

PROPOSED

COUNTY COUNCIL OF ANNE ARUNDEL COUNTY, MARYLAND

Legislative Session 2024, Legislative Day No. 20

Bill No. 88-24

Introduced by Ms. Pickard, Chair
(by request of the County Executive)

By the County Council, November 4, 2024

Introduced and first read on November 4, 2024
Public Hearing set for December 2, 2024
Bill Expires February 7, 2025

By Order: Kaley Schultze, Administrative Officer

A BILL ENTITLED

1 AN ORDINANCE concerning: the authorization of the issuance, sale and delivery by Anne
2 Arundel County, Maryland from time to time of special taxing district obligation
3 refunding bonds in an aggregate principal amount not to exceed \$30,000,000 to be
4 secured by special taxes to refund all or a portion of the County’s Special Tax District
5 Bonds (The Villages at Two Rivers Project), Series 2014; and the determination of
6 certain terms and provisions in connection with the issuance, sale and payment of such
7 bonds

8
9 FOR the purpose of authorizing the issuance, sale and delivery by Anne Arundel County,
10 Maryland (“County”) from time to time pursuant to Sections 21-501 through 21-523,
11 inclusive, of the Local Government Article of the Annotated Code of Maryland (2013
12 Replacement Volume and 2023 Supplement) and Sections 4-8-101 through 4-8-106,
13 inclusive, of the Anne Arundel County Code (2005, as amended) (together, the “Special
14 Taxing District Act”) and this Ordinance of special obligation refunding bonds in an
15 aggregate principal amount not to exceed \$30,000,000 to refund all or a portion of the
16 County’s Special Taxing District Bonds (The Villages at Two Rivers Project), Series
17 2014 (the “Refunding Bonds”) in order to achieve debt service savings for the County
18 in each year on a direct comparison basis; making certain findings and determinations,
19 among others, concerning the public benefit and purpose of such Refunding Bonds;
20 providing that the Refunding Bonds shall be payable from the Two Rivers Special Tax
21 levied and deposited in the Two Rivers Special Taxing District Fund created pursuant
22 to Bill No. 85-10, adopted by the County Council of the County (the “County Council”)
23 on October 18, 2010, approved by the County Executive of the County (the “County
24 Executive”) on October 22, 2010, and effective, by its terms, on December 6, 2010
25 (“Bill No. 85-10”); providing that the Refunding Bonds shall not constitute a general
26 obligation debt of the County or a pledge of the County’s full faith and credit or taxing

1 power other than the Two Rivers Special Tax pursuant to the Special Taxing District
2 Act, Bill No. 85-10 and this Ordinance; providing that the Refunding Bonds may be
3 sold at private (negotiated) sale; providing that the Refunding Bonds may be issued on
4 a consolidated basis; providing for the creation of separate debt service reserve funds
5 for the Refunding Bonds, if deemed necessary at the recommendation of the financial
6 advisor to the County or the underwriter for the Refunding Bonds, and the payment of
7 costs and expenses related to the issuance of the Refunding Bonds; authorizing the
8 County Executive to specify, prescribe, determine, provide for and approve certain
9 details, forms, documents and procedures in connection with the Refunding Bonds
10 issued hereunder and any other matters necessary or desirable in connection with the
11 authorization, issuance, sale and payment of the Refunding Bonds; authorizing the
12 County Executive to take certain actions, execute certain documents and make certain
13 commitments on behalf of the County in connection with the issuance, sale and delivery
14 of the Refunding Bonds; and generally providing for and determining various matters
15 in connection with the issuance, sale, delivery and payment of the Refunding Bonds.

16
17 RECITALS

18
19 Pursuant to Sections 21-501 through 21-523, inclusive, of the Local Government
20 Article of the Annotated Code of Maryland (2013 Replacement Volume and 2023
21 Supplement) (the Special Taxing District Act) and Bill No. 85-10, passed by the County
22 Council on October 18, 2010, approved by the County Executive and enacted on October
23 22, 2010, and effective December 6, 2010, the County created the Two Rivers Special
24 Taxing District in order to provide for the financing of certain infrastructure improvements
25 described therein. Bill No. 85-10, established the Two Rivers Special Taxing District Fund
26 (the “Two Rivers Special Tax Fund”) and authorized the levy and imposition of the Two
27 Rivers Special Tax upon certain real and personal property within the Two Rivers Special
28 Taxing District in the manner and through the application of the Rate and Method of
29 Apportionment of Special Taxes (the “Two Rivers Rate and Method”) attached as Exhibit
30 C to Bill No. 85-10 and made apart thereof. The County issued its Special Tax District
31 Bonds (The Villages at Two Rivers Project), Series 2014 (the “Refunded Bonds”) pursuant
32 to the Special Taxing District Act, Bill No. 85-10, and the Indenture of Trust dated as of
33 May 1, 2013, by and between the County and Manufacturers and Traders Trust Company,
34 as amended and supplemented (as so amended and supplemented, the “Indenture”).

