

Ordinance No. 2357

AN ORDINANCE OF THE COUNCIL (THE "COUNCIL") OF THE CITY OF SALISBURY TO AUTHORIZE AND EMPOWER CITY OF SALISBURY (THE "CITY") TO ISSUE AND SELL FROM TIME TO TIME, UPON ITS FULL FAITH AND CREDIT, GENERAL OBLIGATION BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FOUR MILLION SEVEN HUNDRED TWENTY-SIX THOUSAND TWO HUNDRED DOLLARS (\$4,726,200.00), THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING, REIMBURSING OR REFINANCING COSTS (AS DEFINED HEREIN, WHICH INCLUDE ISSUANCE COSTS AND CAPITALIZED INTEREST) OF THE PUBLIC PURPOSE PROJECTS IDENTIFIED HEREIN AS: MAIN STREET MASTER PLAN, EAST MAIN ST STORM DRAIN, BEAVERDAM CREEK TIDAL DAM REPAIR AND 24" W IN GORDY RD; SPECIFYING THE MAXIMUM PRINCIPAL AMOUNT OF THE BONDS OR BOND ANTICIPATION NOTES PROVIDED FOR HEREIN TO BE ALLOCATED TO EACH SUCH PROJECT, SUBJECT TO REALLOCATION BY THE CITY IN ACCORDANCE WITH APPLICABLE BUDGETARY PROCEDURES OR LAW; PROVIDING FOR THE COUNCIL BY RESOLUTION TO DETERMINE, APPROVE OR PROVIDE FOR VARIOUS MATTERS RELATING TO THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY, PAYMENT AND REDEMPTION OF AND FOR EACH SERIES OF THE BONDS; AUTHORIZING AND EMPOWERING THE COUNCIL TO PROVIDE BY RESOLUTION FOR THE ISSUANCE AND SALE FROM TIME TO TIME OF ONE OR MORE SERIES OF GENERAL OBLIGATION BOND ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FOUR MILLION SEVEN HUNDRED TWENTY-SIX THOUSAND TWO HUNDRED DOLLARS (\$4,726,200.00), PRIOR TO AND IN ANTICIPATION OF THE ISSUANCE OF ANY OF THE BONDS AUTHORIZED HEREBY, IN ORDER TO FINANCE OR REIMBURSE PROJECT COSTS ON AN INTERIM BASIS; AUTHORIZING AND EMPOWERING THE COUNCIL TO PROVIDE BY RESOLUTION FOR THE ISSUANCE AND SALE FROM TIME TO TIME OF ONE OR MORE SERIES OF GENERAL OBLIGATION BONDS IN ORDER TO REFUND ANY OF THE BONDS ISSUED PURSUANT TO THE AUTHORITY OF THIS ORDINANCE (INCLUDING PAYING ISSUANCE COSTS AND INTEREST ON SUCH REFUNDING BONDS), PROVIDED THAT, THE AGGREGATE PRINCIPAL AMOUNT OF ANY SUCH SERIES OF REFUNDING BONDS SHALL NOT EXCEED ONE HUNDRED THIRTY PERCENT (130%) OF THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS REFUNDED THEREFROM; PROVIDING FOR THE LEVY AND COLLECTION OF AD VALOREM TAXES SUFFICIENT FOR, AND PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY TO, THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON EACH SERIES OF THE BONDS, THE BOND ANTICIPATION NOTES AND THE REFUNDING BONDS AUTHORIZED HEREBY (THE "OBLIGATIONS"); PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON EACH SERIES OF THE OBLIGATIONS

