



City of Salisbury



CITY COUNCIL AGENDA

November 23, 2015
Government Office Building

6:00 p.m.
Room 301

Times shown for agenda items are estimates only.

6:00 p.m. CALL TO ORDER

6:01 p.m. WELCOME/ANNOUNCEMENTS

6:03 p.m. CITY INVOCATION-Pastor Clarence Polk, Unity Christian Fellowship of Salisbury, Inc.

6:05 p.m. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES

6:07 p.m. PRESENTATIONS

- Proclamation - Small Business Saturday – presented by Mayor Jacob R. Day
- Community Organization Presentation– Memory Café at Atria Senior Living – presented by Megan O’Neil, Atria Community Sales Director and Carol Zimmerman, Alzheimer’s Assn. Development and Community Relations Coordinator

6:25 p.m. ADOPTION OF LEGISLATIVE AGENDA

6:27 p.m. APPROVAL OF NOVEMBER 16, 2015 MINUTES

6:30 p.m. AWARD OF BIDS – Assistant Director of Internal Services – Procurement & Parking
Jennifer L. Miller

- Contract 114-16, SPD Body Camera System
- Contract A-28-15, Change Order #1 Asphalt Patching Program
- Contract A-07-14, Street Improvements – Curb, Gutter & sidewalk Construction

6:40 p.m. RESOLUTIONS – City Administrator Tom Stevenson

- Resolution No. 2569 – to approve the FY16 Bond Issuance

6:45 p.m. PUBLIC COMMENTS

6:50 p.m. ADJOURNMENT

Copies of the agenda items are available for review in the City Clerk's Office, Room 305 - City/County Government Office Building, 410-548-3140 or on the City's website www.ci.salisbury.md.us

City Council meetings are conducted in open session unless otherwise indicated. All or part of the Council's meetings can be held in closed session under the authority of the Maryland Open Meetings Law, Annotated Code of Maryland 10-508(a), by vote of the City Council.

Proposed agenda items for December 14, 2015 Meeting

- PUBLIC HEARING-Resolution No.2565- Malone/College Ave & Snow Hill Rd Annexation
- PUBLIC HEARING-Resolution No.2566- Malone/College Ave & Snow Hill Rd Annexation Agreement/Plan
- PUBLIC HEARING- Ordinance No.____- 1st reading - Fair Housing Language
- Ordinance No.____-1st Reading- Budget Amendment- Branding
- FINAL AUDIT- Pam Baker, CPA, Barbacane, Thornton & Company LLP

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PRESENTATIONS– Mayor James Ireton, Jr. /Council President Jacob R. Day

Council President Day presented a plaque to Mayor Ireton to thank him on behalf of the City and residents for his service as Mayor of the City of Salisbury from April 2009 - November 2015.

Mayor Ireton presented Council President Day a plaque and thanked him for serving the City as Council President from April 2013 – November 2015.

Mayor Ireton and Council President Day presented plaques to Mrs. Shields and Mr. Spies, and thanked them for both their valuable contributions and years of service to the City as Council members and involved residents. Mrs. Shields served from April 2005 – November 2015; Mr. Spies served from April 2011 – November 2015 as Council members on Salisbury City Council.

The Eastern Shore Delegation (Delegate Carl Anderton, Senator Jim Mathias, Delegate Sheree Sample-Hughes, and Delegate Chris Adams presented certificates to Mrs. Shields and Mr. Spies.

Council President Day then invited the Council to the floor to be sworn into office.

ADMINISTERING OATH OF OFFICE

Mark Bowen, Clerk of the Circuit Court, administered the oath of office to Muir Boda, John R. Heath, James Ireton, Jr., Laura Mitchell, and April Jackson to serve as Council members until November 2019. Mr. Bowen then administered the oath to Jacob R. Day to serve as Mayor until November 2019. Mayor Day and Council took their places

HONORED GUEST – COMPTROLLER PETER FRANCHOT

Peter V. R. Franchot, Comptroller of Maryland, was invited to the podium and welcomed Mayor Day and Council members Boda, Heath, Ireton, Mitchell and Jackson into office.

ORGANIZATION OF CITY COUNCIL

Mayor Day presided as President Pro Tempore to conduct the organization of the City Council. On a motion by Mr. Ireton and seconded by Mr. Heath, the vote was unanimous to accept the rules as outlined by Mayor Day.

Mr. Ireton nominated Mr. Heath for President of the City Council and the vote was unanimous.

Council President Heath then took his seat in the center of the five and conducted the balance of the meeting to elect a Vice President of City Council.

Mr. Boda nominated Mrs. Mitchell for Vice President of the City Council and the vote was unanimous.

CONCLUDING COMMENTS

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90 *Closing comments were received from all five Council members.*

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92 **ADJOURNMENT**

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94 *Council President Heath adjourned the Organization meeting at 7:14 p.m.*

95
96 **CITY OF SALISBURY, MARYLAND**
97 **CLOSED SESSION**
98 **OCTOBER 5, 2015**
99

100 **TIME & PLACE:** *4:00 p.m., Government Office Building – Council Chambers, Room 301*
101 **PURPOSE:** *before a contract is awarded of bids are opened, to discuss a matter*
102 *directly related to a negotiating strategy or the contents of a bid or*
103 *proposal, if public discussion or disclosure would adversely impact the*
104 *ability of the public body to participate in the competitive bidding or*
105 *proposal process*

106 **VOTE TO CLOSE:** *Unanimous*

107 **CITATION:** *Annotated Code of Maryland §10-508(a)(14)*

108 **PRESENT:** *Council President Jacob R. Day, Mayor James Ireton, Jr., Councilwoman*
109 *Eugenie P. Shields, Councilman John “Jack” R. Heath, Councilman*
110 *Timothy K. Spies, City Clerk Kim Nichols, City Administrator Tom*
111 *Stevenson, Assistant City Administrator Julia Glanz, and City Attorney*
112 *Mark Tilghman*

113 **NOT PRESENT:** *Council Vice President Laura Mitchell,*

114 *******

115 *The City Council convened in Open Session in Room #301 in the Government Office Building at*
116 *4:00 p.m. Mr. Heath moved, Mrs. Shields seconded, and the vote was unanimous to convene in*
117 *Closed Session for the purpose of discussing a matter directly related to a negotiating strategy if*
118 *public discussion or disclosure would adversely impact the ability of the public body to*
119 *participate in the competitive bidding or proposal process in accordance with the Annotated*
120 *Code of Maryland §10-508(a)(14).*

