



Legislation Details (With Text)

File #: CA-1-23 **Version:** 1 **Name:**

Type: Charter Amendment **Status:** Adopted

File created: 1/4/2023 **In control:** City Council

On agenda: 4/10/2023 **Final action:** 4/10/2023

Title: Finances - Third Party Indebtedness and Bonds - For the purpose of allowing the City of Annapolis to issue Third Party bonds; and generally related to City bond authority.

Sponsors: Gavin Buckley

Indexes: Finance Committee, Rules and City Government Committee

Code sections:

Attachments: 1. CA-1-23 First Reader, 2. CA-1-23 Amendment 1 - Arnett, 3. CA-1-23 Staff Report, 4. CA-1-23 Fiscal Impact Note, 5. CA-1-23 Public Hearing Advertisement, 6. CA-1-23 Public Hearing Advertisement Affidavit, 7. CA-1-23 Signed

Date	Ver.	Action By	Action	Result
4/10/2023	1	City Council	adopt on first reader	Pass
4/10/2023	1	City Council	amended	Pass
4/10/2023	1	City Council	adopt as amended	Pass
4/10/2023	1	City Council	adopt on third reader	Pass
3/31/2023	1	Rules & City Government Committee	recommend favorably	Pass
3/23/2023	1	Finance Committee	recommend favorably	Pass
3/13/2023	1	City Council	declare the public hearing closed	
2/13/2023	1	City Council	adopt on first reader	Pass
2/13/2023	1	City Council	refer	
2/13/2023	1	City Council	refer	

Finances - Third Party Indebtedness and Bonds - For the purpose of allowing the City of Annapolis to issue Third Party bonds; and generally related to City bond authority.

**CITY COUNCIL OF THE
City of Annapolis
Charter Amendment 1-23**

**Introduced by: Mayor Buckley
Co-sponsored by:**

Referred to
Rules and City Government Committee

AN ORDINANCE concerning

Finances - Third-Party Indebtedness and Bonds

FOR the purpose of allowing the City of Annapolis to issue Third Party bonds; and generally related to City bond authority.

BY adding the following section to the Charter of the City of Annapolis, 2022 Edition:
Article VII, Section 13.

SECTION I: BE IT RESOLVED BY THE ANNAPOLIS CITY COUNCIL that the Charter of the City of Annapolis shall be amended to include a new section in Article VII to read as follows:

THE CHARTER

Article VII - FINANCES

Section 13 - Third-party indebtedness and bonds

A. Form of approval. Unless otherwise provided by law, the issuance of revenue or private activity bonds by the City on behalf of a third party that does not constitute in any manner an indebtedness of the City or a charge against the general credit or taxing powers of the City shall be approved by a resolution introduced by request of the Mayor and adopted by the City Council.

B. Agreements requiring approval by City Council.

1. **Prohibition.** Except as provided in this section, the City may not pledge its credit, commit its taxing power, obligate the City in any manner for the payment of bonded or other debt, or make a commitment for future payment of City funds in any agreement relating to or arising from:
 - a. The issuance of economic development revenue bonds, industrial revenue bonds, and other private activity bonds by the City on behalf of private entities;
 - b. The issuance of bonds by the Maryland Economic Development Corporation, the Maryland Industrial Development Financing Authority, or similar entities; or
 - c. The facilities, equipment, or activities funded by the proceeds of the bonds that are described in subsections (1)(a) and (1)(b).
2. **Approval by ordinance.** An agreement binding the City to any obligation within the scope of subsection (1), or binding a Mayor to seek an appropriation to fund any obligation within the scope of subsection (1), shall be approved by ordinance of the City Council and, until unless so approved, shall have no legal force or effect. The approval may take the form of an ordinance that authorizes the Mayor to execute an agreement under such terms and conditions as the City Council shall specify in the ordinance, or that ratifies an agreement after execution by the Mayor.

C. Maryland Economic Development Revenue Bond fees.

1. **Application fee.** Each borrower under the Maryland Economic Development Revenue Bond Act shall pay to the City on submission of the application for initial funding or refinancing of an existing bond an application fee established by annual resolution of the City Council and set forth in the fees schedule as that shall be credited against the issuer fee if the loan is approved and closes.
2. **Issuer fee.** Each borrower under the Maryland Economic Development Revenue Bond Act shall pay to the City an issuer fee calculated by bond counsel:

- a. At the time of closing on the economic development revenue bond loan in an amount equal to:
 - i. An amount equal to 0.125% of the principal amount of bonds issued for new projects; or
 - ii. 0.25% of the principal amount of bond proceeds approved for refunding; or
 - iii. A combination of the amounts determined under subsections (2)(a)(i) and (2)(a)(ii) that is based on the portion of the loan used for new projects and refunding when the loan is used in part for new projects and in part for refunding; or
 - iv. In an amount equal to a yield of 0.125% per year on the principal amount of the loan at the times set forth in the loan documents.
 - b. In another fee structure agreed to by the City and the third party as set forth in the related loan documents.
3. **Limitation on the amount of fees.** The fees authorized under subsections (1) and (2) may not exceed the amount that is the maximum applicable arbitrage limitation established under Title 26 § 148 of the Internal Revenue Code, as amended.

SECTION II: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that this ordinance shall take effect from the date of its passage.

Explanation:

~~Strikethrough~~ indicates matter stricken from existing law.
Underlining & black indicates copyediting or reformatting of existing law
Underlining & red indicate new matter added to code.