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ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; PROVIDING THAT CERTAIN ACTIONS MAY BE TAKEN OR PROVIDED FOR BY RESOLUTION IN CONNECTION WITH THE REISSUANCE OF ANY OF THE OBLIGATIONS; PROVIDING THAT ANY OF THE OBLIGATIONS AUTHORIZED HEREBY MAY BE CONSOLIDATED WITH ANY BONDS, BOND ANTICIPATION NOTES AND/OR REFUNDING BONDS AUTHORIZED BY THE COUNCIL AND ISSUED AS A SINGLE SERIES OF BONDS, BOND ANTICIPATION NOTES AND/OR REFUNDING BONDS; AUTHORIZING AND DIRECTING OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL ACTION NECESSARY TO COMPLETE AND CLOSE THE SALE AND DELIVERY OF THE OBLIGATIONS; PROVIDING THAT THIS TITLE SHALL BE DEEMED A STATEMENT OF THE SUBSTANCE OF THIS ORDINANCE FOR ALL PURPOSES; AND OTHERWISE GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF THE OBLIGATIONS.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act identified below (the "City"), is authorized and empowered by Sections 19-301 through 19-309 of the Local Government Article of the Annotated Code of Maryland (previously codified as Sections 31 through 37 of Article 23A of the Annotated Code of Maryland), as replaced, supplemented or amended (the "Enabling Act"), and Sections SC7-45 and SC7-46 of the Charter of the City of Salisbury, as replaced, supplemented or amended (the "Charter"), to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds; and

WHEREAS, the City has determined to undertake the public purpose projects identified in Section 3 of this Ordinance; and

WHEREAS, the City has determined to authorize the issuance from time to time of one or more series of its general obligation bonds in order to finance, reimburse or refinance all or a portion of the costs of any of the public purpose projects identified in Section 3 of this Ordinance; and

WHEREAS, prior to issuing one or more series of the bonds authorized hereby, the City may need to obtain interim financing in order to finance or reimburse applicable project costs on a timely basis through the issuance from time to time of general obligation bond anticipation notes in one or more series pursuant to the authority of Sections 19-211 through 19-223 of the Local Government Article of the Annotated Code of Maryland (previously codified as Section 12 of Article 31 of the Annotated Code of Maryland), as replaced, supplemented or amended (the "Bond Anticipation Note Enabling Act"); and

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WHEREAS, subsequent to the issuance of any bonds provided for herein, the City may desire to currently refund or advance refund all or a portion of such bonds through the issuance from time to time of one or more series of its general obligation refunding bonds pursuant to the authority of Section 19-207 of the Local Government Article of the Annotated Code of Maryland (previously codified as Section 24 of Article 31 of the Annotated Code of Maryland), as replaced, supplemented or amended (the "Refunding Act"); and

WHEREAS, the City has determined to pledge its full faith and credit and unlimited taxing power to the prompt payment of debt service on any general obligation bonds, bond anticipation notes or refunding bonds authorized hereby; and

WHEREAS, although Section SC7-46.E of the Charter provides that the City shall determine the manner of selling any bonds, notes or other evidences of indebtedness by resolution, it is the expectation of the Council of the City (the "Council") that, as authorized by such Section of the Charter, the Bond Anticipation Note Enabling Act and the Refunding Act, as applicable, each series of the bonds, the bond anticipation notes and the refunding bonds authorized hereby shall be sold by private (negotiated) sale unless the Council determines otherwise by resolution; and

WHEREAS, the City shall issue any bonds, bond anticipation notes or refunding bonds authorized hereby in accordance with the terms and conditions provided for in a resolution or resolutions to be adopted by the Council pursuant to the authority of the Enabling Act, the Charter, this Ordinance and other applicable law.

SECTION 1. NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SALISBURY, MARYLAND that:

(a) The Recitals to this Ordinance are deemed a substantive part of this Ordinance and incorporated by reference herein. Capitalized terms used in the Sections of this Ordinance and not defined herein shall have the meanings given to such terms in the Recitals.

(b) References in this Ordinance to any official by title shall be deemed to refer (i) to any official authorized under the Charter or other applicable law to act in such titled official's stead during the absence or disability of such titled official, (ii) to any person who has been elected, appointed or designated to fill such position in an acting capacity under the Charter or other applicable law, (iii) to any person who serves in a "Deputy" or "Assistant" capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy or assistant in accordance with applicable law or authority, and/or (iv) to the extent an identified official commonly uses another title not provided for in the Charter or the code of ordinances of the City (the "City Code"), the official, however known, who is charged under the Charter, the City Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

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SECTION 2. BE IT FURTHER ORDAINED that pursuant to the authority of the Enabling Act and the Charter, the City hereby determines to borrow money and incur indebtedness from time to time for the public purpose of financing, reimbursing or refinancing costs (as defined in Section 3(b) hereof) of any of the Projects identified in Section 3(b) hereof.

