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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND IT IS FURTHER ENACTED BY THE COUNTY COUNCIL OF CECIL COUNTY, MARYLAND, 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