35
36 The County has determined that debt service savings on a direct comparison basis can
37 be achieved by refunding all or a portion of the outstanding principal amount of the
38 Refunded Bonds in the manner provided in this Ordinance. The County has therefore
39 determined to authorize the issuance of the Refunding Bonds (hereinafter defined) pursuant
40 to Section 19-207 of the Local Government Article of the Annotated Code of Maryland
41 (2013 Replacement Volume and 2023 Supplement) (the “Refunding Act”), the Special
42 Taxing District Act and this Ordinance, the proceeds of which will be used to refund the
43 Refunded Bonds to achieve debt service savings. The Refunding Bonds shall not constitute
44 a general obligation debt of the County or a pledge of the County’s full faith and credit or
45 taxing power other than the Two Rivers Special Tax levied and imposed upon certain real
46 and personal property within the Two Rivers Special Taxing District pursuant to the
47 Special Taxing District Act, Bill No. 85-10, and this Ordinance.

1 SECTION 1. *Be it enacted by the County Council of Anne Arundel County, Maryland,*
2 That the County hereby ratifies and confirms the creation of the Two Rivers Special Taxing
3 District for the purpose of financing the infrastructure improvements financed with
4 proceeds of the Refunded Bonds. The County Council hereby finds and determines that the
5 issuance of Refunding Bonds for the purpose of refunding all or a portion of the Refunded
6 Bonds to realize debt service savings on a direct comparison basis will accomplish the
7 public purposes of the Refunding Act and is in furtherance of the purposes of the Special
8 Taxing District Act. For the purposes of this Ordinance, the issuance of Refunding Bonds
9 shall be deemed to realize debt service savings on a direct comparison basis when the debt
10 service of the Refunding Bonds in each tax year, together with the debt service on any
11 Refunded Bonds not refunded, defeased or otherwise retired in connection with the
12 issuance of the Refunding Bonds is, in the aggregate, less than or equal to the debt service
13 on the Refunded Bonds in each tax year determined immediately before the issuance of the
14 Refunding Bonds.

15
16 SECTION 2. *And be it further enacted,* That pursuant to the Refunding Act and the
17 Special Taxing District Act, there is hereby authorized the issuance and sale from time to
18 time of special obligation refunding bonds in an aggregate principal amount not to exceed
19 \$30,000,000 (the Refunding Bonds) for the purpose of refunding all or a portion of the
20 Refunded Bonds to realize debt service savings on a direct comparison basis. The proceeds
21 of the Refunding Bonds shall be used to refund all or a portion of the Refunded Bonds, to
22 pay costs and expenses related to the issuance of the Refunding Bonds and, if necessary,
23 to fund a debt service reserve fund for the Refunding Bonds as may be recommended by
24 the financial advisor to the County or by the underwriter for the Refunding Bonds. The
25 Refunding Bonds shall be special obligations of the County, the principal of and premium,
26 if any, and interest on which shall be payable from the Two Rivers Special Tax levied and
27 imposed pursuant to the Special Taxing District Act, Bill No. 85-10, and this Ordinance.
28 The Refunding Bonds will not constitute a general obligation debt of the County or a pledge
29 of the County's full faith and credit or taxing power other than the Two Rivers Special Tax.

30
31 The aggregate principal amount of Refunding Bonds issued hereunder to refund the
32 Refunded Bonds shall not exceed 120% of the aggregate principal amount of the Refunded
33 Bonds refunded.

34
35 Prior to the issuance of Refunding Bonds, the County Executive shall execute and
36 deliver a certification establishing that the issuance of the Refunding Bonds will realize
37 debt service savings on a direct comparison basis as specified in this Ordinance. In making
38 this certification, the County Executive may rely on the advice of the County's financial
39 advisor regarding such determination.

40
41 SECTION 3. *And be it further enacted,* That the County Executive, or the Chief
42 Administrative Officer, if authorized by the County Executive, may provide that all or any
43 portion of the Refunding Bonds sold pursuant to the authority herein, may be consolidated
44 for sale and issued, sold and delivered as a single issue or consolidated series of bonds to
45 be designated, "Consolidated Special Taxing District Bonds, Series 20__," without
46 identifying by separate series each Special Taxing District for which such Refunding
47 Bonds are issued.

