35 accordance with a resolution of the County, which shall describe generally the construction,
36 improvement, or development of the YMCA Facility for which the proceeds of the bond sale
37 are intended and the amount needed for those purposes. The County shall have and is
38 hereby granted full and complete authority and discretion in the resolution to fix and
39 determine with respect to the bonds of any issue: the designation, date of issue,
40 denomination or denominations, form or forms, and tenor of the bonds which, without
41 limitation, may be issued in registered form within the meaning of § 19–204 of the Local

1 Government Article of the Annotated Code of Maryland, as amended; the rate or rates of
2 interest payable thereon, or the method of determining the same, which may include a
3 variable rate; the date or dates and amount or amounts of maturity, which need not be in
4 equal par amounts or in consecutive annual installments, provided only that no bond of any
5 issue shall mature later than 30 years from the date of its issue; the manner of selling the
6 bonds, which may be at either public or private sale, for such price or prices as may be
7 determined to be in the best interests of St. Mary's County; the manner of executing and
8 sealing the bonds, which may be by facsimile; the terms and conditions, if any, under which
9 bonds may be tendered for payment or purchase prior to their stated maturity; the terms
10 or conditions, if any, under which bonds may or shall be redeemed prior to their stated
11 maturity; the place or places of payment of the principal of and the interest on the bonds,
12 which may be at any bank or trust company within or without the State of Maryland;
13 covenants relating to compliance with applicable requirements of federal income tax law,
14 including (without limitation) covenants regarding the payment of rebate or penalties in
15 lieu of rebate; covenants relating to compliance with applicable requirements of federal or
16 state securities laws; and generally all matters incident to the terms, conditions, issuance,
17 sale, and delivery thereof.

18 The bonds may be made redeemable before maturity, at the option of the County, at
19 such price or prices and under such terms and conditions as may be fixed by the County
20 prior to the issuance of the bonds, either in the resolution or in a bond order pursuant to
21 the bond resolution. The bonds may be issued in registered form and provision may be made
22 for the registration of the principal only. In case any officer whose signature appears on
23 any bond ceases to be such officer before the delivery thereof, such signature shall
24 nevertheless be valid and sufficient for all purposes as if he had remained in office until
25 such delivery. The bonds and the issuance and sale thereof shall be exempt from the
26 provisions of §§ 19–205 and 19–206 of the Local Government Article of the Annotated Code
27 of Maryland, as amended.

28 The County may enter into agreements with agents, banks, fiduciaries, insurers, or
29 others for the purpose of enhancing the marketability of any security for the bonds and for
30 the purpose of securing any tender option that may be granted to holders of the bonds, all
31 as may be determined and presented in the aforesaid resolution, which may (but need not)
32 state as security for the performance by the County of any monetary obligations under such
33 agreements the same security given by the County to bondholders for the performance by
34 the County of its monetary obligations under the bonds.

35 If the County determines in the resolution to offer any of the bonds by solicitation of
36 competitive bids at public sale, the resolution shall fix the terms and conditions of the public
37 sale and shall adopt a form of notice of sale, which shall outline the terms and conditions,
38 and a form of advertisement, which shall be published in one or more daily or weekly
39 newspapers having a general circulation in the County and which may also be published in
40 one or more journals having a circulation primarily among banks and investment bankers.
41 At least one publication of the advertisement shall be made not less than 10 days before
42 the sale of the bonds.

43 Upon delivery of any bonds to the purchaser or purchasers, payment therefor shall

1 be made to the Treasurer of St. Mary's County or such other official of St. Mary's County
2 as may be designated to receive such payment in a resolution passed by the County before
3 such delivery.

4 SECTION 6. AND BE IT FURTHER ENACTED, That the net proceeds of the sale
5 of bonds shall be used and applied exclusively and solely for the acquisition, construction,
6 improvement, or development of the YMCA Facility for which the bonds are sold. If the
7 amounts borrowed shall prove inadequate to finance the projects described in the
8 resolution, the County may issue additional bonds with the limitations hereof for the
9 purpose of evidencing the borrowing of additional funds for such financing, provided the
10 resolution authorizing the sale of additional bonds shall so recite, but if the net proceeds of
11 the sale of any issue of bonds exceed the amount needed to finance the projects described
12 in the resolution, the excess funds so borrowed and not expended shall be applied to the
13 payment of the next principal maturity of the bonds or to the redemption of any part of the
14 bonds which have been made redeemable or to the purchase and cancellation of bonds,
15 unless the County shall adopt a resolution allocating the excess funds to the acquisition,
16 construction, improvement, or development of other facilities, as defined and within the
17 limits set forth in this Act.

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

35 SECTION 8. AND BE IT FURTHER ENACTED, That the County is further
36 authorized and empowered, at any time and from time to time, to issue its bonds in the
37 manner hereinabove described for the purpose of refunding, by payment at maturity or
38 upon purchase or redemption, any bonds issued hereunder. The validity of any such
39 refunding bonds shall in no way be dependent upon or related to the validity or invalidity
40 of the obligations so refunded. The powers herein granted with respect to the issuance of
41 bonds shall be applicable to the issuance of refunding bonds. Such refunding bonds may be
42 issued by the County in such an amount as shall be necessary for the purpose of providing
43 it with funds to pay any of its outstanding bonds issued hereunder at maturity, for the
44 purpose of providing it with funds to purchase in the open market any of its outstanding

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

10 SECTION 9. AND BE IT FURTHER ENACTED, That the County may, prior to the
11 preparation of definitive bonds, issue interim certificates or temporary bonds, exchangeable
12 for definitive bonds when such bonds have been executed and are available for such
13 delivery, provided, however, that any such interim certificates or temporary bonds shall be
14 issued in all respects subject to the restrictions and requirements set forth in this Act. The
15 County may, by appropriate resolution, provide for the replacement of any bonds issued
16 hereunder which shall have become mutilated or lost or destroyed upon such conditions
17 and after receiving such indemnity as the County may require.

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

26 SECTION 11. AND BE IT FURTHER ENACTED, That the authority to borrow
27 money and issue bonds conferred on the County by this Act shall be deemed to provide an
28 additional and alternative authority for borrowing money and shall be regarded as
29 supplemental and additional to powers conferred upon the County by other laws and shall
30 not be regarded as in derogation of any power now existing; and all Acts of the General
31 Assembly of Maryland heretofore passed authorizing the County to borrow money are
32 hereby continued to the extent that the powers contained in such Acts have not been
33 exercised, and nothing contained in this Act may be construed to impair, in any way, the
34 validity of any bonds that may have been issued by the County under the authority of any
35 said Acts, and the validity of the bonds is hereby ratified, confirmed, and approved. This
36 Act, being necessary for the welfare of the inhabitants of St. Mary's County, shall be
37 liberally construed to effect the purposes hereof. All Acts and parts of Acts inconsistent
38 with the provisions of this Act are hereby repealed to the extent of such inconsistency.

39 SECTION 12. AND BE IT FURTHER ENACTED, That this Act shall take effect
40 June 1, 2023.