121
122 *At 4:35 p.m., on a motion and seconded by Mr. Spies and Mr. Heath, respectively, and by*
123 *unanimous vote in favor, the Closed Session was adjourned and Council reconvened in open*
124 *session. President Day reported that while in Closed Session Council had agreed to send to*
125 *legislative session the agreement of sale of Lot 1 and Lot 11.*

126
127 _____

128 *City Clerk*

129 _____

130 *Council President*

City of Salisbury



MARYLAND



125 NORTH DIVISION STREET
SALISBURY, MARYLAND 21801
Tel: 410-548-3190
Fax: 410-548-3192

KEITH A. CORDREY
DIRECTOR OF INTERNAL SERVICES
PROCUREMENT DIVISION

JACOB DAY
MAYOR

M. THOMAS STEVENSON, JR.
CITY ADMINISTRATOR

JULIA GLANZ
ASSISTANT CITY ADMINISTRATOR

COUNCIL AGENDA – Award of Bids

November 23, 2015

- | | |
|---|--------------|
| 1. Contract 114-16
SPD Body Camera System | \$178,831.20 |
| 2. Contract A-28-15
Change Order #1
Asphalt Patching Program | \$ 25,500.00 |
| 3. Contract A-07-14
Street Improvements – Curb, Gutter & Sidewalk Construction | \$ 8,500.00 |

City of Salisbury



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JACOB DAY
MAYOR

M. THOMAS STEVENSON, JR.
CITY ADMINISTRATOR

JULIA GLANZ
ASSISTANT CITY ADMINISTRATOR

KEITH A. CORDREY
DIRECTOR OF INTERNAL SERVICES

JENNIFER MILLER
ASST. DIRECTOR OF INTERNAL
SERVICES

Council Agenda

November 23, 2015

TO: Mayor and City Council

SUBJECT: Award of Bid
Contract 114-16
Purchase of Body Camera Systems – Salisbury Police Department

The City of Salisbury Internal Services Department, Procurement Division, received a request from the Salisbury Police Department to purchase 70 Axon body camera systems, supporting software and data storage from TASER International. This complete system will integrate effortlessly with the TASER products and the Evidence.com data storage system currently in use by the Salisbury Police Department. Additionally, the line of Axon and Evidence.com products are only manufactured and available for purchase from TASER International.

<u>Qty</u>	<u>Item</u>	<u>Total Price</u>
70	Body Camera Systems	\$ 27,930.00
12	Evidence.com Dock	\$ 17,940.00
3 yrs	Evidence.com Annual Payments	\$126,403.20
3 yrs	Evidence.com License	\$ 2,808.00
1	Axon Full Service	<u>\$ 3,750.00</u>
		\$178,831.20

Per Section 2.32.050 "Procedure for Competitive Bidding" of the Salisbury Code of Ordinances, "Sole Source Procurement" may be utilized as a method of source selection when there is only one available source for the subject of a procurement contract, and thus the contract may be awarded without competition to that source. Attached is a copy of the TASER International sole source justification letter which supports this method of procurement.

There are sufficient funds in account 21021-577030 Police Services – Equipment. Upon award, it is intended that this equipment will be leased utilizing the Financial Lease Services contract that was awarded to Bank of America at the November 9, 2015 Council Meeting.

The Procurement Department requests Council's approval to award Contract 114-16 SPD Body Cameras to TASER International, in the amount of \$178,831.20.

Sincerely,

Jennifer Miller
Assistant Director of Internal Services – Procurement and Parking

City of Salisbury



JAMES IRETON JR.
MAYOR

TOM STEVENSON
CITY ADMINISTRATOR



Maryland

699 W. SALISBURY PARKWAY
SALISBURY, MD 21801
TEL: 410-548-3165



BARBARA DUNCAN
CHIEF OF POLICE

TO: Jennifer Miller
Director of Internal Services Parking & Procurement Division

FROM: Colonel David Meienschein

SUBJECT: Body Camera Purchase

DATE: November 4, 2015

The Salisbury Police Department recommends awarding the bid to Axon/Taser to purchase seventy (70) body camera systems in the amount of \$178,831.20. This purchase is considered sole source due to the fact that the proprietary software functions seamlessly with equipment (Tasers), along with a cloud based data storage system (evidence.com), currently deployed or utilized by the Salisbury Police Department. The purchase of a different manufacturer's product would create additional expense to the city in the form of data storage. This product was field tested by the Salisbury Police Department and found to be superior in quality, functionality, durability, and an overall better value compared to other cameras tested. Additionally, this product also comes with no cost camera upgrade at 2.5, and 5 year marks. The city would still be required to pay for the software and data storage.

A handwritten signature in blue ink, appearing to read "David Meienschein", is written over a horizontal line.

Colonel David Meienschein
Assistant Chief of Police



17800 N. 85th St., Scottsdale, Arizona 85255 * 480-991-0797 * Fax 480-991-0791 * www.TASER.com

October 13, 2015

To: United States federal, state, local and municipal law enforcement agencies

Re: Sole Source Letter for TASER International, Inc.'s Axon brand products and Evidence.com Data Management Solutions¹

A sole source justification exists because the following goods and services required to satisfy the agency's needs are only manufactured and available for purchase from TASER International.