1 SECTION 4. *And be it further enacted*, That the Two Rivers Rate and Method defines
2 “Bonds” as any bonds, including refunding bonds, whether in one or more series, issued
3 by the County relating to the Two Rivers Special Taxing District pursuant to the Special
4 Taxing District Act. The County Council hereby ratifies and confirms its findings in Bill
5 No. 85-10 that the methodology utilized in apportioning the Two Rivers Special Tax
6 among property owners within the Two Rivers Special Taxing District is reasonable and
7 results in fairly allocating the cost of the infrastructure improvements financed with
8 proceeds of the Refunded Bonds as required by the Special Taxing District Act. The Two
9 Rivers Rate and Method is hereby confirmed, ratified, adopted and incorporated into this
10 Ordinance by this reference as if set forth in full herein.

11
12 The levy and imposition of the Two Rivers Special Tax upon real and personal property
13 within the Two Rivers Special Taxing District in the manner and through the application
14 of the Two Rivers Rate and Method and the deposit thereof in the Two Rivers Special Tax
15 Fund are hereby ratified and confirmed. The Two Rivers District Special Tax shall be and
16 is hereby levied and imposed upon all real and personal property within the Two Rivers
17 Special Taxing District, unless exempted by law or by the provisions hereof and the Two
18 Rivers Rate and Method, in rate and amount sufficient to provide for the payment of the
19 principal of and premium, if any, and interest on the Refunding Bonds and to pay or provide
20 such other amounts as shall be required by the Two Rivers Rate and Method, to the extent
21 and in the manner provided thereby and through the application of the procedures provided
22 therein. The Two Rivers Special Tax also may be levied with respect to refunding bonds
23 issued under the Refunding Act and Special Taxing District Act to refund the Refunding
24 Bonds pursuant to the provisions of an ordinance or resolution enacted or adopted by the
25 County in connection with the issuance of such refunding bonds.

26
27 The Controller of the County (the “Controller”) is hereby authorized and directed to
28 exercise all duties of the County Executive contained in the Two Rivers Rate and Method.

29
30 SECTION 5. *And be it further enacted*, That as provided in Resolution No. 85-10, each
31 contract of sale for real property located in the Two Rivers Special Taxing District and
32 each property tax bill for property therein shall comply with the provisions of Section
33 21-519(2) of the Local Government Article of the Annotated Code of Maryland (2013
34 Replacement Volume and 2023 Supplement) and Section 4-8-104 of Article 4, Disclosure
35 to Buyers, of the Anne Arundel County Code (2005, as amended) and a seller’s failure to
36 provide the disclosure required by the Special Taxing District Act renders the contract
37 voidable at the option of the buyer before the date of settlement.

38
39 No Two Rivers Special Tax shall accelerate by reason of a default on any Refunding
40 Bonds and no increase in the amount of the maximum Two Rivers Special Tax applicable
41 to any individual property in the Two Rivers Special Taxing District shall result from the
42 delinquency in the payment of the Two Rivers Special Tax by any other property owner.

43
44 SECTION 6. *And be it further enacted*, That, if necessary upon the recommendation of
45 the financial advisor to the County or the underwriter for the Refunding Bonds, a debt
46 service reserve fund may be established for the Refunding Bonds in an amount equal to the
47 least of (i) 10% of the proceeds of such Refunding Bonds, (ii) 125% of the average annual

1 debt service on such Refunding Bonds and (iii) the maximum annual debt service on such
2 Refunding Bonds outstanding or, if recommended by the financial advisor to the County
3 or the underwriter for the Refunding Bonds at the time of issuance of such Refunding
4 Bonds, in a larger amount. All sinking funds and other reserves securing such Refunding
5 Bonds that are available for the payment of debt service on such Refunding Bonds shall
6 constitute the “debt service reserve fund” for purposes of this Section. Based on customary
7 current municipal market requirements, the County Council considers a debt service
8 reserve fund in such amount adequate for purposes of Section 21-519(3) of the Local
9 Government Article of the Annotated Code of Maryland (2013 Replacement Volume and
10 2023 Supplement) and Section 4-8-103(a)(9)(vi) of the Anne Arundel County Code (2005,
11 as amended).

