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COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

Legislative Session 1991

Bill No. CB-31-1991

Chapter No. 41

Proposed and Presented by The Chairman (by request -
County Executive)

Introduced by Council Members Castaldi and Fletcher

Co-Sponsors _____

Date of Introduction June 4, 1991

BILL

AN ACT concerning

The Issuance and Sale of General Obligation Bonds
FOR the purpose of authorizing and empowering Prince George's
County, Maryland, to issue and sell an amount not to exceed Forty
Million Three Hundred Fifty-five Thousand Dollars (\$40,355,000) in
aggregate principal amount of serial maturity, general obligation
bonds for the purpose of providing funds for financing in whole or
in part costs of the construction, acquisition, improvement or
extension of certain capital projects set forth in the capital
budget of the County for the fiscal years ending June 30, 1991, and
June 30, 1992, or usable portions thereof, including describing the
capital projects to be financed in whole or in part from the
proceeds of the bonds hereby authorized and the estimated costs and
probable useful lives thereof; prescribing the procedures for the

issuance and sale of such bonds; providing for the consolidation of such bonds with other bonds for purposes of such sale; providing for the issuance and sale of such bonds at public sale; showing compliance with the power of the County to incur indebtedness; directing the application of the proceeds of such bonds; providing for the levy and collection of taxes necessary for the payment of the principal of and interest on such bonds when due; covenanting that the proceeds of such bonds (or any moneys which may be deemed to be such proceeds) shall not be used in a manner which would cause the bonds to be "arbitrage bonds" and covenanting on other matters relating to the tax exempt status of interest on such bonds; providing generally for the issuance, sale and delivery of general obligation bonds of Prince George's County, Maryland, and the consolidation of bonds and the establishment of a borrowing program for the County and related matters authorizing and empowering the County to issue and sell an amount not to exceed Forty Million Three Hundred Fifty-five Thousand Dollars (\$40,355,000) in general obligation bond anticipation notes in anticipation of the issuance and sale of such bonds; providing for the issuance of such bond anticipation notes in the form of commercial paper; providing for the issuance of such bond anticipation notes and such bonds in the form of variable rate demand obligations; providing for the issuance and sale of such bonds or notes in the form of small denomination obligations; providing for the issuance of such bonds or notes in registered form, including central depository and book entry arrangements; and providing generally for the issuance, sale and

delivery of general obligation bond anticipation notes of Prince George's County, Maryland, including bond anticipation notes in the form of commercial paper and the consolidation of bond anticipation notes.

SECTION 1. BE IT ENACTED by the County Council of Prince George's County, Maryland, that the issuance, sale and delivery of serial maturity general obligation bonds (the "Bonds") of Prince George's County, Maryland (the "County"), in an aggregate principal amount not exceeding Forty Million Three Hundred Fifty-five Thousand Dollars (\$40,355,000) is hereby authorized in order to finance costs of the capital projects (the "Authorized Capital Projects") listed in the table set forth in Attachment A, attached to and made a part of this Act (the "Table of Projects") that have been authorized by the bond enabling acts set forth in the Table of Projects or by this Act. Each Authorized Capital Project is described in the Capital Budget of the County for the fiscal years ending June 30, 1991, or June 30, 1992, (the "Capital Budget") under the heading set forth in the Table of Projects and has the identification number set forth in the Table of Projects. The descriptions of the Authorized Capital Projects contained in the Capital Budget are incorporated herein by reference as if set forth fully herein. The principal amount of Bonds authorized by this Act to finance costs of each Authorized Capital Project shall be the respective amount set forth in the columns in the Table of Projects marked "Authorized Principal Amount of Bonds". Each such principal amount of Bonds is hereby determined to be sufficient to complete at

least a usable portion of the Authorized Capital Projects in respect of which such principal amount has been authorized. The probable useful lives of the Authorized Capital Projects are set forth in the Table of Projects. The Bonds shall be made payable within the average of the probable useful lives of the Authorized Capital Projects which is 22.8 years or in the event the Bonds are consolidated with other bonds of the County pursuant to Section 3 of this Act, within the average of the probable useful lives of the capital projects financed with the proceeds of such consolidated issue of bonds (the "Consolidated Authorized Capital Projects"). All Authorized Capital Projects have been identified and included in bond enabling acts ("Bond Enabling Acts") and have been approved by referendum to the extent required by applicable law. The Bonds are specifically exempted from the provisions of Sections 10 and 11 of Article 31 of the Annotated Code of Maryland, as amended, replaced or recodified from time to time. The powers granted under this Act are additional and cumulative and the bonds authorized by this Act may be issued, notwithstanding that other bond acts or laws may provide for the same or similar purposes. This Act does not modify or repeal any prior acts granting bond issuing authority for the same or similar purposes.

SECTION 2. BE IT FURTHER ENACTED that the attached Table of Projects lists the Authorized Capital Projects that are to be financed in whole or in part with the proceeds of the Bonds, the currently estimated cost of each Authorized Capital Project or a usable portion thereof (the "Estimated Cost"), the portion of the

Estimated Cost of each Authorized Capital Project to be financed hereunder (the "Bond Financed Portion"), the source or sources of funds to finance the balance of the Estimated Cost of each Authorized Capital Project (the "Other Funding Sources") and the probable useful life of each Authorized Capital Project.