TASER Digital Evidence Solution Description

Axon Flex Camera (DVR)

- Video playback on mobile devices in the field via Bluetooth pairing
- Retina Low Light capability sensitive to less than 1 lux
- Audio tones to alert user of usage
- High, medium, and low quality recording available (customizable by the agency)
- 30-second buffering period to record footage before pressing record button
- Multiple mounting options using magnetic attachment: head, collar, shoulder, helmet, ball cap, car dash, and Oakley sunglass mounts available

Axon Flex Controller

- 12+ hours of battery operation per shift (even in recording mode)
- LED lights to show current battery level and operating mode
- Tactical beveled button design for use in pocket

Axon Body Video Camera

- Video playback on mobile devices in the field via Bluetooth pairing
- Retina Low Light capability sensitive to less than 1 lux
- Audio tones to alert user of usage
- High, medium, and low quality recording available (customizable by the agency)
- 30-second buffering period to record footage before pressing record button
- Multiple mounting options using holster attachment: shirt, vest, belt, and dash mounts available
- 12+ hours of battery operation per shift (even in recording mode)
- LED lights to show current battery level and operating mode
- Tactical beveled button design for use in pocket
- 130-degree lens

Evidence.com Dock

- Automated docking station uploads to Evidence.com services through Internet connection
- No computer necessary for secure upload to Evidence.com
- Charges and uploads simultaneously

Evidence.com Data Management System

- Software as a Service (SaaS) delivery model that allows agencies to manage and share digital evidence without local storage infrastructure or software needed
- SaaS model reduces security and administration by local IT staff: no local installation required
- Automatic, timely security upgrades and enhancements deployed to application without the need for

¹ TASER is also the sole developer and offeror of the Evidence.com data management services. Evidence.com is both a division of TASER and a data management product solution offered by TASER. Evidence.com is not a separate corporate entity.



TASER Customer Support

- Online and email-based support available 24/7
- Human phone-based support available Monday–Friday 7:00 AM–5:00 PM MST; support is located in Scottsdale, AZ, USA
- Library of webinars available 24/7
- Remote-location troubleshooting



TASER Axon Brand Model Numbers

1. Axon Body Camera Model: 73002 (Includes 73078, 73077, 73004)
2. Axon Body Camera Mounts:
 - Standard Alligator Clip Holster Model: 73075
 - Mini Alligator Clip Holster Model: 73076
 - Belt Clips Model: 73077
 - Bolted Z-Bracket Holster Model: 73078
 - VELCRO Z-Bracket Holster Model: 73079
 - Pocket Mount Holster Model: 73089
3. Axon Body camera full solution kit Model: 73066 (includes several Axon mounts and an iPod touch mobile digital device)
4. Axon Flex Kit Model: 73030 (Includes 73000, 73001, 73005, and 73004)
5. Axon Flex Controller Model: 73001
6. Axon Flex USB Sync Cable/Wall Charger Model: 73004
7. Axon Flex Controller Holsters:
 - Standard Uniform Clip Model: 7300
 - Mini Alligator Clip Model: 73035
 - Belt Clips Model: 73036
8. Axon Flex Camera Mounts:
 - Clip for Oakley Flak Jacket Glasses Model: 73008
 - Collar/Cap/Versatile Mount Model: 73009
 - Epaulette Mount Model: 73011
 - Helmet Mount Model: 73013
 - Low-rider Headband Medium Model: 73010
 - Low-rider Headband Large Model: 73058
 - Ballistics Vest Mount Model: 73059
 - Ratchet Collar Mount Model: 73088
 - Shoei Ratchet Helmet Mount Model: 73090
 - HJC Ratchet Helmet Mount Model: 73091
9. Axon Flex cables:
 - Straight To Right Angle 18" (45.7 cm) Model: 73022
 - Straight To Right Angle 36" (91.4 cm) Model: 73005
 - Straight To Right Angle 48" (122 cm) Model: 73023
 - Straight Angle to Right Angle 36" (91.4 cm) Coiled Model: 73067

City of Salisbury



MARYLAND

JACOB DAY
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KEITH A. CORDREY
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JENNIFER MILLER
ASST. DIRECTOR OF INTERNAL
SERVICES

Council Agenda

November 23, 2015

TO: Mayor and City Council

SUBJECT: Change Order #1 to Contract A-28-15
Asphalt Patching Program

The City of Salisbury Internal Services Department, Procurement Division, received a request from the Department of Public Works to process Change Order #1 in the amount of \$25,000 for Contract A-28-15 Asphalt Patching Program. Additional funds have come available to provide for parallel parking on South Park Drive for the new Salisbury Skatepark.

Funds are available in the following account:

12800-513026-73010 Salisbury Skatepark - Construction

The Department of Internal Services, Procurement Division, requests Council's approval for Change Order #1 as noted above to George & Lynch, Inc., in the amount of \$25,000.

Sincerely,

Jennifer Miller
Asst. Director of Internal Services – Procurement and Parking

City of Salisbury



MARYLAND



125 NORTH DIVISION STREET
SALISBURY, MARYLAND 21801
Tel: 410-548-3170
Fax: 410-548-3107

JAMES IRETON, JR.
MAYOR

M. THOMAS STEVENSON, JR.
CITY ADMINISTRATOR

JULIA GLANZ
ASSISTANT CITY ADMINISTRATOR

MICHAEL S MOULDS, P.E.
DIRECTOR OF PUBLIC WORKS

To: Jennifer Miller, Asst. Director of Internal Services – Procurement
From: Michael Moulds, Director of Public Works *MSM*
Date: November 10, 2015
Re: Contract A-28-15, Citywide Asphalt Patching Program – Change Order No. 1

The City of Salisbury has contracted with Adira Construction to build the Skatepark. The Skatepark is currently under construction and Phase 1 is estimated to be completed by November 27, 2015. In an effort to construct various components of the Skatepark cost effectively, the City is designing and contracting the construction of the parking spaces.

The Citywide Asphalt Patching Program is recommended to be used to construct parallel parking spaces along the north side of South Park Drive, adjacent to the Skatepark. Phase 1 parking will include a handicap accessible parking space.

Salisbury Public Works requests the City of Salisbury Internal Services Department, Procurement Division process Change Order #1, in the amount of \$25,000.00. This contract is a yearly contract and is utilized as funds are made available for requested projects. This request does not include a time extension. There is funding available from the Skatepark project in account number 12800-513026-73010.

City of Salisbury



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JENNIFER MILLER
ASST. DIRECTOR OF INTERNAL
SERVICES

Council Agenda

November 23, 2015

TO: Mayor and City Council

SUBJECT: Change Order #6 to Contract A-07-14
Street Improvements – Curb, Gutter & Sidewalk Construction

The City of Salisbury Internal Services Department, Procurement Division, received a request from the Department of Public Works to process Change Order #6 in the amount of \$8,500 for Contract A-07-14 Street Improvements – Curb, Gutter & Sidewalk Construction. Additional funds have come available to provide for the curb and gutter work along South Park Drive to allow parallel parking for the new Salisbury Skatepark.