12
13 SECTION 7. *And be it further enacted*, That the Refunding Bonds shall be executed in
14 the name of the County and on its behalf by the manual or facsimile signature of the County
15 Executive, the corporate seal of the County or a facsimile thereof shall be impressed or
16 otherwise reproduced thereon and attested by the Administrative Officer to the County
17 Council by manual or facsimile signature and the Refunding Bonds shall be authenticated
18 by the manual or facsimile signature of the Chief Administrative Officer of the County (the
19 “Chief Administrative Officer”) or their authorized deputy as may be required by law.

20
21 SECTION 8. *And be it further enacted*, That prior to the issuance of Refunding Bonds
22 from time to time, the County Executive, by executive order, shall specify:

23
24 (a) the principal amount of the Refunding Bonds to be issued;

25
26 (b) the rate or rates of interest to be borne by such Refunding Bonds, which shall
27 not exceed a maximum rate of interest of ten percent (10%) per annum after giving effect
28 to any federal subsidy;

29
30 (c) the manner in which and terms upon which such Refunding Bonds are to be
31 sold, which may be at public or private (negotiated) sale at or below the par amount of the
32 Refunding Bonds;

33
34 (d) the manner in which and the times and places that interest on such Refunding
35 Bonds is to be paid;

36
37 (e) the time of execution, issuance and delivery of such Refunding Bonds;

38
39 (f) the form and tenor of such Refunding Bonds, and denominations in which the
40 Refunding Bonds may be sold;

41
42 (g) the manner in which and the times and places that the principal of such
43 Refunding Bonds is to be paid;

44
45 (h) provisions pursuant to which any or all of such Refunding Bonds may be called
46 for redemption prior to their stated maturity dates;

1 (i) the maturity date or dates of such Refunding Bonds, which shall not exceed 30
2 years from the date of issuance of such Refunding Bonds; and

3
4 Without limiting the generality of the foregoing, the County Executive is hereby
5 authorized to appoint bond counsel, a financial advisor, any trustee, registrar, paying agent,
6 escrow agent or other fiscal agent and any verification agent for such Refunding Bonds, to
7 select an investment bank or banks or other financial institution to purchase and underwrite
8 the sale of such Refunding Bonds and to enter into one or more agreements on behalf of
9 the County as the County Executive shall deem necessary or appropriate for the issuance,
10 sale, delivery or security of such Refunding Bonds, which may include (without limitation)
11 (i) underwriting agreements or purchase or placement agreements for Refunding Bonds
12 sold at private (negotiated) sale; (ii) amendments and supplements to the Indenture and any
13 additional trust agreements with commercial banks or trust companies providing for the
14 issuance and security of such Refunding Bonds; (iii) dealer, remarketing or similar
15 agreements providing for the placement or remarketing of such Refunding Bonds; (iv)
16 agreements providing for any credit or liquidity facilities supporting any Refunding Bonds;
17 (v) agreements with commercial banks or trust companies providing for the deposit of
18 proceeds of any Refunding Bonds; and (vi) escrow deposit agreements and agreements
19 with fiscal agents providing for the issuance of Refunding Bonds, their authentication,
20 registration or payment or other similar services. Each such agreement shall be in such
21 form as shall be determined by the County Executive by order. The execution and delivery
22 of each such agreement by the County Executive shall be conclusive evidence of the
23 approval of the form of such agreement on behalf of the County.

24
25 In connection with the sale of any Refunding Bonds, the County may prepare and
26 distribute both a preliminary and a final official statement or other similar offering
27 document to the extent determined by the County Executive to be necessary or desirable
28 for the sale of such Refunding Bonds in form and content acceptable to the County
29 Executive.

30
31 The County Executive, the Chief Administrative Officer, the Controller and other
32 County officials are hereby authorized to execute and deliver, for and on behalf of the
33 County, any and all additional certificates and documents or other papers and to do any
34 and all things necessary or appropriate in order to effect the issuance and sale of Refunding
35 Bonds and to consummate and otherwise implement the transactions contemplated by the
36 Special Taxing District Act and this Ordinance, subject to the limitations set forth in the
37 Special Taxing District Act and this Ordinance.

38
39 The delegation of authority to the County Executive in this Ordinance is subject in all
40 respects to the discretion of the County Executive and no Refunding Bonds shall be issued
41 unless the County Executive shall have approved all matters in connection with the
42 authorization, sale, issuance, delivery and payment of and for such Refunding Bonds and
43 the security for such Refunding Bonds. None of the County, the County Executive, the
44 members of the County Council and the officers, employees and agents of the County shall
45 be subject to any liability in connection with the issuance sale and delivery of any
46 Refunding Bonds.

