

**CITY OF BALTIMORE
COUNCIL BILL 14-0339
(First Reader)**

Introduced by: The Council President
At the request of: The Administration (Department of Planning)
Introduced and read first time: March 24, 2014

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Planning Commission, Department of Housing and Community Development, Baltimore Development Corporation, Department of Finance

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Bond Issue - School Loan - \$34,000,000**

3 FOR the purpose of authorizing the Mayor and City Council of Baltimore (pursuant to Resolution
4 I of 2014 approved by the members of the Maryland General Assembly representing
5 Baltimore City) to create a debt, and to issue and sell, at any time or from time to time and in
6 one or more series its certificates of indebtedness as evidence thereof, and proceeds not
7 exceeding \$34,000,000 from the sale of such certificates of indebtedness to be used for the
8 cost of issuance, including the expense of engraving, printing, advertising, attorneys' fees,
9 and all other incidental expenses connected therewith, and the remainder of such proceeds
10 shall be used for the acquisition, by purchase, lease, condemnation or any other legal means,
11 of land or property, or any rights therein, in the City of Baltimore, and demolishing,
12 constructing and erecting on said land or property, or on any land or property now or
13 hereafter owned by the Baltimore City Board of School Commissioners and/or the Mayor and
14 City Council of Baltimore, new school buildings, athletic and other auxiliary facilities
15 including community health and recreation facilities, and for additions and improvements to,
16 or the modernization or reconstruction of, including the inspection, removal, encapsulation,
17 management, containment and abatement of asbestos from existing school buildings or
18 facilities, and for equipment for any and all new or existing facilities authorized to be
19 constructed, erected, added to, improved, modernized or reconstructed by the provisions
20 hereof; the payment of any and all costs and expenses incurred for or in connection with
21 doing any or all of the things herein mentioned, including, but not limited to, the costs and
22 expenses of securing administrative, appraisal, economic analysis, engineering, planning,
23 designing, architectural, surveying, and other professional services, including, without
24 limitation, services relating to planning for future projects of the same general character
25 which may be constructed out of future loans; and for or in connection with or pertaining to
26 any or all of the matters or things hereinbefore mentioned; authorizing the issuance of
27 refunding bonds; conferring certain powers upon the Baltimore City Board of School
28 Commissioners; imposing certain conditions in connection with the expenditure of the
29 proceeds derived from the sale of said certificates of indebtedness; conferring and imposing
30 upon the Board of Finance of Baltimore City certain powers and duties; authorizing the
31 submission of this Ordinance to the legal voters of the City of Baltimore, for their approval or
32 disapproval, at the Election to be held on Tuesday, the 4th day of November, 2014, and
33 providing for the expenditure of the proceeds of sale of said certificates of indebtedness in

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 14-0339

1 accordance with the provisions of the Charter of the Mayor and City Council of Baltimore,
2 and by the municipal agency designated in the annual Ordinance of Estimates of the Mayor
3 and City Council of Baltimore.

4 **WHEREAS**, By Resolution I of 2014, approved by the members of the Maryland General
5 Assembly representing Baltimore City, the Mayor and City Council is authorized to create a debt
6 and to issue and sell its certificates of indebtedness (hereinafter called “bonds”) as evidence
7 thereof, and proceeds not exceeding \$34,000,000 from the sale of such bonds to be used for
8 school purposes as authorized by said Resolution; and

9 **WHEREAS**, Funds are now needed for said purposes; now, therefore,

10 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE**, That the
11 Mayor and City Council of Baltimore, acting by and through the Board of Finance of said
12 municipality, be and it is hereby authorized and empowered to create a debt and to issue and sell
13 bonds of the Mayor and City Council of Baltimore from time to time, as may be needed or
14 required for the purposes hereinafter named and said bonds shall be sold by the Board of Finance
15 from time to time and at such times as shall be requisite, and proceeds not exceeding
16 \$34,000,000, from the sale of such bonds shall be used for the purposes hereinafter named,
17 provided that this Ordinance shall not become effective unless it shall be approved by a majority
18 of the votes of the legal voters of Baltimore City cast at the time and place hereinafter designated
19 by this Ordinance.