It is hereby recognized and acknowledged that the information regarding the Estimated Cost, Bond Financed Portion and Other Funding Sources for each Authorized Capital Project set forth in the Table of Projects is derived from information and estimates referenced in the Capital Budget and the Capital Improvement Program of the County for fiscal years 1991 through 1996, inclusive, or 1992 through 1997, inclusive (the "Capital Improvement Program"), and is necessarily subject to change because of corresponding changes in construction and other costs, project time schedules, availability of Other Funding Sources and other circumstances not now known or anticipated. It is the purpose and intent of this Act to authorize the borrowing of money to finance the Authorized Capital Projects as such projects are referenced in the Capital Budget and Capital Improvement Program and in any amended or subsequent capital budget or capital program. To implement the intent and purpose of this Act in the most expeditious manner, the County Executive by his or her order or, if so provided by order of the County Executive, the Chief Administrative Officer, by his or her order, may revise the amounts set forth in the Table of Projects representing the Estimated Cost, Bond Financed Portion and Other Funding Sources for any Authorized Capital Project to be consistent with the information set forth in

regard to such project in any amended or subsequent capital budget or capital program. In the event that the Bond Financed Portion for the Authorized Capital Project is less than the amount appropriated for such projects in the Capital Budget or any amended or subsequent Capital Budget and the principal amount of bonds issued for the Consolidated Authorized Capital Projects is not required for such projects, the County Executive by his or her order or, if so provided by order of the County Executive, the Chief Administrative Officer, by his or her order, may revise the Table of Projects to increase the Bond Financed Portion of such project to an amount not to exceed the appropriated amount for such project, and correspondingly, to reduce the bond financed portion of such other Authorized Capital Projects and to make other appropriate adjustments. Nothing contained in this Act shall be deemed to preclude the County Council by resolution from effecting such a revision in the Table of Projects and such a revised Table of Projects may be incorporated in the resolution adopted pursuant to Section 3 of this Act. The authority granted in this Act to revise the Table of Projects shall not be construed to permit an increase in the aggregate principal amount of Bonds to be issued pursuant to this Act or to effect results inconsistent with the Charter or other applicable laws; accordingly, any such revision to the Table of Projects shall evidence that (i) the Bond Financed Portion of each Authorized Capital Project is sufficient to complete at least a usable portion of such project, (ii) the amount of all bonds authorized to be issued for such projects, including the revised

Bond Financed Portion, does not exceed the amount of bonds authorized by the Bond Enabling Act for such project, and (iii) the Bonds are payable within the average probable useful life of the Authorized Capital Projects or if the Bonds are consolidated with other bonds of the County pursuant to Section 3 of this Act, within the average probable useful lives of the Consolidated Authorized Capital Projects.

SECTION 3. BE IT FURTHER ENACTED that the Bonds (or any portion of them) may be consolidated for sale and issued, sold and delivered as a single issue of Bonds or as two or more issues of Bonds, or may be consolidated with other bonds of the County, all as may be provided in a resolution of the County Council (the "Resolution") as authorized by Section 2C of Article 31 of the Annotated Code of Maryland, as amended, replaced, or recodified from time to time. The Resolution shall determine, except as otherwise may be expressly provided in this Act, all matters relating to the advertisement, sale, issuance, delivery and payment of the Bonds, including all matters relating to the forms, dates and denominations of the Bonds, the principal maturities, the methods to be used in determining interest payable on the Bonds, and provisions for registration of the Bonds, for their redemption prior to stated maturity, and for the use of facsimile signatures or seals. The Resolution shall provide for the form, numbering, term and authentication of the Bonds pursuant to Section 826 of the Charter.

The Resolution may provide that no Bonds shall be issued for certain Authorized Capital Projects from projects to be financed by

the Bonds and to reduce the aggregate principal amount of Bonds to be issued accordingly, provided, however, that the deletion of such Authorized Capital Projects shall not cause the Bonds to be payable beyond the average of the probable useful lives of the remaining Authorized Capital Projects. The Resolution may provide for a reduction in the aggregate principal amount of Bonds to be issued consistent with a determination of the minimum bond denomination size based on municipal security market practices regarding denomination size, and for a corresponding reduction in the principal amount of Bonds issued to finance the cost of each Authorized Capital Projects, provided, however, that the principal amount of Bonds issued for each such Authorized Capital Projects after such reduction shall be sufficient to complete at least a usable portion of each such Authorized Capital Project.

Notwithstanding the provisions of Sections 2 and 3 of this Act, no resolution of the County Council adopted pursuant to this Act and no order of the County Executive or Chief Administrative officer permitted under this Act shall authorize or permit a reduction in the principal amount of Bonds issued for an Authorized Capital Project below the amount for which the County Council has authorized temporary borrowing from other County funds.

The Resolution may provide for certain maturities of the Bonds to be subject to prior redemption at the option of the County. If the Resolution so provides and the Bonds are issued with such option, then in the event that the County determines to exercise such option for the purpose of effecting certain cost savings by

refinancing a portion of the indebtedness evidenced by the Bonds through the issuance and sale of refunding bonds, it is the intent of the County that such refunding bonds be issued under the Enabling Acts referred to in this Act and that such refunding bonds, if issued, shall constitute a refunding of indebtedness authorized by this Act and shall not constitute additional indebtedness under such authority or under any other authority. The aggregate principal amount of Bonds authorized to be issued hereunder may be increased by a supplemental ordinance.

