

**COUNTY COUNCIL OF CECIL COUNTY, MARYLAND
LEGISLATIVE SESSION 2017-15**

RESOLUTION NO. 38-2017

Title of Resolution: Authorization of Refunding Bonds

Synopsis: : A Resolution to authorize and empower Cecil County, Maryland to borrow, from time to time, not more than Twenty One Million Seven Hundred Seventy Four Thousand Dollars (\$21,774,000) and to effect such borrowing by the issuance and sale of its general obligation bonds in one or more series, authorized by Section 19-207 of the Local Government Article of the Annotated Code of Maryland, such bonds to be sold and issued for the purpose of refunding certain outstanding general obligation bonds of the County in order to realize savings to the County in the total cost of debt service; to empower the County Executive to execute and deliver one or more executive orders prior to issuing the bonds in order to fix, prescribe and determine certain matters relating to such bonds and the sale thereof, as hereinafter described; to provide for the levy and collection of taxes in rate and amount sufficient, together with funds from other sources, to pay the principal of and interest on such bonds as they mature; and to provide for and determine certain matters in connection with the sale, issuance and delivery of such bonds.

Introduced by: Council President on behalf of the County Executive

Introduced and order posted on: August 1, 2017

Consideration scheduled on: September 19, 2017

By: _____
Council Manager

Notice of time title of Resolution having been posted by _____ at the County Administration Building, 200 Chesapeake Blvd., Elkton, and consideration by the Council having been scheduled on _____.

By: _____
Council Manager

Explanation: CAPITALS INDICATE MATTER ADDED TO EXISTING ORDINANCE.
~~Strike through~~ indicate matter deleted from existing ordinance.
Underlining indicates language added by amendment.
~~Double Strike through~~ indicates language deleted by amendment.

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1 **WHEREAS**, pursuant to Section 19-207 of the Local Government Article of the Annotated Code of
2 Maryland (the “Refunding Act”), the County may issue bonds to refund any of its outstanding bonds for
3 the purpose of realizing savings in the total cost of debt service on either a direct comparison or present
4 value basis; and

5 **WHEREAS**, Davenport & Company LLC, the County’s financial advisor, has advised the County that
6 the County may be able to realize savings in the total cost of debt service on certain of its outstanding
7 general obligation bonds; and

8 **WHEREAS**, based on the foregoing advice, pursuant to the Refunding Act, the County Executive is
9 requesting that the County Council authorize the issuance of the County's general obligation bonds in an
10 aggregate principal amount not to exceed \$21,774,000 for the above-stated purposes, and to provide for
11 and determine certain matters in connection therewith.

12 **NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COUNTY COUNCIL OF CECIL COUNTY,**
13 **MARYLAND** that:

14 Section 1: In accordance with the authority of Section 19-207 of the Local Government Article of
15 the Annotated Code of Maryland (the “Refunding Act”), the County hereby determines that it is necessary
16 to borrow money and incur indebtedness for the purpose of providing funds to refund all or a portion of
17 (1) the \$15,420,000 principal amount of the County Commissioners of Cecil County Consolidated Public
18 Improvement Bonds of 2010 (Taxable Build America Bonds – Direct Payment to Issuer), which mature on
19 August 1 in the years 2021 through 2030, inclusive (the “Refunded 2010 Bonds”) and (2) the \$6,354,000
20 principal amount of the County Commissioners of Cecil County Refunding Bond of 2011, which matures
21 on October 1 in the years 2018 through 2024, inclusive (the “Refunded 2011 Bond” and, together with the
22 Refunded 2010 Bonds, (the “Refunded Bonds”), in order to realize savings to the County in the total cost
23 of debt service. It is hereby estimated and determined that the costs of such refunding will be not more
24 than Twenty One Million Seven Hundred Seventy Four Thousand Dollars (\$21,774,000) and that such
25 costs, together with any portion of the costs of issuance that the Director of Finance of Cecil County,
26 Maryland (the “Director of Finance”) determines to finance with the proceeds thereof, are to be financed
27 to such extent from the proceeds of the sale of the Bonds (defined below). Notwithstanding the
28 foregoing, the final principal amount of Bonds to be issued and the maturities and principal amounts of
29 the Refunded Bonds to be refunded shall be determined by the County Executive of Cecil County,
30 Maryland (the “County Executive”) in the executive order described in Section 3.

