

**CITY OF BALTIMORE
COUNCIL BILL 08-0085
(First Reader)**

Introduced by: The Council President
At the request of: The Administration (Department of Planning)
Introduced and read first time: March 17, 2008
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, Board of School Commissioners, Department of Finance

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Bond Issue — School Loan — \$43,000,000**

3 FOR the purpose of authorizing the Mayor and City Council of Baltimore (pursuant to Resolution
4 XI of 2008 approved by the members of the Maryland General Assembly representing
5 Baltimore City) to create a debt, and to issue and sell its certificates of indebtedness as
6 evidence thereof, and proceeds not exceeding \$43,000,000 from the sale of such certificates
7 of indebtedness to be used for the cost of issuance, including the expense of engraving,
8 printing, advertising, attorneys' fees, and all other incidental expenses connected therewith,
9 and the remainder of such proceeds to 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
11 of Baltimore, and 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
13 and/or the Mayor and City Council of Baltimore, new school buildings, athletic and other
14 auxiliary facilities, and for additions and improvements to, or the modernization or
15 reconstruction of, including the inspection, removal ,encapsulation, management,
16 containment and abatement of asbestos from, existing school buildings or facilities, and for
17 equipment for any and all new or existing facilities authorized to be constructed, erected,
18 added to, improved, modernized or reconstructed by the provisions hereof; the payment of
19 any and all costs and expenses incurred for or in connection with doing any or all of the
20 things herein mentioned, including, but not limited to, the costs and expenses of securing
21 administrative, appraisal, economic analysis, engineering, planning, designing, architectural,
22 surveying, and other professional services, including, without limitation, services relating to
23 planning for future projects of the same general character which may be constructed out of
24 future loans; and for doing any and all things necessary, proper or expedient in connection
25 with or pertaining to any or all of the matters or things hereinbefore mentioned; authorizing
26 the issuance of refunding bonds; conferring certain powers upon the Board of School
27 Commissioners of Baltimore City; imposing certain conditions in connection with the
28 expenditure of the proceeds derived from the sale of said certificates of indebtedness;
29 conferring and imposing upon the Board of Finance of Baltimore City certain powers and
30 duties; authorizing the submission of this Ordinance to the legal voters of the City of
31 Baltimore, for their approval or disapproval, at the Election to be held in Baltimore City on
32 Tuesday, the 4th day of November, 2008; and providing for the expenditure of the proceeds
33 of sale of said certificates of indebtedness in accordance with the provisions of the Charter of

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

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1 the Mayor and City Council of Baltimore, and by the municipal agency designated in the
2 annual Ordinance of Estimates of the Mayor and City Council of Baltimore.

3 **WHEREAS**, By Resolution XI of 2008, approved by the members of the Maryland General
4 Assembly representing Baltimore City, the Mayor and City Council of Baltimore is authorized to
5 create a debt and to issue and sell its certificates of indebtedness (hereinafter called "bonds") as
6 evidence thereof, and proceeds not exceeding \$43,000,000 from the sale of such bonds to be
7 used for school purposes as authorized by said Resolution; and

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

9 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE**, That the
10 Mayor and City Council of Baltimore, acting by and through the Board of Finance of said
11 municipality, be and it is hereby authorized and empowered to create a debt and to issue and sell
12 bonds of the Mayor and City Council of Baltimore from time to time, as may be needed or
13 required for the purposes hereinafter named and said bonds shall be sold by the Board of Finance
14 from time to time and at such times as shall be requisite, and proceeds not exceeding
15 \$43,000,000, from the sale of such bonds shall be used for the purposes hereinafter named,
16 provided that this Ordinance shall not become effective unless it shall be approved by a majority
17 of the votes of the legal voters of Baltimore City cast at the time and place hereinafter designated
18 by this Ordinance.

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

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

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

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

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

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

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

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

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

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

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

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

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

30 **SECTION 6. AND BE IT FURTHER ORDAINED, That** this Ordinance shall be submitted to the
31 legal voters of the City of Baltimore, for their approval or disapproval, at the General Election to
32 be held in Baltimore City, on Tuesday, the 4th day of November, 2008.

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

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

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

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

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

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

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

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

42 (2) Debt restructuring that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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