SECTION 4. BE IT FURTHER ENACTED that, unless otherwise provided in the resolution pursuant to Section 14 of this Act, the Bonds shall be sold at public sale by bids on sealed proposals to the bidder or bidders therefor for cash whose bid or bids are determined to be for the best interest of the County, after having given public notice by advertisement. Such advertisement shall be published once in each of two consecutive weeks next preceding the date of sale of the Bonds in one or more newspapers having a general circulation in the County. The first of these publications shall be at least ten (10) days preceding the date of sale of the Bonds. Such advertisement, or a summary thereof, may also be published in "Credit Markets", a weekly financial journal published in the City of New York and in such other publications as the Director of Finance may determine to be in the best interest of the County. The Bonds offered for sale at such public sale shall be awarded by the County Executive of the County (the "County Executive"), or in the event of the temporary absence or disability of the County

Executive, by the Chief Administrative Officer of the County pursuant to Section 410 of the Charter. Authority is hereby expressly delegated to the County Executive, or in his or her absence, to the Chief Administrative Officer, to fix the date and the time of the sale of the Bonds. The sale of the Bonds shall be held in a County Executive Conference Room in the County Administration Building in Upper Marlboro, Maryland, or in such other place as may be determined in the Resolution.

SECTION 5. BE IT FURTHER ENACTED that the County Council hereby determines that the Bonds are at present within the debt limit imposed by Section 5(P) of Article 25A of the Annotated Code of Maryland (1990 Replacement Volume), as shown below:

Assessable base of County	\$12,022,223,960
Debt limit - 15% of assessable base	\$ 1,803,333,594
Debt outstanding - not more than	\$ 292,000,652
Limit on additional debt	\$ 1,511,332,942
Aggregate principal amount of Bonds	\$ 40,355,000
Aggregate principal amount of general obligation bonds authorized by other acts and not issued	\$ 47,628,000
Total principal amount of general obligation bonds authorized and not issued (including the Bonds)	\$ 87,983,000

SECTION 6. BE IT FURTHER ENACTED that the proceeds of the sale of the Bonds, including any premium and accrued interest received therefor, shall be paid directly to the Director of Finance of the County, who shall deposit the same in the proper accounts of the County. The cost of marketing the Bonds shall be the pro rata part of the cost of advertising, printing, legal services and other related expenditures, as may be determined by apportioning the aggregate amount of the cost of such advertising, printing, legal services and other related expenditures among the issue of Bonds and the issues of bonds authorized by other Acts or Ordinances and consolidated for sale with the issue of the Bonds, in the proportion to each issue which the amount for which each issue may be sold shall bear to the total amount received for all of the issues so consolidated for sale. Such costs of issuance shall be allocated to the Authorized Capital Projects financed by the Bonds and shall be charged to the appropriate debt service accounts of the County by the Director of Finance. There shall be deducted from the total gross proceeds received for the Bonds any amount received on account of accrued interest and premium on such Bonds, which amounts shall be set apart by the Director of Finance in separate accounts and applied to the first interest payment on the Bonds including such issue as finally consolidated if sold. The balance of the proceeds of the sale of the Bonds shall be expended by the County for costs of the Authorized Capital Projects for which Bonds have been issued in accordance with this Act and the provisions of the respective

enabling laws authorizing such Authorized Capital Project. If the principal amount of Bonds issued for any Authorized Capital Project exceeds the amount needed to finance such Authorized Capital Project, the excess shall be applied to any other Authorized Capital Project of the same generic class or if no such Authorized Capital Project requires additional funds, to any other capital project permitted by the laws of the State of Maryland and of the County and by the Charter.

Unless otherwise provided by act or resolution of the County Council or by Executive Order pursuant to Section 9 of this Act, earnings derived from the investment of the proceeds of the Bonds may be treated as general revenues of the County and applied to general County purposes and such use of investment proceeds is hereby acknowledged and authorized.

SECTION 7. BE IT FURTHER ENACTED that, for the purpose of paying the interest and redeeming and paying the Bonds, as they respectively mature, the County shall, subject to the limitation on the levy of the real property tax set out in Section 817B of the County Charter, include in the levy in each and every fiscal year during which any of the Bonds are outstanding 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 interest on the Bonds payable during such fiscal year and the principal of all of the Bonds maturing in each such fiscal year; and in the event the proceeds from taxes so levied in any such fiscal year shall prove inadequate for such purposes,

additional taxes shall be levied, subject also to said limitation, in succeeding fiscal years to make up such deficiency. The County may apply to the payment of the principal of and interest on the Bonds any funds received by it from the State of Maryland, the United States of America, or any agency or instrumentality thereof, or from any other source, if such funds are granted for the purpose of assisting the County in obtaining public facilities of the class or classes of public facilities for which the Bonds, or the respective portions of the Bonds, are authorized or may be otherwise lawfully appointed to such payment; to the extent that any such funds are applied to such purposes in any fiscal year as provided herein, the taxes hereby required to be levied shall be reduced proportionately.

