

CITY OF BALTIMORE
ORDINANCE _____
Council Bill 18-0212

Introduced by: The Council President
At the request of: The Administration (Department of Planning)
Introduced and read first time: March 26, 2018
Assigned to: Taxation, Finance and Economic Development Committee
Committee Report: Favorable
Council action: Adopted
Read second time: June 4, 2018

AN ORDINANCE CONCERNING

Bond Issue - School Loan - \$38,000,000

1
2 FOR the purpose of authorizing the Mayor and City Council of Baltimore (pursuant to General
3 Assembly House Resolution II and Senate Resolution IV of 2018 approved by the members
4 of the Maryland General Assembly representing Baltimore City) to create a debt, and to issue
5 and sell, at any time or from time to time and in one or more series its certificates of
6 indebtedness as evidence thereof, and proceeds not exceeding \$38,000,000 from the sale of
7 such certificates of indebtedness to be used for the cost of issuance, including the expense of
8 engraving, printing, advertising, attorneys' fees, and all other incidental expenses connected
9 therewith (which may include the proportion of the compensation of employees and general
10 administrative expenses of the Department of Finance reasonably allocated to the issuance of
11 the bonds); and the remainder of such proceeds shall be used for the acquisition, by purchase,
12 lease, condemnation or any other legal means, of land or property, or any rights therein, in the
13 City of Baltimore, and demolishing, constructing and erecting on said land or property, or on
14 any land or property now or hereafter owned by the Baltimore City Board of School
15 Commissioners and/or the Mayor and City Council of Baltimore, new school buildings,
16 athletic and other auxiliary facilities including community health and recreation facilities, and
17 for additions and improvements to, or the modernization or reconstruction of, including the
18 inspection, removal, encapsulation, management, containment and abatement of asbestos
19 from existing facilities, and for equipment for any and all new or existing facilities authorized
20 to be constructed, erected, added, improved, modernized or reconstructed by the provisions
21 hereof; the payment of any and all costs and expenses incurred for or in connection with
22 doing any or all of the things herein mentioned, including, but not limited to, the costs and
23 expenses of securing administrative, appraisal, economic analysis, engineering, planning,
24 designing, architectural, surveying, and other professional services, including, without
25 limitation, services relating to planning for future projects of the same general character
26 which may be constructed out of future loans; and for doing any and all things necessary,
27 proper or expedient in connection with or pertaining to any or all of the matters or things
28 hereinbefore mentioned; authorizing the issuance of refunding bonds; conferring certain
29 powers upon the Baltimore City Board of School Commissioners; imposing certain
30 conditions in connection with the expenditure of the proceeds derived from the sale of said
31 certificates of indebtedness; conferring and imposing upon the Board of Finance of Baltimore

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
Underlining indicates matter added to the bill by amendment.
~~Strike out~~ indicates matter stricken from the bill by
amendment or deleted from existing law by amendment.

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1 City certain powers and duties; authorizing the submission of this Ordinance to the legal
2 voters of the City of Baltimore, for their approval or disapproval, at the Election to be held on
3 Tuesday, the 6th day of November, 2018, and providing for the expenditure of the proceeds of
4 sale of said certificates of indebtedness in accordance with the provisions of the Charter of
5 the Mayor and City Council of Baltimore, and by the municipal agency designated in the
6 annual Ordinance of Estimates of the Mayor and City Council of Baltimore.

7 **WHEREAS**, By General Assembly House Resolution II and Senate Resolution IV of 2018,
8 approved by the members of the Maryland General Assembly representing Baltimore City, the
9 Mayor and City Council is authorized to create a debt and to issue and sell its certificates of
10 indebtedness (hereinafter called “bonds”) as evidence thereof, and proceeds not exceeding
11 \$38,000,000 from the sale of such bonds to be used for school purposes as authorized by said
12 Resolution; and

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

14 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE**, That the
15 Mayor and City Council of Baltimore, acting by and through the Board of Finance of said
16 municipality, be and it is hereby authorized and empowered to create a debt and to issue and sell
17 bonds of the Mayor and City Council of Baltimore from time to time, as may be needed or
18 required for the purposes hereinafter named and said bonds shall be sold by the Board of Finance
19 from time to time and at such times as shall be requisite, and proceeds not exceeding
20 \$38,000,000, from the sale of such bonds shall be used for the purposes hereinafter named,
21 provided that this Ordinance shall not become effective unless it shall be approved by a majority
22 of the votes of the legal voters of Baltimore City cast at the time and place hereinafter designated
23 by this Ordinance.

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

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

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

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

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

39 (a) The amount of debt to be incurred by the Mayor and City Council of Baltimore at any
40 particular time, and from time to time, under and pursuant to the provisions of this Ordinance;
41 the date or dates when any bonds representing said debt, or any part thereof, are to mature, and

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1 the amount or amounts of said debt, or any part thereof, which shall mature upon the aforesaid
2 date or dates; and the date or dates in each year, during the entire period of time when any of said
3 bonds are outstanding, when interest on any of said bonds shall be payable;

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

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

17 SECTION 4. AND BE IT FURTHER ORDAINED, That:

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

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

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

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

35 SECTION 6. AND BE IT FURTHER ORDAINED, That this Ordinance shall be submitted to the
36 legal voters of the City of Baltimore, for their approval or disapproval, at the General Election to
37 be held in Baltimore City, on Tuesday, the 6th day of November, 2018.

38 SECTION 7. AND BE IT FURTHER ORDAINED, That prior to the date of the election
39 hereinbefore mentioned, notice shall be given to the public of the amount of money which the
40 Mayor and City Council of Baltimore is authorized to borrow, and the general purposes for
41 which such borrowed funds may be expended, under the terms and provisions of this Ordinance,

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1 and the time when the election hereinbefore mentioned is to be held; and such public notice shall
2 be given in such manner and by such means or through such media and at such time or times as
3 may be determined, from time to time, by a majority of the Board of Finance.

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

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

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

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

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

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

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

5 (2) Debt restructuring that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Certified as duly passed this ____ day of _____, 20__

President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,

this ____ day of _____, 20__

Chief Clerk

Approved this ____ day of _____, 20__

Mayor, Baltimore City