

SenatorBailey_FAV_SB458.pdf

Uploaded by: Jack Bailey

Position: FAV

JACK BAILEY
Legislative District 29
Calvert and St. Mary's Counties

Budget & Taxation Committee



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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February 21, 2023

Senate Bill 458 – St. Mary's County – Bond Authority – YMCA Facility

Dear Chairman Guzzone and Members of the Committee:

As the Senator representing St. Mary's County, I am writing in support of Senate Bill 458 – St. Mary's County – Bond Authority – YMCA Facility. This local bill is based on a request by the Commissioners of St. Mary's County and authorizes the Commissioners to borrow up to \$15,000,000 to finance the construction, improvement, and development of a YMCA facility in St. Mary's County. This authority is contingent on the YMCA initiating a capital campaign which raises at least \$4,000,000 from the St. Mary's County community and the public at large.

This bill has passed the St. Mary's County Delegation. I respectfully request a favorable report on Senate Bill 458. Thank you for your consideration of this bill. Please contact me if you have further questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bailey'.

Senator Jack Bailey
District 29
Calvert and St. Mary's Counties

SB 458 - Letter of Information.pdf

Uploaded by: John Houser

Position: INFO



SB 458 – St. Mary's County - Bond Authority - YMCA Facility

LETTER OF INFORMATION

February 21, 2023

The Honorable Senator Guy Guzzone, Chairman
Budget and Taxation Committee
3 West, Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Dear Chairman Guzzone:

St. Mary's County retains independent counsel for matters pertaining to the County's general bonds. The County sought its bond counsel's opinion on the pending bond authority bills (HB 574 / SB 457, HB 575 / SB 458, and HB 623). Bond counsel's response is attached to this letter.

Please note the following language in that letter:

“For these reasons, we recommend that either of HB 574 / SB 457 or HB 623 be advanced through the legislative process. If the delegation determines to advance HB 575 / SB 458, we request that specificity be added to the pending bill that allows for the County and bond counsel to determine with certainty when the requirement concerning the capital campaign has been satisfied so that the County has clear, unconditional authority to issue the bonds.”

At this time, bond counsel has not provided language sufficiently specific to allay their concerns, and we can make no recommendation for an amendment at this time.

Very truly yours

/s/John Sterling Houser

John Sterling Houser
Assistant County Attorney

Enclosure

Cc: Senator Jack Bailey
Delegate Matthew Morgan
Delegate Todd Morgan
Delegate Brian Crosby
Commissioner President James R. Guy
Commissioner Mike Alderson, Jr.

Commissioner Eric Colvin
Commissioner Michael Hewitt
Commissioner Scott R. Ostrow
David Weiskopf, County Administrator
Anna Horevay, Esq.

February 15, 2023

John Sterling Houser, Assistant County Attorney
St. Mary's County Government
41770 Baldrige Street
P.O. Box 653
Leonardtown, Maryland 20650

Re: Proposed Bond Authority Legislation (HB 574 / SB 457, HB 575 / SB 458 and
HB 623)

Dear Mr. Houser:

We have been provided with copies of the certain pending legislation before the Maryland General Assembly to authorize and empower the County Commissioners of St. Mary's County (the "County") to finance the construction of certain public facilities within the County through the issuance and sale of its general obligation bonds. At your request, as your bond counsel, we have reviewed the following:

- HB 574 / SB 457, which authorizes the County to borrow not more than \$41,000,000 to finance the construction, improvement, or development of certain public facilities within the County.
- HB 575 / SB 458, which authorizes the County to borrow not more than \$15,000,000 to finance the construction, improvement or development of a YMCA facility within the County "contingent on the YMCA initiating a capital campaign which raises at least \$4,000,000 from the St. Mary's County community and the public at large."
- HB 623, which authorizes the County to borrow not more than \$56,000,000 to finance the construction, improvement, or development of certain public facilities within the County.

In our role as the County's bond counsel, McGuireWoods will opine as to the valid authorization and issuance of the County's general obligation bonds, as well as the federal income tax status of interest on such bonds. To deliver that opinion, one of our tasks will be to ensure that the bonds have satisfied all conditions precedent which are set forth in the laws authorizing their

February 15, 2023

Page 2

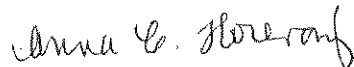
issuance. As currently written, HB 574 / SB 457 and HB 623 do not contain any contingencies which limit the County's ability to incur the indebtedness described therein.

With respect to HB 575 / SB 458, specifically, we would need to ensure that the YMCA has satisfied the capital campaign requirements within the pending bill before the County would have authority to issue bonds. In our experience, it is unusual to have the authority to issue general bonds be contingent upon a third-party's performance of any obligation.

For these reasons, we recommend that either of HB 574 / SB 457 or HB 623 be advanced through the legislative process. If the delegation determines to advance HB 575 / SB 458, we request that specificity be added to the pending bill that allows for the County and bond counsel to determine with certainty when the requirement concerning the capital campaign has been satisfied so that the County has clear, unconditional authority to issue the bonds.

Please feel free to contact either me (410-659-4427) or Alan Cason (410-659-4433) with any questions you may have.

Very truly yours,



Anna C. Horevay

cc: Jeannett Cudmore, Chief Financial Officer
Alan Cason, Esq.
Robert Kaplan, Esq.