The full faith and credit of the County and the taxing power of the County, subject to said Section 817B limitation, are hereby irrevocably pledged both to the punctual payment of the maturing principal of and interest on the Bonds as and when such principal and interest respectively become due, and to the levy and collection of the taxes hereinabove prescribed as and when such taxes become necessary in order to provide sufficient funds to meet the debt service requirement of the Bonds. The County hereby solemnly covenants with each of the registered owners of any of the Bonds to take all action as may be appropriate from time to time during the period that any of the Bonds remain outstanding and unpaid to provide the funds necessary to make the principal and interest payments on the Bonds. The debt service requirements of the Bonds

shall have a first and prior claim on all moneys of the General Fund of the County on a parity with the claim for moneys required for payment of debt service on all other County general obligation bonds whether issued prior to or after the issuance of the Bonds; it is recognized, however, that some general obligation bonds of the County constitute a pledge of the unlimited taxing power of the County. The County further covenants and agrees with each of the registered owners of any of the Bonds to levy and collect the taxes hereinabove prescribed, subject to said limitation.

SECTION 8. BE IT FURTHER ENACTED that in the event any official of the County whose signature shall appear on any Bonds or on other instruments or documents pertaining thereto, shall cease to be such official prior to the delivery of the Bonds or other instruments or documents, or in the event that any official shall take office subsequent to the sale of the Bonds, his or her signature shall nevertheless be valid, sufficient and binding for the purposes herein intended.

SECTION 9. BE IT FURTHER ENACTED that the County Executive and the Chief Administrative Officer shall be the officers of the County responsible for the issuance of any Bonds within the meaning of the "arbitrage regulations" (defined below).

The County Executive, the Chief Administrative Officer and the Director of Finance shall be the officers of the County responsible for the execution and delivery (on the date of issuance of the Bonds) of a certificate of the County (the "Tax and Section 148 Certificate") which complies with the requirements of Section 148 of

the Internal Revenue Code of 1986, as amended ("Section 148"), and the applicable regulations thereunder (the "arbitrage regulations"), and such officials are hereby directed to execute the Tax and Section 148 Certificate and to deliver the same to bond counsel on the date of the issuance of the Bonds.

The County shall set forth in the Tax and Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Bonds, or of any moneys, securities or other obligations on deposit to the credit of any account of the County which may be deemed to be proceeds of the Bonds pursuant to Section 148 or the arbitrage regulations (collectively, "Bond Proceeds"). The County covenants that the facts, estimates and circumstances set forth in the Tax and Section 148 Certificate will be based on the County's reasonable expectations on the date of issuance of the Bonds and will be, to the best of the certifying officials' knowledge, true and correct, as of that date. The County shall also set forth in the Tax and Section 148 Certificate any elections provided for or permitted under the provisions of the Internal Revenue Code of 1986, as amended, that the officials executing the Tax and Section 148 Certificate deem advisable.

In the event that Bonds are issued pursuant to this Act with the expectation that interest on such Bonds will be excludable from gross income for federal income tax purposes, the County covenants with each of the registered owners of any of the Bonds that it will not make, or (to the extent that it exercises control or direction)

permit to be made, any use of the Bond Proceeds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 and the arbitrage regulations. The County further solemnly covenants that it will comply with Section 148 of the Internal Revenue Code of 1986 as amended and the regulations thereunder which are applicable to the Bonds on the date of issuance thereof and which may subsequently lawfully be made applicable thereto as long as the Bonds remain outstanding and unpaid. The County Executive, the Chief Administrative Officer and the Director of Finance of the County are hereby authorized and directed to prepare or cause to be prepared and to execute, respectively, any certification, opinion or other document, including, without limitation the Tax and Section 148 Certificate which may be required to assure that the Bonds will not be deemed to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 and the regulations thereunder.

The County further covenants with each of the registered owners of any of the Bonds (i) that it will not take any action or (to the extent that it exercises control or direction) permit any action to be taken that would cause the Bonds or a portion of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended, and (ii) that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the proceeds of the Bonds or a portion of such proceeds that would cause the Bonds or a portion of the Bonds to be "private activity bonds" within the meaning of Section

141(b) and (c) of the Internal Revenue Code of 1986, as amended.

In the event that Bonds are issued pursuant to this Act with the expectation that interest on such Bonds will be excludable from gross income for federal income tax purposes, the County Executive may make such covenants or agreements in connection with the issuance of such Bonds as he or she shall deem advisable in order to assure the registered owners of such Bonds that interest thereon shall be and remain excludable from gross income for federal income tax purposes, and such covenants or agreements shall be binding on the County so long as the observance by the County of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on such Bonds from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the County regarding compliance with the provisions of the Internal Revenue Code of 1986, as amended, as the County Executive shall deem advisable in order to assure the registered owners of such Bonds that the interest thereon shall be and remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the investment of Bond Proceeds, the payment of certain earnings resulting from such investment to the United States (or certain payments in lieu thereof as provided in the Internal Revenue Code of 1986, as amended), limitations on the times within which, and the purpose for which, Bond Proceeds may be expended, or the use of specified procedures for accounting for and segregating Bond

Proceeds. Any covenant or agreement made by the County Executive pursuant to this paragraph shall be set forth in or authorized by an order executed by the County Executive.

