

**COUNTY COUNCIL OF CECIL COUNTY, MARYLAND
LEGISLATIVE SESSION 2020-19**

BILL NO. 2020-13

Title of Bill: Bond Authorization – Refunding Bonds – By Executive Order

Synopsis: An Act authorizing and empowering Cecil County, Maryland, from time to time, to issue and sell its general obligation bonds in one or more series for the purpose of refunding all or a portion of its outstanding general obligation bonds and the bonds authorized hereby; empowering the County Executive to execute and deliver one or more executive orders prior to issuing the bonds in order to fix, prescribe and determine the details of the bonds and the issuance and sale thereof; empowering and directing the County to levy ad valorem taxes in rate and amount sufficient to provide funds for the payment of the maturing principal of and interest on the bonds; exempting the bonds from the provisions of Sections 19-205 and 19-206 of the Local Government Article of the Annotated Code of Maryland, or successor provisions; providing that the County may issue and sell all or any portion of the bonds, as bonds the interest on which is not excludable from gross income for federal income tax purposes; and relating generally to the issuance and sale of such bonds.

Introduced by: Council President at the request of the County Executive

Introduced and order posted on: September 1, 2020

Public hearing scheduled on: October 6, 2020 at 7:00 p.m.

Consideration scheduled on: October 20, 2020

By: _____
Council Manager

PUBLIC HEARING

Notice of time and place of public hearing and title of Bill having been posted by September 1, 2020 at the County Administration Building, 200 Chesapeake Blvd., Elkton, and having been published according to the Charter on September 23, 2020 and September 30, 2020, a public hearing was held on October 6, 2020 and concluded on October 6, 2020.

By: _____
Council Manager

Explanation: CAPITAL LETTERS INDICATE LANGUAGE ADDED TO EXISTING DOCUMENT
~~Strike through~~ indicates language deleted from existing document
Underlining indicates language added to document by amendment.
~~Double Strike through~~ indicates language stricken from document by amendment.

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Bond Authorization – Refunding Bonds – By Executive Order

1 **WHEREAS**, Cecil County, Maryland (the “County”) previously issued its general obligation
2 bonds described in Exhibit A hereto (the “Outstanding Bonds”); and

3 **WHEREAS**, Section 19-207 of the Local Government Article of the Annotated Code of
4 Maryland, as amended (the “Refunding Act”) provides that a governmental entity may issue new
5 bonds to refund any of its bonds then outstanding; and

6 **WHEREAS**, refunding bonds may be issued under the authority of the Refunding Act for the
7 public purpose of (i) realizing for the governmental entity a savings in the total cost of debt service
8 on a direct comparison or present value basis, (ii) debt restructuring that the governmental entity
9 determines (a) is in its best interest, (b) is consistent with its long-term financial plan, and (c)
10 realizes a financial objective of the governmental entity, including improvement of the relationship
11 of debt service to any source of payment such as taxes, assessments, or other charges; and

12 **WHEREAS**, the Refunding Act provides that (i) the power to issue refunding bonds under
13 the Refunding Act is in addition to any other power to borrow, and (ii) the governmental entity
14 shall issue the refunding bonds in accordance with the procedures that applied to the bonds that
15 are being refunded, except that the refunding bonds may be sold at a private sale, without
16 soliciting bids, if the governmental entity determines in a public meeting that such private sale is in
17 the public interest; and

18 **WHEREAS**, market conditions can be volatile and the interests of the County are best
19 served by providing the County with maximum flexibility in accessing the capital markets; and

20 **WHEREAS**, providing the County with the flexibility to sell the refunding bonds by private
21 sale will provide significant benefits to the County and is in the public interest; and

22 **WHEREAS**, based on the advice and recommendations of the County’s financial advisor,
23 the County Council has determined that it is in the best interests of the County to authorize the
24 issuance and sale of its general obligation bonds in one or more series to refund all or a portion of
25 the Outstanding Bonds and the bonds authorized to be issued by this Act, all as more particularly
26 described herein.

27 **NOW THEREFORE, BE IT HEREBY ENACTED BY THE COUNTY COUNCIL OF CECIL COUNTY,**
28 **MARYLAND**, as follows:

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29 Section 1. Pursuant to Section 19-207 of the Local Government Article of the Annotated
30 Code of Maryland, as amended (the “Refunding Act”), Cecil County, Maryland (the “County”) is
31 hereby authorized and empowered to borrow money and incur indebtedness for the purpose of
32 refunding all or a portion of (1) the County’s outstanding general obligation bonds listed on Exhibit
33 A hereto (the “Outstanding Bonds”) and (2) the bonds authorized to be issued by this Act, in an
34 aggregate principal amount not to exceed one hundred and twenty five percent (125%) of the
35 aggregate principal amount of the bonds to be refunded and to evidence such borrowing by
36 issuing, selling and delivering its bonds, at any time or from time to time and in one or more series
37 (the “Refunding Bonds”), subject to the provisions and conditions of this Act.

38 Section 2. For the purpose of paying the principal of and interest on the Refunding Bonds
39 as they become due and payable, in each and every fiscal year that any of the Refunding Bonds are
40 outstanding, the County shall levy or cause to be levied ad valorem taxes upon all the legally
41 assessable property within the corporate limits of the County, in rate and amount sufficient to
42 provide for the payment, when due, of the principal of and interest on all of the Refunding Bonds
43 becoming due in each such fiscal year and, if the proceeds from the taxes so levied in any fiscal
44 year prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal
45 year to make up any deficiency. In case the Refunding Bonds shall be issued in any fiscal year after
46 the making of the regular levy for that fiscal year, any and all interest becoming due before the
47 next levy shall be paid out of any other funds at the disposal of the County and there shall be
48 levied at the next succeeding levy an amount sufficient to reimburse such other funds. The County
49 may apply to the payment of the principal of and interest on any Refunding Bonds issued
50 hereunder any funds received by it from the State of Maryland, the United States of America, any
51 agency or instrumentality of either, or from any other source. Taxes that might otherwise be
52 required to be levied under this Act may be reduced or need not be levied to the extent that any
53 such funds are received or receivable in any fiscal year.