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31 Section 2: To evidence the borrowing and indebtedness described in Section 1 and acting
32 pursuant to the authority of the Refunding Act, the County is hereby authorized to issue and sell upon its
33 full faith and credit an aggregate principal amount not to exceed Twenty One Million Seven Hundred
34 Seventy Four Thousand Dollars (\$21,774,000) par value of general obligation bonds of the County. Such
35 issue of bonds shall be designated as “Cecil County, Maryland Refunding Bonds” (the “Bonds”) or such
36 other designation as determined by the County Executive in the executive order referred to in Section 3
37 below.

38 Section 3: The Bonds may be issued in one or more series, from time to time, as the
39 County Executive may deem appropriate upon the advice of the financial advisor and bond counsel
40 employed by the County. To the extent any of the Bonds are issued at the same time as other County
41 bonds authorized by any other law or resolution, the County is authorized to consolidate for sale, issuance
42 and delivery all or any portion of the Bonds and such other bonds as a single issue of bonds pursuant to
43 the authority of Section 19-101 of the Local Government Article of the Annotated Code of Maryland.

44 Prior to the issuance and sale of all or any part of the Bonds, the County Executive shall
45 execute and deliver an executive order to fix, prescribe and determine, or provide for the method of
46 determining, the date of issue, the denomination(s) of the Bonds, the aggregate principal amount of the
47 Bonds to be issued, the maturity schedule for the Bonds, the form and tenor thereof, the places of
48 payment of the principal thereof and the interest to accrue thereon, any registrar and/or paying agent for
49 such bonds, the reserved right, if any, to redeem the Bonds prior to maturity and the premium, if any,
50 payable upon the exercise of said right, the rate or rates of interest payable on the Bonds, or the method
51 of determining the same, details relating to the sale of the Bonds, the award of the Bonds to the
52 purchaser thereof, the price at which the Bonds shall be sold (which may be at, above or below par), the
53 application of any premium paid to the County upon the sale of the Bonds, the maturities and principal
54 amounts of the Refunded Bonds to be refunded, provision for the payment, as and when due, of the
55 interest on and principal and redemption price of the Refunded Bonds and the redemption of the
56 Refunded Bonds that are to be redeemed prior to their respective maturities on the earliest practicable
57 dates, including the appointment of an escrow deposit agent, and any other details, terms or conditions
58 relating to the issuance, sale, delivery and payment of the Bonds. The County Executive is authorized to
59 execute and deliver such documents as he deems necessary or appropriate to effect the issuance of the
60 Bonds and to approve the provisions thereof (such approval to be evidenced by his execution and delivery
61 of such documents).

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62 Section 4: Each of the Bonds shall be executed in the name of the County and on its
63 behalf by the manual or facsimile signatures of the County Executive and the Director of Finance and the
64 corporate seal of the County or a facsimile thereof, shall be imprinted or otherwise reproduced thereon,
65 and attested by the manual or facsimile signature of the Director of Administration of Cecil County,
66 Maryland (the "Director of Administration"). Each of the Bonds shall be authenticated by the manual
67 signature of an authorized officer of the bond registrar. If by facsimile, the facsimiles of such signatures
68 and seal shall be engraved, printed or lithographed on the Bonds in accordance with, and pursuant to the
69 authority of, Sections 2-301 to 2-306, inclusive, of the State Finance and Procurement Article of the
70 Annotated Code of Maryland. The County Executive, the Director of Finance and the Director of
71 Administration, by the execution of appropriate signature certificates, shall adopt, as and for their own
72 proper signatures, their respective facsimile signatures on the Bonds if facsimile signatures are used.

73 Section 5: The Bonds shall be sold and issued on the full faith and credit of the County.
74 For the purpose of paying the interest on and redeeming and paying the Bonds as they mature, the
75 County shall levy or cause to be levied in each and every fiscal year that any of the Bonds are outstanding
76 ad valorem taxes upon all the legally assessable property within the corporate limits of the County in rate
77 and amount sufficient, together with other available funds, to provide for the payment, when due, of the
78 interest on and principal of all of the Bonds maturing in each such fiscal year. In case the Bonds shall be
79 issued in any fiscal year after the making of the regular levy for that fiscal year, any and all interest
80 becoming due before the next levy shall be paid out of any other funds at the disposal of the County and
81 there shall be levied at the next succeeding levy an amount sufficient to reimburse such other funds.
82 Funds available from other sources may be applied to assist in the payment of interest on and principal of
83 the Bonds. Taxes that might otherwise be levied hereunder may be reduced or not levied to the extent of
84 such funds are received or receivable. The full faith and credit and unlimited taxing power of the County
85 are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as and when
86 such principal and interest respectively mature and to the levy and collection of the taxes prescribed in
87 this Section as and when such taxes may become necessary in order to provide sufficient funds to meet
88 the debt service requirements of the Bonds.