SECTION 10. BE IT FURTHER ENACTED that the County Executive is hereby authorized to select and appoint a bank or other financial institution to act as paying agent for the payment of the principal and redemption price, if any, of and interest on the Bonds and to act as registrar for the Bonds. The selection of the paying agent and bond registrar shall be accomplished in accordance with applicable provisions of law.

SECTION 11. BE IT FURTHER ENACTED that the powers granted by this Act are additional and cumulative and the bonds authorized by this Act may be issued, notwithstanding that other bond acts or laws may provide for the issuance of other bonds or the borrowing of money for the same or similar purposes on the same or other terms and conditions. This Act shall be liberally construed to effectuate its purposes, namely, to authorize the borrowing of money and the incurring of indebtedness to finance the Authorized Capital Projects set forth in this Act. Provisions of this Act shall be deemed met and satisfied if there is substantial compliance with such provisions. This Act is not intended to provide or imply that this Act or any prior act not containing a similar provision precludes the County from exercising any power or prerogative provided by this Act or any other law whether exercised solely pursuant to such other law or in conjunction with the powers provided by this Act so that, without limiting the generality of this section, the County may

exercise the power to issue (i) bond anticipation notes (in anticipation of the issuance of bonds pursuant to this Act or otherwise) and grant anticipation notes pursuant to Section 12 of Article 31 of the Annotated Code of Maryland, as amended, replaced, or recodified from time to time, and (ii) bonds (or any related bond anticipation or other notes) authorized by Sections 14-201 to 14-214, inclusive, of Article 41 of the Annotated Code of Maryland, as amended, replaced, or recodified from time to time, and in exercising such powers, the County may sell such notes or bonds at private (negotiated) sale as authorized by these or any other applicable laws.

SECTION 12. BE IT FURTHER ENACTED that in order to avoid the issuance of a greater amount of Bonds for the Authorized Capital Projects listed in the Table of Projects than is needed therefor, and in order to permit the construction of such projects to proceed prior to the issuance of Bonds and at the same time afford the County maximum flexibility in selecting the most advantageous times for such issuance, the County may provide needed capital funds by the issue and sale of its bond anticipation notes (the "Notes") pursuant to the authority of Section 12 of Article 31 of the Annotated Code of Maryland, as amended, replaced or recodified from time to time (the "Bond Anticipation Note Act").

(1) The maximum principal amount of such notes issued pursuant to this Section which may be outstanding at any time shall be Forty Million Three Hundred Fifty-five Thousand Dollars (\$40,355,000) unless and until otherwise provided by the County

Council by act. The Notes may be paid at or prior to maturity from the proceeds of the issuance and sale of the Bonds in anticipation of which the Notes were issued or from the proceeds of refunding Notes. Except as otherwise provided herein, in the event of such an advance refunding, the proceeds of such refunding Bonds or Notes shall be held in escrow, to the extent and in the amount necessary to refund the outstanding series of Notes, for the benefit of the holders of the outstanding series of Notes. Such refunding Notes, if issued, will constitute a reissuance of the Notes authorized by this Act and shall not constitute additional indebtedness under such authorization.

(2) All or any part of the Notes may be issued in series as funds are required, all as provided in the Resolution.

(3) None of the Notes shall be sold at less than the par value thereof except Commercial Paper Notes (hereinafter defined) or Notes in the form of Small Obligations (hereinafter defined) as hereinafter provided, nor shall any such notes bear interest at a rate in excess of the maximum interest rate, if any, specified by the County Council by Public Local Law to be payable on obligations of Prince George's County, Maryland.

(4) With respect to any Notes issued, the County hereby covenants and agrees with the holder or holders thereof to issue, upon its full faith and credit, the Bonds in anticipation of the sale of which the Notes are issued when, and as soon as, the reason for deferring the issuance thereof no longer exists and to pay the principal of and interest on (to the extent such interest has not

been capitalized, or otherwise paid, by appropriations from current revenues) such Notes from the proceeds of such Bonds. This covenant shall be binding upon the County notwithstanding any limitation set forth in this Act, including (without limitation) any limitation with respect to the interest rate or rates that the Bonds may bear.

If the County shall be unable, for reasons beyond its control, to issue and sell its Bonds as described above, or if the proceeds from the sale of such Bonds shall be insufficient to pay the principal of and interest on any Notes issued, then the revenues from taxes and other sources intended for application to debt service on such Bonds shall be applied to the payment of the interest on and principal of the Notes. The foregoing provisions shall not be construed so as to prohibit the County from paying the principal or redemption price of and interest on any Note issued hereunder from the proceeds of the sale of any other Note issued hereunder, or from any other funds legally available for that purpose.

If the County shall be unable, for reasons beyond its control, to issue and sell its Bonds, or if the proceeds from the sale of such Bonds shall be insufficient to pay the principal of or interest on any Notes issued, then the County shall, subject to the limitation on the levy of the real property tax set out in Section 817B of the County Charter, include in the levy in each and every fiscal year during which any of the Notes are outstanding 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 interest on the Notes payable during

such fiscal year and the principal of all of the Notes maturing in each such fiscal year; and in the event the proceeds from taxes so levied in any such fiscal year shall prove inadequate for such purposes, additional taxes shall be levied, subject also to said limitation, in succeeding fiscal years to make up such deficiency. The County may apply to the payment of the principal of and interest on the Notes any funds received by it from the State of Maryland, the United States of America, or any agency or instrumentality thereof, or from any other source, if such funds are granted for the purposes of assisting the County in obtaining public facilities of the class or classes of public facilities for which the Notes, or the respective portions of the Notes, are authorized or may be otherwise lawfully appointed to such payment; to the extent that any such funds are applied to such purposes in any fiscal year as provided herein, the taxes hereby required to be levied shall be reduced proportionately.

