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DORCHESTER COUNTY COUNCIL

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Legislative Session 2009, Legislative Day No. 15CIRCUIT COURT
DORCHESTER COUNTYBill No. 2009 - 12

Introduced By: Council President Jay L. Newcomb

By the County Council, September, 2009

AN ACT approving the issuance by the Dorchester County Sanitary District, Inc. (the "District") of (1) a bond anticipation note of the District in the principal amount of \$2,044,000 to be known as "Dorchester County Sanitary District, Inc. Sewer System Bond Anticipation Note (Madison-Woolford-Susquehanna Point Sanitary District No. 7) (the "Note") and (2) two series of bonds of the District in the principal amount of \$1,754,000 and \$290,000 to be known as "Dorchester County Sanitary District, Inc., Sewer System Bonds (Madison-Woolford-Susquehanna Point Sanitary District No. 7) Series A and Series B (collectively, the "Bonds"), all to be issued pursuant to the authority of Sections 9-601 to 9-699, inclusive, of the Environment Article of the Annotated Code of Maryland; providing that the payment of the principal of and interest on the Note and the Bonds shall be guaranteed by Dorchester County, Maryland; providing that the Note and the Bonds shall be issued upon the full faith and credit of Dorchester County, Maryland; and providing for the levy of annual taxes upon all assessable property within the Madison-Woolford-Susquehanna Point Sanitary District No. 7 sufficient for the payment of the principal of and interest on the Bonds as they shall respectively mature and sufficient for the payment of the principal of and interest on the Note if and to the extent not paid from proceeds of the Note and proceeds of the Bonds, and, to the extent that such levy is insufficient for such purposes, the levy of annual taxes upon all the assessable property within the corporate limits of Dorchester County for the payment of the principal of and interest on the Note and the Bonds as provided hereinabove.

Introduced, read first time, ordered posted on official bulletin board of County, County Office Building 501 Court Lane, Cambridge, Maryland 21613.

Ordered publication for once a week for two successive weeks, and public hearing scheduled on Tuesday, October 20, 2009, Room 110, County Office Building, 501 Court Lane, Cambridge, Maryland at ~~6:00 p.m.~~ 6:40 p.m.

By order:


Jane Baynard, County Manager

WHEREAS, the Dorchester County Sanitary District, Inc. (the "District") has resolved to construct a sewer collection system (the "Project") to serve the Madison-Woolford-Susquehanna Point Sanitary District No. 7; and

WHEREAS, the District has resolved by a Resolution adopted on September 14, 2009 (the "Note Resolution") to issue its Bond Anticipation Note designated "Dorchester County Sanitary District, Inc. Sewer System Bond Anticipation Note (Madison-Woolford-Susquehanna Point Sanitary District No. 7)" in the principal amount of \$2,044,000 (the "Note") to provide interim financing for a portion of the costs of construction of the Project, interest on the Note and costs of issuance of the Note and the Bonds (hereinafter defined); and

WHEREAS, for the purpose of providing the funds necessary for the repayment of the principal of and all accrued and unpaid interest on a portion of the Note and for construction of the Project, the District has, by two resolutions, each adopted on September 14, 2009 (collectively, the "Bond Resolutions"), resolved to issue and sell (1) a series of its bonds to be designated "Dorchester County Sanitary District, Inc. Sewer System Bonds (Madison-Woolford-Susquehanna Point Sanitary District No. 7), Series A" in the aggregate principal amount of \$1,754,000 (the "Series A Bonds") and (2) a series of its bonds to be designated "Dorchester County Sanitary District, Inc. Sewer System Bonds (Madison-Woolford-Susquehanna Point Sanitary District No. 7), Series B" in the aggregate principal amount of \$290,000 (the "Series B Bonds" and collectively with the Series A Bonds, the "Bonds") ; and

WHEREAS, the District has resolved in the Bond Resolutions to sell the Bonds to United States of America, Rural Utilities Service, by private (negotiated) sale on the terms set forth in the Bond Resolutions; and

WHEREAS, the District has requested (i) the approval of Dorchester County, Maryland of the Project, the Note Resolution and the Bond Resolutions and of the issuance and sale of the Note and the Bonds and (ii) the guarantee of the interest on and principal of the Note and the Bonds in accordance with Section 9-601 to 9-699, inclusive, of the Environment Article of the Annotated Code of Maryland (the "Act").

NOW THEREFORE IN ACCORDANCE WITH THE PROVISIONS OF THE ACT AND THE CHARTER OF DORCHESTER COUNTY:

SECTION ONE: BE IT ENACTED AND ORDAINED BY THE DORCHESTER COUNTY COUNCIL, that Dorchester County, Maryland (the "County") (a) hereby approves the Project, the Note Resolution, the Bond Resolutions and the issuance and sale of the Note and the Bonds, and (b) shall guarantee the payment of interest when due and the principal at maturity of the Note and the Bonds.