1 SECTION 9. *And be it further enacted*, That the County Executive, on behalf of the
2 County, may make such covenants and agreements in connection with the issuance of
3 Refunding Bonds issued as tax-exempt bonds (“Tax-Exempt Obligations”) as they shall
4 deem advisable in order to assure owners of such Refunding Bonds that interest thereon
5 shall be and remain excludable from gross income for federal income tax purposes. The
6 County Executive, on behalf of the County, is further authorized to take any and all actions
7 as may be necessary or desirable to assure that any Refunding Bonds are allowed a tax
8 credit, that the County is entitled to a subsidy from the United States of America or any
9 agency or instrumentality thereof with respect to such Refunding Bonds or the interest
10 payable thereon or that any such Refunding Bonds or the interest thereon are entitled to
11 any other available benefits under the Internal Revenue Code of 1986, as amended, or
12 otherwise (any such Refunding Bonds being referred to herein as “Tax Advantaged
13 Obligations”). Without limiting the generality of the foregoing, the County Executive is
14 hereby authorized to make such covenants and agreements relating to the investment of the
15 proceeds of such Refunding Bonds, the payment of rebates (or payments in lieu of rebate)
16 to the United States of America, limitations on the times within which such proceeds may
17 be expended and the use of specified procedures for accounting for such proceeds, to make
18 any required or permitted elections or designations, to take any actions as shall be necessary
19 to permit any tax credit to be stripped and sold separately from the ownership interest in
20 any Tax Advantaged Obligation and to claim any cash subsidy with respect to any Tax
21 Advantaged Obligation. The County may pledge such subsidy or other funds received with
22 respect to any Tax Advantaged Obligation towards the payment of the principal of and the
23 interest on Refunding Bonds. The County may agree to pay County funds to any debt
24 service reserve fund or any other fund deemed appropriate by the County Executive in
25 order to replenish any such debt service reserve fund for any deficiency resulting from any
26 amount offset by the federal government against any such subsidy or other funds payable
27 by the federal government with respect to any Refunding Bonds if (a) the County Executive
28 determines that the offset results from an action or failure to act or other circumstance
29 unrelated to the Refunding Bonds and (b) either (i) the County Executive determines that
30 the County is liable for the amount offset or it shall be finally determined by a court of
31 competent jurisdiction from which not further appeal exists that the County is liable for
32 such amount or (ii) such payment obligation is specifically subject to annual appropriation
33 by the County Council and is not a general obligation of the County to which the full faith
34 and credit of the County are pledged. The County Executive may agree, to the extent
35 permitted by law and subject to applicable public policy, to use best efforts to obtain the
36 appropriation of such funds. Such covenants or agreements shall be binding on the County
37 so long as the observance by the County of any such covenants or agreements is necessary
38 in connection with the maintenance of the excludability of the interest on such Tax-Exempt
39 Obligations from gross income for federal income tax purposes or the entitlement of such
40 Tax Advantaged Obligations to such benefits, respectively.

41
42 SECTION 10. *And be it further enacted*, That, in accordance with the provisions of
43 Article V, Section 504 of the Charter of the County, the County Executive is hereby
44 authorized to delegate to the Chief Administrative Officer the power and authority to take
45 any and all actions required or permitted to be taken by the County Executive pursuant to
46 this Ordinance.

1 SECTION 11. *And be it further enacted*, That, by the enactment of this Ordinance, the
2 County has complied with the provisions of the Special Taxing District Act, including but
3 not limited to Title 21 of the Local Government Article of the Annotated Code of Maryland
4 (2013 Replacement Volume and 2023 Supplement).

5
6 SECTION 12. *And be it further enacted*, That the provisions of this Ordinance are
7 severable, and if any provision, sentence, clause, section or part hereof is held or
8 determined to be illegal, invalid, unconstitutional or inapplicable to any person or
9 circumstances, such illegality, invalidity, unconstitutionality or inapplicability shall not
10 affect or impair any of the remaining provisions, sentences, clauses, sections or parts of
11 this Ordinance or their application to other persons or circumstances. It is hereby declared
12 to be the legislative intent that this Ordinance would have been passed and approved if
13 such illegal, invalid, unconstitutional or inapplicable provision, sentence, clause, section
14 or part had not been included herein and as if the person or circumstances to which this
15 Ordinance or any part hereof are inapplicable had been specifically exempted herefrom.

16
17 SECTION 13. *And be it further enacted*, That this Ordinance shall take effect 45 days
18 from the date of its enactment.