Funds are available in the following accounts:

12800-513026-73010 Salisbury Skatepark - Construction

The Department of Internal Services, Procurement Division, requests Council's approval for Change Order #6 as noted above to Malone and Phillips, Inc., in the amount of \$8,500.

Sincerely,

Jennifer Miller
Asst. Director of Internal Services – Procurement and Parking

JAMES IRETON, JR.
MAYOR

M. THOMAS STEVENSON, JR.
CITY ADMINISTRATOR

JULIA GLANZ
ASSISTANT CITY ADMINISTRATOR

City of Salisbury



MARYLAND



125 NORTH DIVISION STREET
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Fax: 410-548-3107

MICHAEL S MOULDS, P.E.
DIRECTOR OF PUBLIC WORKS

To: Jennifer Miller, Assistant Director of Internal Services - Procurement Division
From: Michael S. Moulds, Director of Public Works *MSM*
Date: November 10, 2015
Subject: Change Order No. 6 - Contract No. A-7-14
P.O. 02150099
Citywide Concrete Program

The City of Salisbury has contracted with Adira Construction to build the Skatepark. The Skatepark is currently under construction and Phase 1 is estimated to be completed by November 27, 2015. In an effort to construct various components of the Skatepark cost effectively, the City is designing and contracting the construction of the parking spaces.

The Citywide Concrete Program is recommended to be used for the curb and gutter work along South Park Drive. The existing curb line is being moved by five (5) feet to allow for on street parallel parking.

Salisbury Public Works requests the City of Salisbury Internal Services Department, Procurement Division process Change Order #6, in the amount of \$8,500.00. This contract is a yearly contract and is utilized as funds are made available for requested projects. This request does not include a time extension. There is funding available from the Skatepark project in account number 12800-513026-73010.

City of Salisbury



MARYLAND



125 NORTH DIVISION STREET
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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.

Resolution No. 2569

1
2 A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND AUTHORIZING AND
3 EMPOWERING CITY OF SALISBURY (THE "CITY") TO ISSUE AND SELL A GENERAL
4 OBLIGATION INSTALLMENT BOND IN THE PRINCIPAL AMOUNT OF \$4,726,200.00,
5 SUBJECT TO REDUCTION AS PROVIDED HEREIN, PURSUANT TO THE AUTHORITY OF
6 SECTIONS 19-301 TO 19-309, INCLUSIVE, OF ARTICLE 23A OF THE ANNOTATED CODE
7 OF MARYLAND, AS REPLACED, SUPPLEMENTED OR AMENDED, SECTIONS SC7-45
8 AND SC7-46 OF THE CHARTER OF THE CITY OF SALISBURY, AS REPLACED,
9 SUPPLEMENTED OR AMENDED, AND ORDINANCE NO. 2357, PASSED BY THE
10 COUNCIL OF THE CITY ON OCTOBER 12, 2015 AND APPROVED BY THE MAYOR OF
11 THE CITY ON OCTOBER 14, 2015, THE BOND TO BE DESIGNATED "CITY OF
12 SALISBURY PUBLIC IMPROVEMENTS BOND OF 2015" (THE "BOND") AND THE
13 PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC
14 PURPOSE OF FINANCING OR REIMBURSING COSTS OF THE PUBLIC PURPOSE
15 PROJECTS IDENTIFIED HEREIN AS: MAIN STREET MASTER PLAN, EAST MAIN ST
16 STORM DRAIN, BEAVERDAM CREEK TIDAL DAM REPAIR AND 24" W IN GORDY RD,
17 SUBJECT TO THE FURTHER PROVISIONS OF THIS RESOLUTION; PRESCRIBING THE
18 FORM AND TENOR OF THE BOND AND THE TERMS AND CONDITIONS FOR THE
19 ISSUANCE AND SALE THEREOF BY PRIVATE (NEGOTIATED) SALE WITHOUT
20 ADVERTISEMENT OR SOLICITATION OF COMPETITIVE BIDS TO BANK OF AMERICA,
21 N.A. OR AN AFFILIATE OF BANK OF AMERICA CORPORATION, AS SPECIFIED BY
22 BANK OF AMERICA MERRILL LYNCH; PRESCRIBING THE TERMS AND CONDITIONS
23 OF THE BOND AND OTHER DETAILS INCIDENT TO THE ISSUANCE, SALE AND
24 DELIVERY OF THE BOND AND AUTHORIZING THE MAYOR, ON BEHALF OF THE
25 CITY, WITH THE ADVICE OF CERTAIN IDENTIFIED OFFICIALS, TO DETERMINE TO
26 REDUCE OR ELIMINATE THE AMOUNT OF BOND PROCEEDS TO BE APPLIED TO ANY
27 SUCH PROJECT, TO DETERMINE THE FINAL PRINCIPAL AMOUNT OF THE BOND AND
28 TO ADJUST THE AMORTIZATION SCHEDULE THEREFOR; PROVIDING FOR THE
29 DISBURSEMENT AND INVESTMENT OF THE PROCEEDS OF THE BOND; PROVIDING
30 FOR THE LEVY AND COLLECTION OF AD VALOREM TAXES SUFFICIENT FOR, AND
31 PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE
32 CITY TO, THE PROMPT PAYMENT OF PRINCIPAL AND INTEREST ON THE BOND;
33 PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON THE BOND ALSO MAY BE
34 PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE
35 CITY FOR SUCH PURPOSE; MAKING OR PROVIDING FOR THE MAKING OF CERTAIN
36 REPRESENTATIONS, COVENANTS AND DESIGNATIONS RELATING TO THE TAX-
37 EXEMPT STATUS OF INTEREST PAYABLE ON THE BOND; PROVIDING THAT THE
38 PROVISIONS OF THIS RESOLUTION SHALL BE LIBERALLY CONSTRUED; AND
39 GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF
40 AND FOR THE BOND.
41

Underlining : Indicates material added by amendment after introduction
~~Strike through~~ : Indicates material deleted by amendment after introduction

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 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (previously codified as Sections 31 to 37, inclusive, 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, pursuant to Ordinance No. 2357, passed by the Council of the City (the “Council”) on October 12, 2015, approved by the Mayor of the City (the “Mayor”) on October 14, 2015 and effective on October 14, 2015 (the “Ordinance”), the City authorized the issuance and sale from time to time, upon its full faith and credit, of one or more series of bonds in an aggregate principal amount not to exceed Four Million Seven Hundred Twenty-six Thousand Two Hundred Dollars (\$4,726,200.00) (the “Authorized Bonds”); and