SECTION 3. BE IT FURTHER ORDAINED that:

(a) To evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the City, acting pursuant to the authority of the Enabling Act and the Charter, hereby determines to issue and sell from time to time, in one or more series, upon its full faith and credit, its general obligation bonds in an aggregate principal amount not to exceed Four Million Seven Hundred Twenty-Six Thousand Two Hundred Dollars (\$4,726,200.00) (collectively, the “Bonds”). Any series of the Bonds may be issued as one or more bonds and any such bond may be issued in installment form and/or draw-down form.

(b) With respect to the projects listed below, the word “costs” as used in Section 2 hereof shall include, as applicable, land and right-of-way acquisition and development; site and utility improvements; acquisition, construction, expansion, demolition, reconstruction, replacement, renovation, rehabilitation, improvement, installation, furnishing and equipping activities and expenses, and related or similar costs; planning, design, engineering, architectural, feasibility, inspection, construction management, surveying, permitting, financial and legal expenses, and related or similar costs; costs of issuance (which may include costs of bond insurance or other credit or liquidity enhancement); interest during construction and for a reasonable period thereafter (whether or not expressly so stated); and any such costs that may represent the City’s share or contribution to the financing, reimbursement or refinancing of any such project. The total Bond (or BANs, as identified in Section 6 hereof) funds to be appropriated or applied to the costs of such projects (exclusive of any premium realized upon sale or investment earnings that may be applied for such purposes) shall be allocated among the following public purpose projects in the maximum principal amount set forth opposite each, except as otherwise herein provided:

	<u>Project Name</u>	<u>Maximum Principal Amount</u>
1.	Main Street Master Plan	\$2,240,000.00
2.	East Main St Storm Drain	350,200.00
3.	Beaverdam Creek Tidal Dam Repair	1,136,000.00
4.	24” W in Gordy Rd	1,000,000.00
	TOTAL	<u>\$4,726,200.00</u>

The projects identified in items 1-4 above are collectively referred to herein as the “Projects”. The Projects described in items 1-4 above are identified by approximately the same names as such

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Projects are identified in City budget materials. The City, without notice to or the consent of any registered owners of the Bonds (or the registered owners of any of the BANs, as applicable), may reallocate the maximum principal amount of the Bonds (and of any of the BANs, as applicable) to be spent among any of the Projects identified herein in compliance with applicable budgetary procedures or applicable law, including, to the extent applicable, by resolution. Further, it is the intention of the Council that proceeds of the Bonds (or of any of the BANs, as applicable) may be spent on any applicable costs (as defined above) relating to the Projects identified in items 1-4 above.

(c) In the event the City issues any series of the BANs pursuant to Section 6 of this Ordinance, proceeds of the Bonds of any series in anticipation of which such BANs were issued may also be applied to prepay or pay principal, premium and/or interest on such series of the BANs in accordance with the Bond Anticipation Note Enabling Act, and such application shall be deemed the payment of “costs” for purposes of this Ordinance.

SECTION 4. BE IT FURTHER ORDAINED that the proceeds of the Bonds shall be used and applied by the City exclusively and solely for the public purposes described in Section 3 of this Ordinance, unless a supplemental ordinance is enacted by the Council to provide for the use and application of such proceeds for some other proper public purpose authorized by the Enabling Act, the Charter or other applicable law.

SECTION 5. BE IT FURTHER ORDAINED that pursuant to the authority of the Enabling Act, the Charter and this Ordinance, the Council, prior to the issuance, sale and delivery of each series of the Bonds, shall adopt a resolution or resolutions (in each such case and, collectively, the “Resolution”) specifying, prescribing, determining, providing for or approving such matters, details, forms (including, without limitation, the complete forms of the Bonds of such series), documents or procedures as may be required by the Enabling Act, the Charter or this Ordinance or as the Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment, prepayment or redemption of or for such series of the Bonds. The Resolution shall set forth, determine or provide for the determination of, provide for, or approve or provide for the approval of, among other matters, as applicable, the designation of such series of the Bonds; the date of issue of such series of the Bonds; the aggregate principal amount of such series of the Bonds; the denominations of such series of the Bonds; the maturity or maturities of such series of the Bonds; the principal installment or installments payable on such series of the Bonds or the method of determining such principal installments; the rate or rates of interest, or the method of determining the rate or rates of interest, payable on such series of the Bonds, which may be fixed or variable; provisions for the payment of late fees and/or additional interest or penalties payable on the Bonds of such series or adjustments to interest rates in appropriate circumstances; the purchase price for such series of the Bonds or the method of determining the purchase price; provisions relating to the prepayment or redemption of such series of the Bonds at the City’s option or by mandatory sinking fund payments; provisions allowing the registered owners of such series of the Bonds to put or cause the prepayment or redemption of the same at their option; the manner of selling such series of the

