

# HOUSE BILL 288

B3

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By: **St. Mary's County Delegation**

Introduced and read first time: January 23, 2013

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **St. Mary's County – Public Facility Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of St.  
4 Mary's County, from time to time, to borrow not more than \$30,000,000 in order  
5 to finance the construction, improvement, or development of certain public  
6 facilities in St. Mary's County, as herein defined, and to effect such borrowing  
7 by the issuance and sale at public or private sale of its general obligation bonds  
8 in like par amount; 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  
11 the bonds; empowering the County to issue refunding bonds for the purchase or  
12 redemption of bonds in advance of maturity; empowering and directing the  
13 County to levy, impose, and collect, annually, ad valorem taxes in rate and  
14 amount sufficient to provide funds for the payment of the maturing principal of  
15 and interest on the bonds; exempting the bonds and refunding bonds and the  
16 interest thereon and any income derived therefrom from all State, county,  
17 municipal, and other taxation in the State of Maryland; providing that nothing  
18 in this Act shall prevent the County from authorizing the issuance and sale of  
19 bonds the interest on which is not excludable from gross income for federal  
20 income tax purposes; and relating generally to the issuance and sale of such  
21 bonds.

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
23 MARYLAND, That, as used herein, the term "County" means the body politic and  
24 corporate of the State of Maryland known as the County Commissioners of St. Mary's  
25 County, and the term "construction, improvement, or development of public facilities"  
26 means the acquisition, alteration, construction, reconstruction, enlargement,  
27 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,  
28 and repair of public buildings and facilities and public works projects, including, but  
29 not limited to, public works projects such as highways, roads, bridges and storm  
30 drains, public school buildings and facilities, boating facilities, shore erosion and other

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 marine property, landfills, and recycling facilities, public operational buildings and  
2 facilities such as buildings and facilities for County administrative use, capital  
3 improvements to the Wicomico Shores Taxing District, County athletic facilities, the  
4 community college, community swimming pools, public safety, health, and social  
5 services, libraries, commuter air service facilities, refuse disposal buildings and  
6 facilities, and parks and recreation buildings and facilities, together with the costs of  
7 acquiring land or interests in land as well as any related architectural, financial, legal,  
8 planning, or engineering services.

9 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby  
10 authorized to finance any part or all of the costs of the public facilities described in  
11 Section 1 of this Act, and to borrow money and incur indebtedness for that purpose, at  
12 one time or from time to time, in an amount not exceeding, in the aggregate,  
13 \$30,000,000 and to evidence such borrowing by the issuance and sale upon its full  
14 faith and credit of general obligation bonds in like par amount, which may be issued at  
15 one time or from time to time, in one or more groups or series, as the County may  
16 determine.

17 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued  
18 in accordance with a resolution of the County, which shall describe generally the  
19 construction, improvement, or development of public facilities for which the proceeds  
20 of the bond sale are intended and the amount needed for those purposes. The County  
21 shall have and is hereby granted full and complete authority and discretion in the  
22 resolution to fix and determine with respect to the bonds of any issue: the designation,  
23 date of issue, denomination or denominations, form or forms, and tenor of the bonds  
24 which, without limitation, may be issued in registered form within the meaning of  
25 Section 30 of Article 31 of the Annotated Code of Maryland, as amended; the rate or  
26 rates of interest payable thereon, or the method of determining the same, which may  
27 include a variable rate; the date or dates and amount or amounts of maturity, which  
28 need not be in equal par amounts or in consecutive annual installments, provided only  
29 that no bond of any issue shall mature later than 30 years from the date of its issue;  
30 the manner of selling the bonds, which may be at either public or private sale, for such  
31 price or prices as may be determined to be in the best interests of St. Mary's County;  
32 the manner of executing and sealing the bonds, which may be by facsimile; the terms  
33 and conditions, if any, under which bonds may be tendered for payment or purchase  
34 prior to their stated maturity; the terms or conditions, if any, under which bonds may  
35 or shall be redeemed prior to their stated maturity; the place or places of payment of  
36 the principal of and the interest on the bonds, which may be at any bank or trust  
37 company within or without the State of Maryland; covenants relating to compliance  
38 with applicable requirements of federal income tax law, including (without limitation)  
39 covenants regarding the payment of rebate or penalties in lieu of rebate; covenants  
40 relating to compliance with applicable requirements of federal or state securities laws;  
41 and generally all matters incident to the terms, conditions, issuance, sale, and delivery  
42 thereof.

43 The bonds may be made redeemable before maturity, at the option of the  
44 County, at such price or prices and under such terms and conditions as may be fixed

1 by the County prior to the issuance of the bonds, either in the resolution or in a bond  
2 order pursuant to the bond resolution. The bonds may be issued in registered form and  
3 provision may be made for the registration of the principal only. In case any officer  
4 whose signature appears on any bond ceases to be such officer before the delivery  
5 thereof, such signature shall nevertheless be valid and sufficient for all purposes as if  
6 he had remained in office until such delivery. The bonds and the issuance and sale  
7 thereof shall be exempt from the provisions of Sections 9, 10, and 11 of Article 31 of  
8 the Annotated Code of Maryland, as amended.

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

17 If the County determines in the resolution to offer any of the bonds by  
18 solicitation of competitive bids at public sale, the resolution shall fix the terms and  
19 conditions of the public sale and shall adopt a form of notice of sale, which shall  
20 outline the terms and conditions, and a form of advertisement, which shall be  
21 published in one or more daily or weekly newspapers having a general circulation in  
22 the County and which may also be published in one or more journals having a  
23 circulation primarily among banks and investment bankers. At least one publication of  
24 the advertisement shall be made not less than 10 days before the sale of the bonds.