89 The County hereby solemnly covenants with each of the holders of any of the Bonds to
90 take all action as may be appropriate from time to time during the period that any of the Bonds remain
91 outstanding and unpaid to provide the funds necessary to make the principal and interest payments. The

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92 County hereby further covenants and agrees with each of the holders of any of the Bonds to levy and
93 collect the taxes prescribed in this Section.

94 Section 6: The Bonds shall be sold for cash upon receipt of electronic bids to the bidder
95 whose bid is deemed to be in the best interests of the County after the County has given public notice by
96 advertisement inserted at least once in a newspaper of general circulation in the County not less than ten
97 (10) days prior to the sale of the Bonds. The advertisement for the sale of the Bonds shall be in
98 substantially the form set forth in Exhibit A; provided that the County Executive may approve such
99 changes to such form as he deems necessary or appropriate, subject to the terms of this Resolution.

100 Section 7: The official Notice of Sale for the sale of the Bonds shall be in substantially the
101 form set forth in Exhibit B and the terms and conditions set forth in the form of the Notice of Sale are
102 hereby adopted and approved as the terms and conditions under which and the manner in which the
103 Bonds shall be sold at public sale; provided that the County Executive may approve such changes to such
104 form as he deems necessary or appropriate, subject to the terms of this Resolution.

105 Section 8: Conditional only upon the delivery of and payment for the Bonds, the County
106 hereby specifically and irrevocably elects to redeem (1) the Refunded 2010 Bonds on August 1, 2020 and
107 (2) the Refunded 2011 Bond as soon as practicable after the issuance of the Bonds, in each case at a
108 redemption price of 100% of the principal amount thereof, plus interest accrued and unpaid to the
109 redemption date. Notwithstanding the foregoing, the irrevocable election contained in this Section shall
110 only be effective with respect to the maturities and principal amounts of the Refunded Bonds identified in
111 the executive order referred to in Section 3 of this Resolution.

112 Section 9: The County hereby covenants that it will take, or refrain from taking, any and all
113 actions necessary to comply with the applicable provisions of Section 103 and Sections 141 through 150,
114 inclusive, of the Internal Revenue Code of 1986, as amended (the "Code") and the Income Tax Regulations
115 thereunder, in order to preserve the status of the interest on the Bonds as excluded from gross income
116 for Federal income tax purposes. Without limiting the generality of the foregoing covenant, (a) the
117 County will not use or permit the use of any of the proceeds of the Bonds or any of the funds of the
118 County in such manner as would cause the interest on the Bonds to be included in gross income for
119 Federal income tax purposes, (b) the County will regulate the investment of the proceeds of the Bonds so
120 as not to cause any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code
121 and the Income Tax Regulations thereunder, (c) the County will, if and to the extent necessary, make
122 periodic determinations of the rebate amount and timely pay any rebate amount, or installment thereof,

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123 to the United States of America, (d) the County will prepare and timely file Internal Revenue Service Form
124 8038-G, Information Return for Tax-Exempt Governmental Obligations, and (e) the County Executive
125 and/or the Director of Finance are hereby authorized and directed to prepare or cause to be prepared
126 and to execute any certificate or other document which may be required in order to assure compliance
127 with the applicable provisions of Section 103 and Sections 141 through 150, inclusive, of the Code, and
128 the Income Tax Regulations thereunder.

129 Section 10: This Resolution takes effect from the date of its adoption.

130 **AND, BE IT FURTHER RESOLVED BY THE COUNTY COUNCIL OF CECIL COUNTY, MARYLAND,** that
131 this Resolution shall take effect on the date of its passage by the County Council of Cecil County,
132 Maryland.

INTRODUCED: August 1, 2017

ADOPTED: _____

President of the Council

ATTEST:

Council Manager