WHEREAS, the Ordinance provides that the proceeds of the sale of the Authorized Bonds are to be used and applied for the public purpose of financing, reimbursing or refinancing the costs of certain projects identified in Section 3(b) of the Ordinance as Main Street Master Plan, East Main St Storm Drain, Beaverdam Creek Tidal Dam Repair and 24’ W in Gordy Rd (the “Authorized Projects”); and

WHEREAS, the Ordinance further provides that the Authorized Bonds may be issued from time to time in one or more series and that any such series may be issued as one or more bonds and that any bond may be issued in installment form; and

WHEREAS, the City has determined that it is in a position to proceed with a sale of the Authorized Bonds and desires to sell a series of the Authorized Bonds in the maximum principal amount authorized by the Ordinance, subject to reduction as provided herein, and in the form of a single general obligation installment bond; and

WHEREAS, as authorized by Section SC7-46 of the Charter, and based on the recommendation of Public Advisory Consultants, Inc., the financial advisor to the City, that current market conditions warrant a sale of the Authorized Bonds by private (negotiated) sale without advertisement or solicitation of competitive bids due to the ability in the current municipal capital market to achieve favorable interest rates through a private (negotiated) sale, the ability to time the market, the ability to negotiate with potential purchasers and the lower costs of issuance typically associated with a private (negotiated) sale, Public Advisory Consultants, Inc., with the participation of the Director of Internal Services of the City (the “Director of Internal Services”) and bond counsel to the City, provided for the distribution to banking institutions and other institutional investors in the general vicinity of the City and in the Baltimore-Washington, D.C. regional area of a solicitation for indications of interest dated October 20, 2015 for the purchase of such bond in the maximum aggregate principal amount of up to \$4,726,200.00, and to be issued on a tax-exempt

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87 basis, in order to determine the potential purchaser likely to offer the most beneficial interest rate
88 and satisfactory other terms and, thereby, to obtain for the City, as nearly as possible, the best
89 possible results for the sale of such bond without conducting a public sale by the solicitation of
90 competitive bids; and

91
92 WHEREAS, three proposals were received in response to such solicitation for indications
93 of interest, and the financial advisor to the City and the Director of Internal Services recommend
94 that the affiliate specified by Bank of America Merrill Lynch be selected as the purchaser of the
95 bond because while no bank was willing to purchase a bond with the City’s preferred term of 15
96 years, Bank of America Merrill Lynch (through an affiliate) offered to purchase the bond at the
97 apparent lowest interest rate, will allow the City to prepay the bond in whole or in part at any
98 time (with a premium, to the extent applicable) and did not require that the interest rate be
99 increased in certain scenarios as required by the other proposing banks; and

100
101 WHEREAS, the Council has determined that it is in the best interests of the City and its
102 citizens to issue and sell a single series of the Authorized Bonds in the form of a single general
103 obligation installment bond with annual serial installments in accordance with, and pursuant to, the
104 authority contained in the Enabling Act, the Charter and the Ordinance, and upon the terms and
105 conditions set forth in this Resolution, the proceeds of which general obligation installment bond are
106 to be used and applied as herein set forth; and

107
108 WHEREAS, the maximum \$4,726,200.00 aggregate principal amount of the bond provided
109 for herein shall not cause the City to exceed the debt limit provided for in Charter Section SC7-48.

110
111 SECTION 1. NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
112 THE CITY OF SALISBURY, MARYLAND that:

113
114 (a) The Recitals hereto constitute an integral part of this Resolution and are incorporated
115 herein by reference. Capitalized terms used in the Recitals to this Resolution and not otherwise
116 defined herein shall have the meanings given to such terms in the Recitals.

117
118 (b) References in this Resolution to any official by title shall be deemed to refer (i) to
119 any official authorized under the Charter or other applicable law to act in such titled official’s stead
120 during the absence or disability of such titled official, (ii) to any person who has been elected,
121 appointed or designated to fill such position in an acting capacity under the Charter or other
122 applicable law, (iii) to any person who serves in a “Deputy” or “Assistant” capacity as such an
123 official, provided that the applicable responsibilities, rights or duties referred to herein have been
124 delegated to such deputy or assistant in accordance with applicable law or authority, and/or (iv) to
125 the extent an identified official commonly uses another title not provided for in the Charter or the
126 code of ordinances of the City (the “City Code”), the official, however known, who is charged
127 under the Charter, the City Code or other applicable law or authority with the applicable
128 responsibilities, rights or duties referred to herein.

129

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SECTION 2. BE IT FURTHER RESOLVED that:

(a) Pursuant to the authority of the Enabling Act, the Charter and the Ordinance, and subject to the provisions of Section 3 hereof, the City hereby determines to borrow money and incur indebtedness for the public purpose of financing or reimbursing costs (as defined in subsection (b) below) of the following public purpose projects in the maximum principal amount set forth opposite each such project (exclusive of any investment earnings that may be applied for such purposes):

	<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	<u>1,000,000.00</u>
TOTAL		<u>\$4,726,200.00</u>

The projects identified in items 1-4 above are collectively referred to herein as the "Projects" and individually as a "Project".

(b) With respect to the Projects listed above, the word "costs" 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.

(c) Notwithstanding the provisions of subsection (a) above, in the event the Mayor, with the assistance of the City Administrator of the City (the "City Administrator") and the Director of Internal Services, determines prior to the issuance and delivery of the Bond identified in Section 3 below that other moneys are available or are substantially likely to be available to pay any portion of the costs of any one or more of the Projects, the Mayor is hereby authorized and empowered, on behalf of the City, to determine to reduce and/or eliminate the maximum principal amount of proceeds of the Bond identified in Section 3 hereof to be applied to the costs of any one or more of the Projects identified in subsection (a) above (exclusive of any investment earnings that may be applied for such purpose). Any such reduction or elimination in the maximum principal amount of proceeds of the Bond to be applied to costs of any such Project (exclusive of any investment earnings that may be applied for such purpose), shall be evidenced conclusively by the Mayor's execution and delivery of the Section 148 Certificate provided for in Section 13 hereof. The Mayor is also hereby authorized, but not required, to execute an executive order providing for such

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166 reduction or elimination. In any such event, the final principal amount of the Bond will be reduced
167 from \$4,726,200.00 in accordance with the provisions of Section 3 hereof.