25 Upon delivery of any bonds to the purchaser or purchasers, payment therefor  
26 shall be made to the Treasurer of St. Mary's County or such other official of St. Mary's  
27 County as may be designated to receive such payment in a resolution passed by the  
28 County before such delivery.

29 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the  
30 sale of bonds shall be used and applied exclusively and solely for the acquisition,  
31 construction, improvement, or development of public facilities for which the bonds are  
32 sold. If the amounts borrowed shall prove inadequate to finance the projects described  
33 in the resolution, the County may issue additional bonds with the limitations hereof  
34 for the purpose of evidencing the borrowing of additional funds for such financing,  
35 provided the resolution authorizing the sale of additional bonds shall so recite, but if  
36 the net proceeds of the sale of any issue of bonds exceeds the amount needed to finance  
37 the projects described in the resolution, the excess funds so borrowed and not  
38 expended shall be applied to the payment of the next principal maturity of the bonds  
39 or to the redemption of any part of the bonds which have been made redeemable or to  
40 the purchase and cancellation of bonds, unless the County shall adopt a resolution  
41 allocating the excess funds to the acquisition, construction, improvement, or  
42 development of other public facilities, as defined and within the limits set forth in this  
43 Act.

1 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby  
2 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full  
3 faith and credit and unlimited taxing power of the County to the payment of the  
4 maturing principal of and interest on the bonds as and when they become payable. In  
5 each and every fiscal year that any of the bonds are outstanding, the County shall levy  
6 or cause to be levied ad valorem taxes upon all the assessable property within the  
7 corporate limits of the County in rate and amount sufficient to provide for or assure  
8 the payment, when due, of the principal of and interest on all the bonds maturing in  
9 each such fiscal year and, in the event the proceeds from the taxes so levied in any  
10 such fiscal year shall prove inadequate for such payment, additional taxes shall be  
11 levied in the succeeding fiscal year to make up any such deficiency. The County may  
12 apply to the payment of the principal of and interest on any bonds issued hereunder  
13 any funds received by it from the State of Maryland, the United States of America, any  
14 agency or instrumentality thereof, or from any other source, if such funds are granted  
15 for the purpose of assisting the County in financing the acquisition, construction,  
16 improvement, or development of the public facilities defined in this Act and, to the  
17 extent of any such funds received or receivable in any fiscal year, the taxes that are  
18 required to be levied under this Act may be reduced accordingly.

19 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further  
20 authorized and empowered, at any time and from time to time, to issue its bonds in  
21 the manner hereinabove described for the purpose of refunding, by payment at  
22 maturity or upon purchase or redemption, any bonds issued hereunder. The validity of  
23 any such refunding bonds shall in no way be dependent upon or related to the validity  
24 or invalidity of the obligations so refunded. The powers herein granted with respect to  
25 the issuance of bonds shall be applicable to the issuance of refunding bonds. Such  
26 refunding bonds may be issued by the County in such an amount as shall be necessary  
27 for the purpose of providing it with funds to pay any of its outstanding bonds issued  
28 hereunder at maturity, for the purpose of providing it with funds to purchase in the  
29 open market any of its outstanding bonds issued hereunder, prior to the maturity  
30 thereof, or for the purpose of providing it with funds for the redemption prior to  
31 maturity of any outstanding bonds issued hereunder which are, by their terms,  
32 redeemable, for the purpose of providing it with funds to pay interest on any  
33 outstanding bonds issued hereunder prior to their payment at maturity of purchase or  
34 redemption in advance of maturity, or for the purpose of providing it with funds to pay  
35 any redemption or purchase premium in connection with the refunding of any of its  
36 outstanding bonds issued hereunder. The proceeds of the sale of any such refunding  
37 bonds shall be segregated and set apart by the County as a separate trust fund to be  
38 used solely for the purpose of paying the purchase or redemption prices of the bonds to  
39 be refunded.

40 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to  
41 the preparation of definitive bonds, issue interim certificates or temporary bonds,  
42 exchangeable for definitive bonds when such bonds have been executed and are  
43 available for such delivery, provided, however, that any such interim certificates or  
44 temporary bonds shall be issued in all respects subject to the restrictions and

1 requirements set forth in this Act. The County may, by appropriate resolution, provide  
2 for the replacement of any bonds issued hereunder which shall have become mutilated  
3 or lost or destroyed upon such conditions and after receiving such indemnity as the  
4 County may require.

5 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations  
6 issued pursuant to the authority of this Act, their transfer, the interest payable  
7 thereon, and any income derived therefrom in the hands of the holders thereof from  
8 time to time (including any profit made in the sale thereof) shall be and are hereby  
9 declared to be at all times exempt from State, county, municipal, or other taxation of  
10 every kind and nature whatsoever within the State of Maryland. Nothing in this Act  
11 shall prevent the County from authorizing the issuance and sale of bonds the interest  
12 on which is not excludable from gross income for federal income tax purposes.

13 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow  
14 money and issue bonds conferred on the County by this Act shall be deemed to provide  
15 an additional and alternative authority for borrowing money and shall be regarded as  
16 supplemental and additional to powers conferred upon the County by other laws and  
17 shall not be regarded as in derogation of any power now existing; and all Acts of the  
18 General Assembly of Maryland heretofore passed authorizing the County to borrow  
19 money are hereby continued to the extent that the powers contained in such Acts have  
20 not been exercised, and nothing contained in this Act may be construed to impair, in  
21 any way, the validity of any bonds that may have been issued by the County under the  
22 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,  
23 and approved. This Act, being necessary for the welfare of the inhabitants of St.  
24 Mary's County, shall be liberally construed to effect the purposes hereof. All Acts and  
25 parts of Acts inconsistent with the provisions of this Act are hereby repealed to the  
26 extent of such inconsistency.

27 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take  
28 effect June 1, 2013.