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Bonds, which may be by private (negotiated) sale without advertisement or solicitation of competitive bids or at public sale after publication or dissemination of the notice of sale, and all matters in connection therewith; the specific Projects the costs of which are to be financed, reimbursed or refinanced from proceeds of such series of the Bonds; provisions for the appropriation, disposal and investment of proceeds of such series of the Bonds; provisions for the application of unexpended proceeds, any premium paid upon sale or investment earnings on proceeds of such series of the Bonds, which may include, without limitation, on costs of the Projects or on debt service payable on such series of the Bonds, to the extent permitted by applicable law; the selection of any bond registrar, paying agent, investment bidding agent or other appropriate service providers in connection with such series of the Bonds; certifications, representations, determinations, designations or elections relating to the tax-exempt or taxable status of interest payable on such series of the Bonds; and all other terms and conditions pursuant to which such series of the Bonds will be issued, sold and delivered, including, without limitation, any other determinations to be made by resolution as required by Charter Section SC7-46.A. Among other matters, the Council, pursuant to the Resolution, may authorize, approve or otherwise provide for (i) any commitment fee or similar fee and any other costs (including other parties' legal costs) payable in connection with any series of the Bonds, (ii) the obtaining of credit enhancement or liquidity enhancement for any series of the Bonds (and the execution and delivery of any agreements or documents relating thereto), and (iii) any other agreements, documents, instruments or determinations necessary to enhance the marketability of or as security for any series of the Bonds, including (without limitation) any ratings, any official statement or similar disclosure document or any continuing disclosure undertaking required to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12. Any Resolution may determine the matters identified in this Section 5 for more than one series of the Bonds.

SECTION 6. BE IT FURTHER ORDAINED that:

(a) Pursuant to the authority of the Bond Anticipation Note Enabling Act and the Charter, the City is hereby authorized and empowered to issue and sell, upon its full faith and credit, its general obligation bond anticipation notes in one or more series from time to time in an aggregate principal amount not to exceed Four Million Seven Hundred Twenty-Six Thousand Two Hundred Dollars (\$4,726,200.00) (collectively, the "BANs"), prior to and in anticipation of the sale of any series of the Bonds, for the public purpose of financing or reimbursing costs of the Projects on an interim basis. Any such series of the BANs may consist of one or more notes and any note may be issued in installment form and/or draw-down form. Prior to the issuance, sale and delivery of each series of the BANs, the Council shall adopt a resolution or resolutions pursuant to the authority of the Bond Anticipation Note Enabling Act, the Charter and this Ordinance authorizing such series of the BANs and specifying, prescribing, determining or providing for the determination of, providing for, or approving or providing for the approval of, with respect to such series of the BANs, the same types of matters, details, forms, documents or procedures and determinations specified to be made or addressed in Section 5 hereof with respect to each series of

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the Bonds, to the extent applicable with respect to such series of the BANs, and as otherwise may be authorized or required by applicable law.

(b) As authorized by the Bond Anticipation Note Enabling Act, by resolution the Council may provide for the renewal of any series of the BANs at maturity with or without resale, together with any amendments or modifications to such series of the BANs and any related documentation.