168
169 (d) Proceeds of the Bond are hereby appropriated and allocated to pay costs of the
170 Projects in the maximum principal amount specified for each Project in subsection (a) above
171 (exclusive of any investment earnings that may be applied for such purposes), subject to
172 adjustments as to such amounts as provided for in subsection (c) above; provided that, the City,
173 without notice to or the consent of the registered owner of the Bond, may reallocate the maximum
174 principal amount of the proceeds of the Bond to be spent among the Projects identified in such
175 subsection (a), as adjusted as provided in subsection (c), in compliance with applicable City
176 budgetary procedures or applicable law, including, to the extent applicable, by resolution. Further,
177 it is the intention of the Council that proceeds of the Bond provided for in Section 3 of this
178 Resolution may be spent on any applicable costs (as defined in subsection (b) above).

179
180 SECTION 3. BE IT FURTHER RESOLVED that:

181
182 (a) To evidence the borrowing and indebtedness authorized in Section 2 of this
183 Resolution, the City, acting pursuant to the authority of the Enabling Act, the Charter and the
184 Ordinance, hereby determines to issue and sell, upon its full faith and credit, its general obligation
185 installment bond in the principal amount of Four Million Seven Hundred Twenty-six Thousand
186 Two Hundred Dollars (\$4,726,200.00) or, in the event it is determined in accordance with the
187 provisions of Section 2(c) of this Resolution prior to issuance of the Bond that the City does not
188 need to issue the maximum principal amount provided for any of the Projects identified in Section
189 2(a) of this Resolution, the Bond shall be issued in such lesser principal amount as the Mayor shall
190 determine with the assistance of the financial advisor to the City, the City Administrator and the
191 Director of Internal Services. Such bond shall be designated the “City of Salisbury Public
192 Improvements Bond of 2015” (the “Bond”).

193 (b) In the event the Mayor, with the advice of the financial advisor to the City, the City
194 Administrator and the Director of Internal Services, determines in accordance with Section 2(c) of
195 this Resolution that the City does not need to issue the maximum principal amount provided for any
196 of the Projects identified in Section 2(a) of this Resolution, the Mayor, on behalf of the City, is
197 hereby authorized and empowered to approve the final lesser principal amount of the Bond, such
198 approval to be evidenced conclusively by the Mayor’s execution and delivery of the Bond reflecting
199 such lesser principal amount in accordance with Sections 6 and 8 hereof.

200 SECTION 4. BE IT FURTHER RESOLVED that:

201
202 (a) The Bond shall be dated the date of its delivery and shall be issued in the form of a
203 single, fully-registered installment bond, without coupons attached. The Bond shall mature, subject
204 to prior prepayment as provided for in accordance with Section 5 of this Resolution, on December
205 1, 2025. Subject to the remaining provisions of this subsection (a), principal of the Bond shall be
206 payable in ten (10) annual serial installments on December 1 of each year, commencing December
207 1, 2016 and ending on December 1, 2025, subject to prior prepayment as provided for in accordance
208 with Section 5 of this Resolution, as follows:

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<u>Date</u>	<u>Principal Installment</u>	<u>Date</u>	<u>Principal Installment</u>
12/01/2016	\$428,675.92	12/01/2021	\$476,783.20
12/01/2017	437,892.45	12/01/2022	487,034.04
12/01/2018	447,307.14	12/01/2023	497,505.27
12/01/2019	456,924.25	12/01/2024	508,201.64
12/01/2020	466,748.12	12/01/2025	519,127.97

210

211 The foregoing principal amortization schedule was prepared by Bank of America Merrill Lynch and
 212 assumes that the Bond will be issued and delivered on December 1, 2015 in the principal amount of
 213 Four Million Seven Hundred Twenty-six Thousand Two Hundred Dollars (\$4,726,200.00) and that
 214 the Bond will bear interest at the indicative rate of 2.15% as provided for in Bank of America
 215 Merrill Lynch’s proposal. The Mayor, on behalf of the City, with the advice of the financial advisor
 216 to the City, the City Administrator and the Director of Internal Services, prior to the issuance and
 217 delivery of the Bond, is hereby authorized and empowered to make revisions to such principal
 218 amortization schedule (i) to reflect any reduction of the final principal amount of the Bond as
 219 contemplated in Sections 2 and 3 hereof, (ii) to reflect a different date of issuance of the Bond, (iii)
 220 to reflect the actual interest rate determined in accordance with the provisions of subsection (b)
 221 below, and/or (iv) to correct typographical or calculation errors, such revised amortization schedule
 222 to be prepared by the financial advisor to the City or Bank of America Merrill Lynch and reflected
 223 in the executed and delivered Bond, and the Mayor’s approval thereof to be evidenced conclusively
 224 by his execution and delivery of the Bond reflecting such revised amortization schedule as provided
 225 for in Sections 6 and 8 hereof. Any revised amortization schedule shall be structured on a roughly
 226 level debt service basis unless the City Administrator and the Director of Internal Services, with the
 227 advice of the financial advisor to the City, determine another structure would be more advantageous
 228 to the City and Bank of America Merrill Lynch agrees.

229

230 (b) Subject to the provisions of subsection (c) below, the Bond shall bear interest from
 231 its date of delivery at the rate determined two (2) days prior to delivery of the Bond by application
 232 of the following formula (the “Tax-Exempt Interest Rate”): (i) 68 month Swap Rate (as defined
 233 herein), plus (ii) 0.52%, where “Swap Rate” means, as of any date, the offered U.S. Dollar interest
 234 rate swap rate for a fixed rate payer having a floating rate equal to the three month Libor determined
 235 by Bank of America Merrill Lynch on such date by reference to the Bloomberg service or such
 236 other similar data source then used by Bank of America Merrill Lynch for determining such rate. In
 237 determining the 68 month Swap Rate, Bank of America Merrill Lynch may use relevant data to
 238 interpolate to the 68 month rate.