20 **SECTION 2. AND BE IT FURTHER ORDAINED**, That:

21 (a) The denomination or denominations of the bonds to be issued at any particular time
22 and the place or places for the payment of principal and interest thereof are to be determined by
23 the Board of Finance.

24 (b) The bonds authorized to be issued and sold under the provisions of this Ordinance
25 may be issued to mature on such dates and in such amounts as the Board of Finance may
26 determine; provided that the entire principal amount represented thereby shall be discharged not
27 more than 40 years from the date of issuance of the bonds.

28 (c) The bonds, when issued, shall bear interest at such rate or rates as may be determined
29 by the Board of Finance, which rate or rates may be fixed or variable or as determined by a
30 method approved by the Board of Finance, and such interest shall be payable at such time or
31 times as may be determined by the Board of Finance.

32 **SECTION 3. AND BE IT FURTHER ORDAINED**, That a majority of the Board of Finance of the
33 Mayor and City Council of Baltimore be, and they are hereby, authorized to pass a resolution or
34 resolutions, from time to time, to determine and set forth any or all of the following:

35 (a) The amount of debt to be incurred by the Mayor and City Council of Baltimore at any
36 particular time, and from time to time, under and pursuant to the provisions of this Ordinance;
37 the date or dates when any bonds representing said debt, or any part thereof, are to mature, and
38 the amount or amounts of said debt, or any part thereof, which shall mature upon the aforesaid
39 date or dates; and the date or dates in each year, during the entire period of time when any of said
40 bonds are outstanding, when interest on any of said bonds shall be payable;

Council Bill 14-0339

1 (b) The form or forms of the bonds representing the debt, or any part thereof, authorized
2 to be issued under the provisions of this Ordinance at any particular time; and

3 (c) If the bonds are to be sold at public sale, the time, place, manner and medium of
4 advertisement of the readiness of the Board of Finance, acting for and on behalf of the Mayor and
5 City Council of Baltimore, to receive bids for the purchase of the bonds authorized to be issued
6 hereunder or any part thereof; the form, terms and conditions of such bids; the time, place and
7 manner of awarding bonds so bid for, including the right whenever any of the bonds authorized
8 by this Ordinance are offered for sale and sold at the same time as other bonds of the City, to
9 establish the conditions for bids and awards and to award all of the bonds on an all or none basis,
10 and the time, place, terms and manner of settlement for the bonds so bid for; provided, however,
11 that notwithstanding anything in this section, the Mayor and City Council of Baltimore, or the
12 Board of Finance, as the case may be, shall have the right to reject any or all bids therefor for any
13 reason.

14 **SECTION 4. AND BE IT FURTHER ORDAINED, That:**

15 (a) All premiums resulting from the sale of any of the bonds issued and sold pursuant to
16 the provisions of this Ordinance shall be applied as directed by the Board of Finance.

17 (b) The debt authorized by the provisions of this Ordinance, and the bonds issued and
18 sold pursuant thereto and their transfer, and the principal and interest payable thereon (including
19 any profit made in the sale thereof), shall be and remain exempt from any and all State, county
20 and municipal taxation in the State of Maryland.

21 (c) All bonds issued and sold pursuant to the provisions of this Ordinance may be sold at
22 public sale by the solicitation of competitive bids or at private (negotiated) sale without
23 advertisement or solicitation of competitive bids, for a price or prices which may be at, above or
24 below par value of the bonds, as determined by resolution of the Board of Finance of the Mayor
25 and City Council of Baltimore.

26 **SECTION 5. AND BE IT FURTHER ORDAINED,** That until all of the interest on and principal of
27 any bonds issued pursuant to the provisions of this Ordinance have been paid in full, the Mayor
28 and City Council of Baltimore shall levy and impose an annual tax on each \$100 of assessable
29 property in the City of Baltimore at a rate sufficient to produce revenue to pay all interest on and
30 principal of all bonds theretofore issued and outstanding or authorized to be issued and
31 outstanding, payable in the next succeeding year.