SECTION 7. BE IT FURTHER ORDAINED that pursuant to the authority of the Refunding Act and the Charter, the City is hereby authorized and empowered to issue and sell, upon its full faith and credit, its general obligation refunding bonds in one or more series from time to time (collectively, the "Refunding Bonds"), for the purpose of currently refunding or advance refunding in whole or in part any of the Bonds authorized hereby then outstanding, including paying all or any portion of the following: any outstanding principal, any prepayment or redemption premium and any interest accrued or to accrue to the date of prepayment, redemption, purchase or maturity of the Bonds to be refunded, paying costs and expenses in connection with the issuance, sale and delivery of such series of the Refunding Bonds, and, to the extent determined by the Council by resolution, paying interest on such series of the Refunding Bonds, for the public purpose of realizing savings to the City in the aggregate cost of debt service on a direct comparison or present value basis, or in order to accomplish a debt restructuring that reduces the total cost of debt service or is determined by the Council to be in the best interests of the City, to be consistent with the City's long-term financial plan, and to realize a financial objective of the City, including improving the relationship of debt service to any source of payment such as taxes, assessments or other charges, or for any other purpose then authorized by the Refunding Act or other applicable law; provided that, the aggregate principal amount of any series of the Refunding Bonds shall not exceed one hundred thirty percent (130%) of the aggregate principal amount of the Bonds refunded therefrom. Any such series of the Refunding Bonds may consist of one or more bonds and any bond may be issued in installment form and/or draw-down form. Prior to the issuance, sale and delivery of each series of the Refunding Bonds, the Council shall adopt a resolution or resolutions authorizing such series of the Refunding Bonds and specifying, describing, determining or providing for the determination of, providing for, or approving or providing for the approval of, with respect to such series of the Refunding Bonds, the same types of matters, details, forms, documents, procedures and determinations specified to be made or addressed in Section 5 hereof with respect to each series of the Bonds, to the extent applicable to such series of the Refunding Bonds, and as otherwise may be authorized or required by applicable law, including, without limitation, the purposes of the Refunding Act to be achieved by the issuance of such series of the Refunding Bonds, the selection of any escrow agent or verification consultant, the selection of any escrow bidding agent, the determination of the Bonds to be refunded from such series of the Refunding Bonds, and any agreements, documents or other instruments necessary or desirable in connection with the refunding.

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SECTION 8. BE IT FURTHER ORDAINED that:

(a) For the purpose of paying the principal of and interest on the Bonds, the BANs and the Refunding Bonds (individually or collectively, the "Obligations") when due, the City shall levy or cause to be levied, for each and every fiscal year during which any series of the Obligations may be outstanding, ad valorem taxes upon all real and tangible personal property within its corporate limits subject to assessment for unlimited municipal taxation in rate and amount sufficient to provide for the prompt payment, when due, of the principal of and interest on such series of the Obligations in each such fiscal year. If the proceeds from the taxes so levied in any such fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency.

(b) The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the prompt payment of the principal of and interest on each series of the Obligations as and when they become due and payable and to the levy and collection of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of such series of the Obligations. The City hereby covenants and agrees with the registered owners, from time to time, of each series of the Obligations to levy and collect the taxes hereinabove described and to take any further action that may be lawfully appropriate from time to time during the period that such series of the Obligations remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

(c) The foregoing provisions shall not be construed so as to prohibit the City from paying the principal of and interest on any series of the Obligations from the proceeds of the sale of any other obligations of the City or from any other funds legally available for that purpose (including, without limitation, (i) with respect to the BANs, from the proceeds of the Bonds and (ii) with respect to the Bonds, from the proceeds of the Refunding Bonds). Within any applicable limitations of Maryland or federal law (including without limitation, the Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder), the City may apply to the payment of the principal of or interest on any series of the Obligations any funds received by it from the State of Maryland or the United States of America, or any governmental agency or instrumentality, or from any other source, if such funds are granted or paid to the City for the purpose of assisting the City in the types of projects which the Obligations of such series are issued to finance, reimburse or refinance or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately. Pursuant to the authority of Section SC7-46.A. of the Charter, by resolution the Council may provide that all or a portion of the debt service on the allocable portion of any series of the Obligations shall be payable in the first instance from specified revenues or other moneys identified in such resolution, to the extent available for such purpose.

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SECTION 9. BE IT FURTHER ORDAINED that by resolution, the Council may make any appropriate arrangements (including, without limitation, by authorizing one or more appropriate officials to make any elections, designations, determinations or filings on the City's behalf) in the event any right of the registered owner of an Obligation to put or cause the prepayment or redemption of such Obligation at its option, or any change in the interest rate of an Obligation, or any other modification to an Obligation could lead to a reissuance of such Obligation for purposes of the Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder.