SECTION TWO: BE IT FURTHER ENACTED AND ORDAINED BY THE DORCHESTER COUNTY COUNCIL, that the President of the Dorchester County Council (the "County Council") is hereby authorized and directed to execute such guarantees on behalf of the County on the Note and the Bonds by his manual signature and the Clerk to the County Council is hereby authorized and directed to affix thereto the seal or a facsimile thereof of the County and to attest the same by her manual signature.

SECTION THREE: BE IT FURTHER ENACTED AND ORDAINED BY THE

DORCHESTER COUNTY COUNCIL, that while any of the Bonds are outstanding and unpaid, the District shall determine in accordance with the Bond Resolutions whether there will be insufficient EDU assessments or other funds available to pay the principal of and interest on the Bonds. If the District shall have determined that such deficiency will exist, it shall certify to the County a tax rate that will be required in the Madison-Woolford-Susquehanna Point Sanitary District No. 7 (the "Sanitary District") to meet the deficiency. Upon receipt of such certification, the County shall levy in the amount prescribed by law, ad valorem taxes on all land, improvements and other property assessed for County taxation purposes within the Sanitary District as determined to be reasonably necessary and required to pay the principal of and the interest on the outstanding Bonds. In the event that the funds available to the District while any Bonds are outstanding and unpaid from all sources available to and for the payment of the principal and interest on outstanding Bonds, including the EDU assessments and the taxes on property in the Sanitary District referred to in the preceding sentences of this Section Three, are insufficient for any reason to meet such principal and interest payments on the outstanding Bonds, the County shall levy and collect in each and every fiscal year in which such Bonds are outstanding, an ad valorem tax upon all the assessable property within the corporate limits of the County in rate and amount sufficient to provide for such payments when due, and in the event the proceeds from the taxes so levied in any fiscal year shall prove inadequate for the above purposes, the County shall levy additional taxes in the succeeding fiscal year to make up such deficiency.

SECTION FOUR: BE IT FURTHER ENACTED AND ORDAINED BY THE DORCHESTER COUNTY COUNCIL, the District and County anticipate that the Note will be paid from the proceeds of the Bonds and the District has covenanted in the Note that it will pay the Note and any interest thereon not paid from the proceeds of the Note from the proceeds of the sale of the Bonds. However, if for any reason the Bonds are not issued prior to the maturity of the Note, the District shall determine in accordance with the Note Resolution whether there will be insufficient EDU assessments or other funds available to pay the principal of and interest on the Note. If the District shall have determined that such deficiency will exist, it shall certify to the County a tax rate that will be required in the Sanitary District to meet the deficiency. Upon receipt of such certification, the County shall levy in the amount prescribed by law, ad valorem taxes on all land, improvements and other property assessed for County taxation purposes within the Sanitary District as determined to be reasonably necessary and required to pay the principal of and the interest on the Note. In the event that the fund available to the District while the Note is outstanding and unpaid from all sources available to and for the payment of the principal and interest on the Note including the EDU assessments and the taxes on property in the Sanitary District referred to in the preceding sentences of this Section Four, are insufficient for any reason to meet such principal and interest payments on the Note, the County shall levy and collect in each and every fiscal year in which the Note is outstanding, an ad valorem tax upon all the assessable property within the corporate limits of the County in rate and amount sufficient to provide for such payments when due, and in the event the proceeds from the taxes so levied in any fiscal year shall provide inadequate for the above purposes, the County shall levy additional taxes in the succeeding fiscal year to make up such deficiency.

SECTION FIVE: BE IT FURTHER ENACTED AND ORDAINED BY THE DORCHESTER COUNTY COUNCIL, that the undertakings and obligations of the County set forth in this Ordinance shall constitute a contract with the purchasers and holders from time to time of the Bonds and the Note and this Ordinance shall not be repealed, modified or altered

while any of the Bonds remain outstanding.

SECTION SIX: AND BE IT FURTHER ENACTED BY THE DORCHESTER COUNTY COUNCIL, THAT THIS ORDINANCE SHALL TAKE EFFECT 60 DAYS FROM THE DATE IT IS ENACTED.

APPROVED this 20TH day of OCTOBER, 2009.

ATTEST:

DORCHESTER COUNTY COUNCIL

BY: Jane Baynard
Jane Baynard, County Manager

BY: Jay L. Newcomb
Jay L. Newcomb, President

- Newcomb - *aye*
- Nichols - *aye*
- Elzey - *aye*
- Price - *aye*
- Travers - *aye*