

**COUNTY COUNCIL OF CECIL COUNTY, MARYLAND
LEGISLATIVE SESSION 2021-09**

BILL NO. 2021-08

Title of Bill: Bond Authorization – General Obligation Refunding Bonds

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 described herein 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: May 4, 2021

Public hearing scheduled on: June 1, 2021 at 7:00 p.m.

Consideration scheduled on: June 15, 2021

By: _____
Council Manager

PUBLIC HEARING

Notice of time and place of public hearing and title of Bill having been posted by (date) at the County Administration Building, 200 Chesapeake Blvd., Elkton, and having been published according to the Charter on (date) a public hearing was held on (date) and concluded on (date).

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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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 reduces the total cost of
9 debt service, and (iii) debt restructuring that the governmental entity determines (a) is in its best
10 interest, (b) is consistent with its long-term financial plan, and (c) realizes a financial objective of
11 the governmental entity, including improvement of the relationship of debt service to any source
12 of payment such as taxes, assessments, or other charges; and

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

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

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

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

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

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30 Section 1. Pursuant to Section 19-207 of the Local Government Article of the Annotated
31 Code of Maryland, as amended (the “Refunding Act”), Cecil County, Maryland (the “County”) is
32 hereby authorized and empowered to borrow money and incur indebtedness for the purpose of
33 refunding all or a portion of (1) the County’s outstanding general obligation bonds listed on Exhibit
34 A hereto (the “Outstanding Bonds”) and (2) the bonds authorized to be issued by this Act, in an
35 aggregate principal amount not to exceed one hundred and thirty percent (130%) of the aggregate
36 principal amount of the bonds to be refunded and to evidence such borrowing by issuing, selling
37 and delivering its bonds, at any time or from time to time and in one or more series (the
38 “Refunding Bonds”), subject to the provisions and conditions of this Act.

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

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

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

84 The County understands that the final determination of whether it is in the best interest of
85 the County to refund any series (and any maturity of any series) of bonds (or certain portions
86 thereof) will depend on the actual interest rates available at the time the Refunding Bonds of each
87 series are sold and the other terms and conditions of the sale. Accordingly, the description and
88 details of the series and maturities of the bonds to be refunded will be determined by the County
89 Executive in the Executive Order. Any series of the bonds (or any maturity of such series or

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90 portion thereof) not included in the Executive Order will not be refunded and will continue to
91 remain outstanding.

92 Any savings realized in the aggregate cost of debt service shall be reallocated to other
93 County budget line items in accordance with the County’s budget process under the applicable
94 provisions of the Charter and laws of the County.

95 The authority of the County Executive set forth in this Section 4 shall expire on
96 December 31, 2022.

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

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

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

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

116 Section 9. The provisions of this Act are severable, and if any provision, sentence, clause,
117 section or part hereof is held to be illegal, invalid or unconstitutional or inapplicable to any person
118 or circumstances, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect
119 or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Act or their

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120 application to other persons or circumstances. It is hereby declared to be the legislative intent
121 that this Act would have been passed if such illegal, invalid or unconstitutional provision, sentence,
122 clause, section or part had not been included herein, and if the person or circumstances to which
123 this Act or any part hereof are inapplicable had been specifically exempted therefrom.

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

CERTIFICATION

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

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EXHIBIT A

OUTSTANDING COUNTY GENERAL OBLIGATION BONDS

<u>Issue Description</u>	<u>Original Principal Amount</u>
Refunding Bonds of 2013	\$ 9,290,000
Sanitary District Bond, Series 2014	20,879,000
Consolidated Public Improvement Bonds of 2014	48,000,000
Refunding Bonds of 2015	34,975,000
Consolidated Public Improvement and Refunding Bonds of 2016	50,530,000
Consolidated Public Improvement and Refunding Bonds of 2017	47,645,000
Consolidated Public Improvement Bonds of 2019	47,000,000
General Obligation Bond, Series 2020	7,225,000