239

240 (c) Notwithstanding the rate determined by application of the formula provided for in
 241 subsection (b) above, upon the occurrence of a Determination of Taxability, the Bond shall bear
 242 interest at the Alternative Taxable Rate, both as defined herein. “Determination of Taxability”
 243 means a final decree or judgment of any federal court or a final action of the Internal Revenue
 244 Service determining that interest on the Bond is includable in gross income of the registered owner
 245 of the Bond (or any prior registered owner) for federal income tax purposes as a result of conditions
 246 arising from the action or inaction of the City. “Alternative Taxable Rate” means the Tax-Exempt

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247 Interest Rate, multiplied by the Taxable Rate Factor (as defined herein), and the “Taxable Rate
248 Factor” means the amount by which the Tax-Exempt Interest Rate must be multiplied to achieve the
249 equivalent taxable rate given the highest marginal federal corporate tax rate (35% as of the date of
250 introduction of this Resolution); the Taxable Rate Factor is subject to change should the highest
251 marginal federal corporate tax rate change. Upon a Determination of Taxability, the City shall also
252 be responsible for payment of any interest, penalties or charges owed by the registered owner of the
253 Bond (or any prior registered owner) as a result of the Determination of Taxability, together with
254 any and all attorneys’ fees, court costs or other out-of-pocket expenses incurred by the registered
255 owner of the Bond (or prior registered owner) as a result of the Determination of Taxability. In
256 addition, from and after the date which is seven (7) days after a payment default by the City with
257 respect to the Bond, and during the continuance of any such payment default by the City, the
258 interest rate then in effect will be increased by four percent (4.0%) per annum. The provisions of
259 this subsection (c) are subject to applicable law, and to the extent any such provision is determined
260 to be unlawful, such provision shall be enforced to the maximum extent permitted by applicable
261 law.

262
263 (d) Interest on the Bond shall be payable on June 1 and December 1 in each year until
264 maturity or prior prepayment in full, commencing on June 1, 2016; provided that, the last
265 installment of interest shall be paid on the date that principal of the Bond is retired or prepaid in full.
266 The Bond shall bear interest from the most recent date to which interest has been paid or, if no
267 interest has been paid, from the date of its delivery. Interest shall be computed on a 30/360 day
268 count basis. For purposes of calculating the interest due on the Bond, unpaid outstanding principal
269 on any date shall be an amount equal to the original principal amount of the Bond, less any principal
270 installment paid in accordance with the final amortization schedule for the Bond, and less any
271 principal prepaid in accordance with Section 5 below.

272
273 (e) The registered owner of the Bond shall provide written notice to the Director of
274 Internal Services of the interest and, if applicable, principal due on the Bond on each interest
275 payment date at least fifteen (15) days prior to such interest payment date, or such fewer number of
276 days as is acceptable to the Director of Internal Services, but failure to deliver such notice shall not
277 affect the amount of, or the City’s obligation to pay, principal or interest due on the Bond. The date
278 and amount of each principal installment payment made by the City on the Bond shall be noted by
279 the registered owner of the Bond on its books and records, which notation when made will be
280 presumed correct absent manifest error. The registered owner’s failure to make appropriate notation
281 of any such principal installment payment shall not limit or otherwise affect the City’s obligations
282 hereunder.

283
284 (f) If a principal payment date or interest payment date falls on a Saturday, Sunday or
285 a day on which the City, banks in the State of Maryland and/or banks in the state in which the
286 registered owner of the Bond is located are not required to be open, payment may be made on the
287 next succeeding day that is not a Saturday, Sunday or a day on which the City, banks in the State
288 of Maryland and/or banks in the state in which the registered owner of the Bond is located are
289 not required to be open, and no interest shall accrue on the scheduled amount owed for the
290 intervening period.

291

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292 (g) Principal of and interest on the Bond shall be payable in lawful money of the United
293 States of America. The principal of the Bond, at maturity or upon prior prepayment in full, shall be
294 payable by check or draft at the office of the Director of Internal Services in Salisbury, Maryland,
295 unless the Director of Internal Services and the registered owner of the Bond agree on a different
296 place or manner of payment. Principal of the Bond, prior to maturity or prior prepayment in full,
297 and interest on the Bond will be payable by check or draft mailed to the registered owner thereof at
298 the address designated by the registered owner in writing to the Director of Internal Services unless
299 the Director of Internal Services and the registered owner agree on a different manner of payment.
300 The Director of Internal Services, on behalf of the City, is hereby authorized and empowered to
301 make the agreements provided for in this Section 4(g).

302
303 (h) The provisions of this Section 4 are subject to the provisions of Section 10(b) of this
304 Resolution.

305
306 SECTION 5. BE IT FURTHER RESOLVED that:
307

308 (a) The Bond shall be subject to prepayment prior to maturity at the option of the
309 City in whole or in part at any time, at a prepayment price of the par amount of the Bond
310 outstanding to be prepaid, plus accrued interest on the principal amount being prepaid to the date
311 fixed for prepayment, plus, to the extent applicable, a Prepayment Fee (as defined herein). The
312 "Prepayment Fee" shall be equal to the present value (discounted by the Reinvestment Rate, as
313 defined herein) of the difference, if positive, between (i) the sum of the interest payments that
314 would have accrued through the end of the Fixed Rate Term (as defined herein) on each prepaid
315 installment of principal at a fixed interest rate for such installment equal to the Original Funding
316 Rate (as defined herein) which is X plus 0.10%, as if the prepayment had not been made, less (ii)
317 the sum of the interest payments that would have accrued on each prepaid installment of
318 principal at a fixed interest rate for such installment equal to the Reinvestment Rate, as if the
319 prepayment had not been made. The following definitions shall apply to the calculation of the
320 Prepayment Fee: (i) "Fixed Rate Term" means the full term of the Bond during which the
321 interest rate was fixed on the principal amount prepaid; (ii) "Original Funding Rate" means with
322 respect to any prepaid installment of principal, the Swap Rate (as defined herein) on the date the
323 interest rate was fixed by the original registered owner of the Bond on the principal amount
324 prepaid for a term corresponding to a period of time equal to the average life of the Bond for the
325 Fixed Rate Term, interpolated on a linear basis, if necessary; (iii) "Reinvestment Rate" means
326 with respect to each prepaid installment of principal, the Swap Rate on the date the prepayment
327 fee is calculated by the registered owner of the Bond for a term corresponding to the period of
328 time remaining until such principal installment was scheduled to be made, interpolated on a
329 linear basis, if necessary; and (iv) "Swap Rate" means, as of any date, the offered U.S. Dollar
330 interest rate swap rate for a fixed rate payer having a floating rate equal to the three month Libor
331 determined by the registered owner of the Bond on such date by reference to the Bloomberg
332 service or such other similar data source then used by the registered owner of the Bond for
333 determining such rate.