SECTION 10. BE IT FURTHER ORDAINED that by resolution, the Council may determine that any of the Bonds, the BANs or the Refunding Bonds authorized hereby may be consolidated with any bonds, bond anticipation notes and/or refunding bonds authorized by the Council and issued as a single series of bonds, bond anticipation notes and/or refunding bonds.

SECTION 11. BE IT FURTHER ORDAINED that the Mayor, the City Administrator, the Director of Internal Services, the City Clerk and all other appropriate officials and employees of the City are hereby authorized and directed to take any and all action necessary to complete and close the sale and delivery of the Bonds, the BANs or the Refunding Bonds and to approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith.

SECTION 12. BE IT FURTHER ORDAINED that the title of this Ordinance shall be deemed to be, and is, a statement of the substance of this Ordinance for publication and all other purposes.

SECTION 13. BE IT FURTHER ORDAINED that this Ordinance shall become effective following approval by the Mayor or subsequent passage by the Council in accordance with the provision of Section SC2-12 of the Charter. Pursuant to Section SC2-16 of the Charter, this Ordinance shall not be subject to petition for referendum.

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THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the 28 day of September, 2015, and thereafter, a statement of the substance of this Ordinance having been posted or published as required by law, was finally passed by the Council ✓ [as introduced] _____ [as amended] [CHECK APPLICABLE LINE] on the 12 day of October, 2015.

ATTEST:

Kimberly R. Nichols
Kimberly R. Nichols, City Clerk

Jacob R. Day
Jacob R. Day, City Council President

APPROVED BY ME THIS 14th DAY OF October, 2015:

James Ireton, Jr.
James Ireton, Jr., Mayor

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City of Salisbury



MARYLAND

Salisbury



2010

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JAMES IRETON, JR.
MAYOR

TOM STEVENSON
CITY ADMINISTRATOR

JULIA GLANZ
ASSISTANT CITY ADMINISTRATOR

KEITH A. CORDREY
DIRECTOR OF INTERNAL SERVICES

To: Tom Stevenson, City Administrator

CC: Julia Glanz, Assistant City Administrator

From: Keith Cordrey, Director of Internal Services *KAC*

Date: September 18, 2015

Re: FY 2016 Bond Ordinance

The FY 2016 budget ordinance included the issuance of \$4,726,000 in bonds to fund projects listed in Scheduled B of the FY 16 Budget Ordinance. Included herein please find a bond ordinance, prepared by the City's bond counsel Lindsey Rader, Esquire, to further authorize the issuance.

Key considerations about the ordinance as pointed out by the city's bond counsel are:

- It authorizes a not-to-exceed aggregate principal amount of \$4,726,000 of general obligation bonds, which may be issued in one or more series from time to time up to the stated aggregate amount, to finance, reimburse or refinance costs of the projects listed in Section 3. (We know we expect a single installment bond, but we always like to have such flexibility.)
- It authorizes a not-to-exceed aggregate principal amount of \$4,726,000 of general obligation bond anticipation notes, which may be issued in one or more series from time to time up to the stated aggregate amount, to finance or reimburse project costs on an interim basis.
- It authorizes general obligation refunding bonds to be issued in one or more series from time to time in order to refund any of the bonds issued pursuant to authority of the ordinance, provided that the maximum principal amount of any series of refunding bonds does not exceed 130% of the principal amount of the bonds refunded therefrom. The reason for the 130% limitation is that proceeds of refunding bonds are typically applied to pay or prepay not only the principal of the bonds being refunded, but also accrued interest and any prepayment premium due with respect to the refunded bonds, as well as costs of issuance of the refunding bonds. Of course, the City may always choose to apply cash on hand to any such required payments. By putting refunding authority in place through the ordinance, the City will be in a position to move more quickly with regard to a future refunding (which need only be authorized by a subsequent resolution) to the extent market conditions make a refunding favorable.

- Details of any series of bonds, BANs or refunding bonds will be determined or provided for by resolution of the Council.
- The full faith and credit and unlimited taxing power of the City are pledged to the payment of any issued bonds, BANs or refunding bonds, but the City is allowed to use other available moneys to make debt service payments to the extent not contrary to applicable federal or state law.

The City has authorized Public Advisory Consultant to act as the City's financial advisor on this issue and to issue an RFP for the private placement of these bonds.

Upon your review, and unless you have questions or concerns, please forward this ordinance to city council for their consideration.