32 **SECTION 6. AND BE IT FURTHER ORDAINED,** That this Ordinance shall be submitted to the
33 legal voters of the City of Baltimore, for their approval or disapproval, at the General Election to
34 be held in Baltimore City, on Tuesday, the 4th day of November, 2014.

35 **SECTION 7. AND BE IT FURTHER ORDAINED,** That prior to the date of the election
36 hereinbefore mentioned, notice shall be given to the public of the amount of money which the
37 Mayor and City Council of Baltimore is authorized to borrow, and the general purposes for
38 which such borrowed funds may be expended, under the terms and provisions of this Ordinance,
39 and the time when the election hereinbefore mentioned is to be held; and such public notice shall
40 be given in such manner and by such means or through such media and at such time or times as
41 may be determined, from time to time, by a majority of the Board of Finance.

Council Bill 14-0339

1 **SECTION 8. AND BE IT FURTHER ORDAINED,** That the actual cash proceeds derived from the
2 sale of the bonds authorized to be issued under the provisions of this Ordinance shall be used
3 exclusively for the following purposes, to wit:

4 (a) So much thereof as may be necessary for the cost of issuance, including the expense of
5 engraving, printing, advertising, attorneys' fees, and all other incidental expenses connected
6 therewith (which may include the proportion of the compensation of employees and general
7 administrative expenses of the Department of Finance reasonably allocated to the issuance of the
8 bonds);

9 (b) The remainder of such proceeds shall be used for the acquisition, by purchase, lease,
10 condemnation or any other legal means, of land or property, or any rights therein, in the City of
11 Baltimore, and demolishing, constructing and erecting on said land or property, or on any land or
12 property now or hereafter owned by the Baltimore City Board of School Commissioners and/or
13 the Mayor and City Council of Baltimore, new school buildings, athletic and other auxiliary
14 facilities including community health and recreation facilities, and for additions and
15 improvements to, or the modernization or reconstruction of, including the inspection, removal,
16 encapsulation, management, containment and abatement of asbestos from existing school
17 buildings or facilities, and for equipment for any and all new or existing facilities authorized to
18 be constructed, erected, added to, improved, modernized or reconstructed by the provisions
19 hereof; the payment of any and all costs and expenses incurred for or in connection with doing
20 any or all of the things herein mentioned, including, but not limited to, the costs and expenses of
21 securing administrative, appraisal, economic analysis, engineering, planning, designing,
22 architectural, surveying, and other professional services, including, without limitation, services
23 relating to planning for future projects of the same general character which may be constructed
24 out of future loans; and for or in connection with or pertaining to any or all of the matters or
25 things hereinbefore mentioned.

26 **SECTION 9. AND BE IT FURTHER ORDAINED,** That:

27 (a) The Mayor and City Council of Baltimore, acting by and through the Board of Finance
28 thereof, is hereby authorized and empowered to issue its bonds for the purpose of refunding any
29 bonds authorized to be issued under the provisions of this Ordinance by payment at maturity or
30 the purchase or redemption of bonds in advance of maturity. The validity of any refunding bonds
31 shall in no way be dependent upon or related to the validity or invalidity of the bonds being
32 refunded. Such refunding bonds may be issued by the Mayor and City Council of Baltimore,
33 acting by and through the Board of Finance thereof, for the purpose of providing it with funds to
34 pay any of its outstanding bonds authorized to be issued under the provisions of this Ordinance at
35 maturity, to purchase in the open market any of its outstanding bonds authorized to be issued
36 under the provisions of this Ordinance prior to their maturity, to redeem prior to their maturity
37 any outstanding bonds which are, by their terms, redeemable, to pay interest on any outstanding
38 bonds prior to their payment at maturity or purchase or redemption in advance of maturity, or to
39 pay any redemption or purchase premium in connection with the refunding of any of its
40 outstanding bonds authorized to be issued under the provisions of this Ordinance.