The full faith and credit of the County and the taxing power of the County, subject to said Section 817B limitation, are hereby irrevocably pledged both to the punctual payment of the maturing principal of and interest on the Notes as and when such principal and interest respectively become due, and to the levy and collection of the taxes hereinabove prescribed as and when such taxes become necessary in order to provide sufficient funds to meet the debt service requirement of the Notes. The County hereby solemnly covenants with each of the owners of any of the Notes to take all action as may be appropriate from time to time during the

period that any of the Notes remain outstanding and unpaid to provide the funds necessary to make the principal and interest payments on the Notes. The debt service requirements of the Notes shall have a first and prior claim on all moneys of the General Fund of the County on a parity with the claim for moneys required for payment of debt service on all other County general obligation indebtedness whether issued prior to or after the issuance of the Notes; it is recognized, however, that some general obligation bonds of the County constitute a pledge of the unlimited taxing power of the County. The County further covenants and agrees with each of the owners of any of the Notes to levy and collect the taxes hereinabove prescribed, subject to said limitation.

(5) In the event that any Notes (the "Outstanding Notes") issued hereunder are outstanding on the date that the Bonds in anticipation of which such Notes are issued are delivered in exchange for the purchase price thereof (the "Delivery Date"), the Director of Finance shall deposit with the paying agent for the Notes, or a trustee or escrow agent, on the Delivery Date (i) cash in an amount equal to the principal of the Outstanding Notes or (ii) direct obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America, the principal of and interest on which will be sufficient without reinvestment to pay in a timely manner the principal of the Outstanding Notes when due. Such paying agent or trustee or escrow agent is hereby irrevocably directed to apply such cash or the proceeds of such obligations to the payment of the principal of the

Outstanding Notes when due. The County may provide such cash or obligations from the proceeds of the sale of such Bonds or from any other funds legally available for such purpose. On the Delivery Date, the Director of Finance shall also deposit with the paying agent for the Outstanding Notes, or a trustee or escrow agent (i) cash in an amount equal to the interest on the Outstanding Notes when due or (ii) direct obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America, the principal of and interest on which will be sufficient without reinvestment to pay in a timely manner interest on the Outstanding Notes when due. The County may provide such cash obligations from the proceeds of the sale of Bonds available for that purpose or from any other funds legally available for such purpose. Notwithstanding the foregoing, if the Delivery Date and the date on which the Outstanding Notes mature are in different fiscal years, and moneys for the payment of the interest on the Outstanding Notes have not been finally appropriated in the fiscal year in which the Bonds are delivered, and if the Delivery Date is after the date on which the budget for the succeeding fiscal year has been submitted to the County Council and provision for the payment of the interest on such Outstanding Notes has been made in such budget, in lieu of the deposit of such cash or obligations for the payment of interest on the Outstanding Notes, the County Executive, the Director of Finance and the County Administrative Officer may deliver a certificate on the Delivery Date of the Bonds stating that funds sufficient to pay the interest on the Outstanding

Notes have been included in the budget for the next succeeding fiscal year (it being provided by the Bond Anticipation Note Act that the Notes shall be payable from the first proceeds of the sale of the Bonds, or from the tax or other revenue which the County shall have previously determined to apply to the payment of the Bonds and the interest thereon). Upon the deposit with the paying agent for the Outstanding Notes, or a trustee or escrow agent, of cash or obligations sufficient to provide for the payment of the principal of and interest on such Notes when due, as described above, such Notes shall be deemed to be paid and no longer outstanding hereunder.

(6) With respect to the authorization, issuance, execution, sale, delivery and payment of and for any Notes, the Resolution may determine, approve or authorize or, to the extent and in the manner provided in the Resolution, the County Executive or, if so provided by order of the County Executive, the Chief Administrative Officer, may determine, approve or authorize:

- (i) the identification of any series of Notes;
- (ii) the form of any Notes;
- (iii) the denominations of the Notes;
- (iv) the maturity of any Notes;
- (v) manner of execution and authentication of any Notes;
- (vi) the rate or rates of interest of any Notes or the manner for determining the same;
- (vii) the interest payment dates of any Notes;

(viii) the redemption provisions applicable to any Notes;

(ix) manner of sale of any Notes, which may be by private (negotiated) sale and procedures to be followed in connection with any such sale;

(x) the form and manner of execution and delivery of documents necessary or deemed appropriate in connection with the authorization, issuance, execution, sale, delivery and payment of and for any Notes; and

(xi) such other matters not inconsistent with the provisions of this Act as are necessary or deemed appropriate to accomplishing the issuance and sale of Notes hereunder.

(7) The Notes (or any portion of them) may be consolidated for sale and issued, sold and delivered as a single issue of Notes or as two or more issues of Notes, or may be consolidated with other notes or indebtedness of the County, as may be provided in the Resolution as authorized by Section 2C of Article 31 of the Annotated Code of Maryland, as amended, replaced or recodified from time to time.