54 Section 3. The full faith and credit and unlimited taxing power of the County are hereby
55 irrevocably pledged to the payment of the principal of and interest on the Refunding Bonds as and
56 when such principal and interest respectively become due and to the levy and collection of the
57 taxes prescribed in this Section as and when such taxes may become necessary in order to provide
58 sufficient funds to meet the debt service requirements of the Refunding Bonds.

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59 Section 4. Prior to the issuance and sale of all or any part of the Refunding Bonds, the
60 County Executive shall execute and deliver an executive order (the “Executive Order”) to fix,
61 prescribe and determine, or provide for the method of determining, the title, date of issue, and
62 denomination(s) of the Refunding Bonds, the aggregate principal amount of and maturity schedule
63 for the Refunding Bonds, the form and tenor thereof, the places of payment of the principal
64 thereof and the interest to accrue thereon, any registrar and/or paying agent for such bonds, the
65 reserved right, if any, to redeem the Refunding Bonds prior to maturity and the premium, if any,
66 payable upon the exercise of said right, the rate or rates of interest payable on the Refunding
67 Bonds, or the method of determining the same, details relating to the sale of the Refunding Bonds
68 (which may be at private (negotiated) sale, or at public sale by competitive bid, the Refunding
69 Bonds to be sold in such manner and upon such terms as the County Executive deems to be in the
70 best interest of the County), the form of the notice of sale, if the Refunding Bonds are to be sold at
71 public sale by competitive bid, the award of the Refunding Bonds to the purchaser thereof, the
72 price at which the Refunding Bonds shall be sold (which may be at, above or below par), the
73 application of any premium paid to the County upon the sale of the Refunding Bonds, and any
74 other details, terms or conditions relating to the issuance, sale, delivery and payment of the
75 Refunding Bonds. The Refunding Bonds shall be executed in the name of the County and on its
76 behalf by the manual or facsimile signatures of the County Executive and the Director of Finance
77 and the corporate seal of the County or a facsimile thereof shall be imprinted or otherwise
78 reproduced thereon and attested by the manual or facsimile signature of the Director of
79 Administration of the County.

80 The County understands that the final determination of whether it will realize savings in
81 the aggregate cost of debt service for each series (and each maturity of each series) of the bonds
82 to be refunded (or certain portions thereof) will depend on the actual interest rates available at
83 the time the Refunding Bonds of each series are sold and the other terms and conditions of the
84 sale. Accordingly, the description and details of the series and maturities of the bonds to be
85 refunded will be determined by the County Executive in the Executive Order. Any series of the
86 bonds (or any maturity of such series or portion thereof) not included in the Executive Order will
87 not be refunded and will continue to remain outstanding.

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88 Section 5. Under Section 19-101 of the Local Government Article of the Annotated Code of
89 Maryland, the County Council authorizes the County to consolidate for sale and issue, sell and
90 deliver all or any portion of the Refunding Bonds and any other bonds authorized by any other law
91 as a single issue of bonds, at any time and from time to time.

92 Section 6. The Refunding Bonds and their issuance and sale shall be exempt from the
93 provisions of Sections 19-205 and 19-206 of the Local Government Article of the Annotated Code
94 of Maryland, or successor provision, as in effect from time to time.

95 Section 7. Nothing in this Act shall prevent the County from issuing and selling all or any
96 part of the Refunding Bonds as bonds the interest on which is not excludable from gross income
97 for federal income tax purposes.

98 Section 8. The authority to borrow money and to issue bonds conferred on the County by
99 this Act shall be deemed to provide additional, alternative and supplemental authority for
100 borrowing money and shall be regarded as supplemental and additional to powers conferred upon
101 the County by other laws and shall not be regarded as in derogation of any power now existing;
102 and all previously enacted laws authorizing the County to borrow money are hereby continued to
103 the extent that the power contained in them is continuing or has not been exercised, unless any
104 law is expressly repealed by this Act, and the validity of any bonds issued under previously enacted
105 laws is hereby ratified, confirmed and approved. This Act, being necessary for the welfare of the
106 inhabitants of Cecil County, shall be liberally construed to affect its purposes.

107 Section 9. The provisions of this Act are severable, and if any provision, sentence, clause,
108 section or part hereof is held to be illegal, invalid or unconstitutional or inapplicable to any person
109 or circumstances, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect
110 or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Act or their
111 application to other persons or circumstances. It is hereby declared to be the legislative intent
112 that this Act would have been passed if such illegal, invalid or unconstitutional provision, sentence,
113 clause, section or part had not been included herein, and if the person or circumstances to which
114 this Act or any part hereof are inapplicable had been specifically exempted therefrom.

115 **AND IT IS FURTHER ENACTED BY THE COUNTY COUNCIL OF CECIL COUNTY, MARYLAND,**
116 that this Bill shall take effect 60 calendar days from the date that it becomes law.

CERTIFICATION

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I, HEREBY CERTIFY that the above Bill was posted for the public on the public bulletin board with the date, time and location of the public hearing meeting, copies were made available for the public, a copy was distributed to the press, and copy was made available on the Cecil County website.

BY Council Manager

FAILED