41 (b) Any refunding bonds authorized to be issued and sold under the provisions of this
42 Ordinance may be issued for the public purpose of:

43 (1) Realizing savings to Baltimore City in the aggregate cost of debt service on either
44 a direct comparison or present value basis; or

Council Bill 14-0339

1 (2) Debt restructuring that:

2 (i) In the aggregate effects such a reduction in the cost of debt service; or

3 (ii) Is determined by the Board of Finance of the Mayor and City Council of
4 Baltimore to be in the best interests of Baltimore City, to be consistent with Baltimore City's
5 long-term financial plan, and to realize a financial objective of Baltimore City including,
6 improving the relationship of debt service to a source of payment such as taxes, assessments, or
7 other charges.

8 (c) Any refunding bonds authorized to be issued and sold under the provisions of this
9 Ordinance may be issued in whatever principal amount shall be required to achieve the purpose
10 for the issuance of the refunding bonds, which amount may be in excess of the principal amount
11 of the bonds refunded or the maximum principal amount of bonds authorized to be issued under
12 Section 1 of this Ordinance.

13 (d) Any refunding bonds authorized to be issued and sold under the provisions of this
14 Ordinance may be issued to mature on such dates and in such amounts as the Board of Finance
15 may determine; provided that the entire principal amount represented by the refunding bonds
16 shall be discharged not more than 40 years from the date of issuance of the bonds being refunded.

17 (e) Any refunding bonds authorized to be issued and sold under the provisions of this
18 Ordinance may be sold at public sale by the solicitation of competitive bids or at private
19 (negotiated) sale without advertisement or solicitation of competitive bids, for a price or prices
20 which may be at, above or below the par value of the refunding bonds, as determined by
21 resolution of the Board of Finance of the Mayor and City Council of Baltimore.

22 (f) Any refunding bonds authorized to be issued and sold under the provisions of this
23 Ordinance shall bear interest at such rate or rates as may be determined by the Board of Finance
24 of the Mayor and City Council of Baltimore, which rate or rates may be fixed or variable or as
25 determined by a method approved by the Board of Finance, and such interest shall be payable at
26 such time or times as may be determined by the Board of Finance.

27 (g) The proceeds of the sale of any refunding bonds authorized to be issued and sold
28 under the provisions of this Ordinance, after the payment of issuance costs relating thereto, shall
29 be set aside by the Mayor and City Council of Baltimore as a separate trust fund to be used solely
30 for the purposes stated in this Section 9.

31 (h) Except as otherwise provided in this Section 9, the powers granted in, the limitations
32 and obligations imposed by, and the procedures specified in this Ordinance with respect to the
33 issuance of bonds shall be applicable to the issuance of refunding bonds.

34 (i) Any refunding bonds authorized to be issued and sold under the provisions of this
35 Ordinance shall not be subject to any debt policy limitation that may from time to time be
36 established by the Mayor and City Council of Baltimore.

37 **SECTION 10. AND BE IT FURTHER ORDAINED,** That in the expenditure of the proceeds of sale
38 of said bonds, the Mayor and City Council of Baltimore shall observe the following conditions:

Council Bill 14-0339

1 (a) Subject to the provisions of the Charter of Baltimore City relating to the Planning
2 Commission, the Baltimore City Board of School Commissioners, shall have the authority to
3 select sites for the construction of any new school buildings hereby authorized;

4 (b) All plans and specifications for the construction or reconstruction of school buildings,
5 or for additions or improvement to school buildings, to be financed out of the proceeds derived
6 from the sale of the bonds herein authorized to be issued, shall be subject to the approval of the
7 Baltimore City Board of School Commissioners prior to the final acceptance of such plans and
8 specifications, and the endorsement of approval by the Board of such plans and specifications
9 shall be made thereon, and shall also be recorded by the Board in its official minutes;

10 (c) All changes in approved plans and specifications which may be found necessary and
11 expedient during the course of construction shall also be subject to the approval of the Baltimore
12 City Board of School Commissioners, and shall also be recorded by the Board in its official
13 minutes; and

14 (d) No part of the proceeds derived from the sale of the bonds hereby authorized to be
15 issued shall be expended without the approval of the Baltimore City Board of School
16 Commissioners.