(8) References to "Bonds" in Section 9 of this Act shall be deemed to include Notes.

(9) The authority conferred on the County Executive in Section 10 of this Act in connection with the issuance of Bonds hereunder, with respect to the appointment of paying agents and a registrar, may also be exercised with respect to the issuance and sale of Notes hereunder.

(10) References to "bonds authorized by this Act" in Section 11 of this Act shall be deemed to include Notes, unless the context clearly requires otherwise.

(11) Pursuant to the Bond Anticipation Note Act, the County is hereby authorized to issue the aforementioned Notes as notes in the nature of commercial paper and to establish a commercial paper program. Accordingly, the County is hereby authorized to issue two or more separate and distinct series of its Notes, which may include (1) a series of its Notes in the nature of tax exempt commercial paper (the "Commercial Paper Notes") and (2) a series of its Notes in connection with a liquidity facility, such as a revolving loan agreement, or a series of its Notes in connection with a credit facility, such as a letter of credit and related agreements (collectively, the "Revolving Loan Notes") (the Commercial Paper Notes and the Revolving Loan Notes being collectively referred to herein as the "Program Notes"). The word "Notes," as used in this Act, include Program Notes, and it is intended that the provisions of this Act applying to Notes shall include Program Notes unless the context clearly requires a contrary meaning.

For the purposes of this Act, the term "principal amount," when used with respect to the Program Notes, shall mean (i) in the case of Commercial Paper Notes, the face amount of any such Commercial Paper Note, less any original issue discount on such Commercial Paper Note, and (ii) in the case of Revolving Loan Notes, the principal amount actually advanced under the applicable

liquidity facility or credit facility that is evidenced by any such Revolving Loan Note. Accordingly, it is contemplated by this Act that the aggregate face amount of the Program Notes that may be outstanding from time to time hereunder, together with other Notes issued hereunder and outstanding from time to time, may exceed the aggregate principal amount of Notes authorized to be outstanding hereunder at any one time.

Without limiting the generality of other provisions of this Act, the Resolution may determine, approve, or authorize or, to the extent and in the manner provided in the Resolution, the County Executive or, if so provided by order of the County Executive, the Chief Administrative Officer, may determine, approve or authorize:

(i) procedures to facilitate the prompt determination and approval of matters in connection with the authorization, issuance, execution, sale, delivery and payment of and for Commercial Paper Notes;

(ii) the form and manner of execution and delivery of documents necessary or deemed appropriate in connection with the authorization, issuance, execution, sale, delivery and payment of and for Program Notes;

(iii) the selection of any trustee, issuing agent, payment agent, commercial paper dealer, credit or liquidity facility provider or other provider of financial or related services necessary or deemed appropriate to the authorization, issuance, execution, sale, delivery and payment of and for Program Notes; and

(iv) such other matters not inconsistent with this

Act necessary or deemed appropriate to accomplishing the authorization, issuance, execution, sale, delivery and payment of and for Program Notes.

SECTION 13. BE IT FURTHER ENACTED that it is hereby found and determined as follows: (i) it is in the best interest of the County to be able to implement a flexible approach to borrowing (that is, one which provides the ability to utilize variable rate demand obligations, tax exempt commercial paper and short-term municipal obligations [collectively, "Variable Rate Demand Obligations"]); (ii) there is an expanding market for Variable Rate Demand Obligations, which have varying and flexible maturities or redemption features, tender or purchase dates and bear interest at variable rates established by a remarketing agent on the basis of current market conditions, or combinations of such maturities or redemption, tender or purchase dates and rates and to access this market the County must establish procedures consistent with market practices for Variable Rate Demand Obligations; and (iii) existing practices in the market for Variable Rate Demand Obligations and existing requirements of nationally recognized rating agencies require that there be available to the issuer of Variable Rate Demand Obligations a supporting credit or liquidity facility, such as a letter of credit, line of credit or revolving loan agreement, pursuant to which an alternate source of borrowing will be available during any period in which such obligations cannot be remarketed or sold.

Notes or Bonds are hereby authorized to be issued as short-term

or demand obligations or commercial paper, defined above as Variable Rate Demand Obligations, including obligations that are required to be purchased or redeemed prior to stated maturity dates, bear interest at variable rates and mature on dates established from time to time by a remarketing agent on the basis of current market conditions. If any Bonds or Notes issued in accordance with this Section 13 provide for the mandatory redemption, tender or purchase thereof prior to stated maturity dates, the form of Bond or Note (as the case may be) may provide, to the extent permitted by law, and authorized in the Resolution or, to the extent provided in the Resolution, determined by the County Executive or, if so provided by order of the County Executive, the Chief Administrative Officer, that the full faith and credit and unlimited taxing power of the County are pledged to the payment of the purchase or redemption price on the due dates for such payments, subject to the limitation on the levy of the real property tax set out in Section 817B of the County Charter.

Without limiting the generality of other provisions of this Act, the Resolution may determine, approve or authorize or, to the extent and in the manner provided in the Resolution, the County Executive or, if so provided by order of the County Executive, the Chief Administrative Officer, may determine, approve or authorize:

(i) procedures for the determination of the interest rates, the interest payment dates, the maturities and any mandatory redemption, tender or purchase dates of Bonds or Notes described in this Section 13 in order to implement the financing authorized

hereby;

(ii) the form and manner of execution and delivery of documents necessary or deemed appropriate in connection with the authorization, issuance, execution, sale, delivery and payment of and for Variable Rate Demand Obligations;

(iii) the selection of any trustee, issuing agent, paying agent, tender agent, credit or liquidity facility provider or other provider of financial or related services necessary or deemed appropriate to the authorization, issuance, execution, sale, delivery and payment of and for Variable Rate Demand Obligations; and

(iv) such other matters not inconsistent with this Act necessary or deemed appropriate to accomplishing the authorization, issuance, execution, sale, delivery and payment of and for Variable Rate Demand Obligations.

SECTION 14. BE IT FURTHER ENACTED that the Bonds or Notes authorized to be issued under this Act may be issued and sold as small denomination bonds or notes ("Small Obligations") under and in accordance with Section 29 of Article 31 of the Annotated Code of Maryland, as amended, replaced or recodified from time to time (the "Small Denomination Bond Act"), provided that the County Council shall have determined in the Resolution that the issuance and sale of Small Obligations under the Small Denomination Bond Act shall be in the public interest, and provided further that, at the time Small Obligations are issued, the aggregate principal amount of such Small Obligations issued pursuant to this Section 14 and outstanding

hereunder, together with the aggregate principal amount of any other indebtedness of the County issued and sold under the Small Denomination Bond Act and outstanding, shall not be more than the greater of \$1,000,000.00, or ten percent (10%) of the total outstanding bonded indebtedness of the County.

In the event that interest on any small denomination bond or note is not payable on a current basis, the Director of Finance shall cause to be prepared and maintained among the permanent records of the County, in each fiscal year in which such interest accrues but is not payable, a certificate which sets forth (i) the aggregate amount of interest on all such small denomination bonds or notes accruing during such fiscal year and (ii) the fiscal year or years in which such interest that is payable in any fiscal year or years. All such interest that is payable in any fiscal year shall be included in the levy of the real property tax in such fiscal year in the same manner, subject to the same limitation and in accordance with the solemn covenant set forth in Section 7 as stated herein.

The County Executive, the Chief Administrative Officer and the Director of Finance shall be the officers of the County responsible for the execution and delivery (on the date of issuance) of the Small Obligations of a certificate which certifies that the aggregate principal amount of Small Obligations issued hereunder and previously issued and outstanding at the time of issuance of Small Obligations pursuant to this Act are not more than the greater of \$1,000,000 aggregate principal amount or an aggregate principal amount equal to 10 percent of the total outstanding bonded

indebtedness of the County, provided, however, that failure to deliver such certificate or any defect in such certificate will not affect the validity of the issuance of the Small Obligations.

Without limiting the generality of other provisions of this Act, the Resolution may determine, approve or authorize or, to the extent and in the manner provided in the Resolution the County Executive or, if provided by order of the County Executive, the Chief Administrative Officer, may determine, approve or authorize:

(i) the form and manner of execution and delivery of documents necessary or deemed appropriate in connection with the authorization, issuance, execution, sale, delivery and payment of and for Small Obligations;

(ii) the selection of any trustee, issuing agent, paying agent or other provider of financial or related services necessary or deemed appropriate to the authorization, issuance, execution, sale, delivery and payment of and for Small Obligations;

(iii) the manner of sale of Small Obligations, which may be in any manner deemed appropriate;

(iv) the price of Small Obligations, which may be at, above or less than par; and

(v) such other matters not inconsistent with this Act necessary or deemed appropriate to accomplishing the authorization, issuance, execution, sale, delivery and payment of and for Small Obligations.

SECTION 15. BE IT FURTHER ENACTED that, pursuant to Section 30 of Article 31 of the Annotated Code of Maryland, as amended,

replaced or recodified from time to time (the "Registration Statute"), the Bonds or Notes issued hereunder may be issued in "registered form" within the meaning of the Registration Statute, all as may be provided in the Resolution, which may determine, approve or authorize or, to the extent and in the manner provided in the Resolution, the County Executive or, if so provided by order of the County Executive, the Chief Administrative Officer, may determine, approve or authorize the selection of trustees, transfer agents, registrars, paying or other agents, a custodian for a central depository or book entry system and appropriate agreements with any of the foregoing and such other matters not inconsistent with this Act necessary or deemed appropriate in connection with the issuance of Bonds or Notes in "registered form" within the meaning of the Registration Statute.

SECTION 16. BE IT FURTHER ENACTED that if any one or more of the provisions of this Act, including any covenants or agreements provided herein on the part of the County to be performed, should be contrary to law, then such provision or provisions shall be null and void and shall in no way affect the validity of the other provisions of this Act or of the Bonds.

SECTION 17. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45) calendar days after it becomes law.

Adopted this 9th day of July, 1991.

COUNTY COUNCIL OF PRINCE
 GEORGE'S COUNTY, MARYLAND

BY: _____
 Richard J. Castaldi

Chairman

ATTEST:

Maurene W. Epps,
Acting Clerk of the Council

APPROVED:

DATE: _____

BY: _____
Parris N. Glendening
County Executive