334
335 (b) If the City determines to prepay the Bond in part, the amount of principal prepaid
336 shall be applied to scheduled installments of principal in inverse order (beginning with the most

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337 remote payment date for scheduled principal). Notice of optional prepayment of the Bond shall
338 be given by the City at least fourteen (14) days prior to the date fixed for prepayment (or such
339 fewer number of days as is acceptable to the registered owner of the Bond) by mailing or
340 otherwise giving to such registered owner a notice fixing the prepayment date and indicating the
341 principal amount of the Bond to be prepaid. Any such notice may be conditional.

342
343 (c) The provisions of this Section 5 are subject to the provisions of Section 10(b) of
344 this Resolution.

345
346 SECTION 6. BE IT FURTHER RESOLVED that the Bond shall be executed in the name
347 of the City and on its behalf by the Mayor. The corporate seal of the City shall be affixed to the
348 Bond and attested by the signature of the City Clerk of the City (the "City Clerk"). In the event any
349 official of the City whose signature appears on the Bond shall cease to be such official prior to the
350 delivery of the Bond, or, in the event any such official whose signature appears on the Bond shall
351 have become such after the date of issue thereof, the Bond shall nevertheless be a valid and binding
352 obligation of the City in accordance with its terms.

353
354 SECTION 7. BE IT FURTHER RESOLVED that the Bond shall be transferable only
355 upon the books kept for that purpose by the Director of Internal Services at Salisbury, Maryland,
356 by the registered owner thereof in person or by the registered owner's attorney duly authorized in
357 writing, upon surrender thereof, together with (i) a written instrument of transfer in a form
358 satisfactory to the Director of Internal Services and duly executed by the registered owner or the
359 registered owner's duly authorized attorney and (ii) a written covenant and agreement
360 substantially in substance as described in Section 9(b) hereof duly executed by the transferee.
361 Upon such transfer there shall be issued in the name of the transferee a new registered Bond of
362 the same series in principal amount equal to the unpaid principal amount of the Bond
363 surrendered, and with the same maturity date and installment payment dates and amounts (or
364 then-remaining installment payment dates and amounts, as applicable) and bearing interest at the
365 same rate (subject to adjustment).

366
367 SECTION 8. BE IT FURTHER RESOLVED that except as provided hereinafter or in a
368 resolution or resolutions of the Council adopted prior to the issuance of the Bond, the Bond shall be
369 issued substantially in the form attached hereto as Exhibit A and incorporated by reference herein.
370 Appropriate variations and insertions may be made by the Mayor to such form to provide dates,
371 numbers, amounts and other terms (including, without limitation, to reflect matters determined in
372 accordance with Sections 2, 3, 4, 5 and 10 hereof), and modifications not altering the substance of
373 the Bond to carry into effect the purposes of this Resolution or to comply with recommendations of
374 legal counsel. In addition, the Mayor may make variations, insertions or deletions to such form to
375 include provisions that are favorable to the City or to modify provisions that are less favorable to the
376 City, as agreed upon by Bank of America Merrill Lynch. All of the covenants contained in the form
377 of the Bond as finally executed and delivered by the Mayor in accordance with the provisions of
378 Section 6 hereof and this Section 8 are hereby adopted by the City as and for the form of obligation
379 to be incurred by the City, and the covenants and conditions contained therein are hereby made
380 binding upon the City, including the promise to pay therein contained. The execution and delivery
381 of the Bond by the Mayor in accordance with this Resolution shall be conclusive evidence of the

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382 approval by the Mayor of the final form of the Bond and of any variations, insertions, omissions,
383 notations, legends or endorsements authorized by this Resolution. To the extent there are any
384 inconsistencies between the provisions of the Bond, as executed and delivered in accordance with
385 the provisions of this Section 8, and the provisions of this Resolution, the provisions of the Bond
386 shall control.

387

388 SECTION 9. BE IT FURTHER RESOLVED that:

389 (a) The City hereby ratifies, confirms, approves and adopts as actions of the City all
390 actions taken by the financial advisor to the City, the Director of Internal Services and bond
391 counsel to the City, on behalf of the City, to identify the banking institution or institutional
392 investor which offered the most beneficial interest rate for the Bond and satisfactory prepayment
393 and other terms, including, without limitation, the preparation, execution, delivery and
394 circulation of the request for indications of interest dated October 20, 2015 and further
395 communications with respondents to the solicitation in order to clarify terms of their proposals.
396 The City hereby determines that it shall be in the best interests of the City to sell the Bond by
397 private (negotiated) sale without advertisement or solicitation of competitive bids to Bank of
398 America, N.A. or an affiliate of Bank of America Corporation, as specified by Bank of America
399 Merrill Lynch, which submitted the most advantageous proposal to the City for the purchase of
400 the Bond pursuant to such solicitation, which sale on a negotiated basis is hereby deemed by the
401 City to be in its best interest and in the interest of its citizens due to the ability in the current
402 municipal capital market to achieve favorable interest rates through a private (negotiated) sale, the
403 ability to time the market, the ability to negotiate with potential purchasers and the lower costs of
404 issuance typically associated with a private (negotiated) sale and the resulting attractive interest
405 rate, favorable prepayment terms and satisfactory other terms. Therefore, and pursuant to the
406 authority of the Enabling Act, the Charter and the Ordinance, the Bond shall be sold by private
407 (negotiated) sale without advertisement or solicitation of competitive bids to Bank of America,
408 N.A. or an affiliate of Bank of America Corporation, as specified by Bank of America Merrill
409 Lynch (the "Purchaser"), for a price of par, with no payment of accrued interest.

410 (b) The Bond shall be sold for investment purposes only and not for resale to the
411 general public. Accordingly, as a condition to delivery of the Bond and prior to the issuance of
412 the Bond, the Purchaser shall furnish to the City a certificate acceptable to bond counsel to the
413 City generally to the effect that (i) the Purchaser has such knowledge and experience in financial
414 and business matters, including purchase and ownership of tax-exempt municipal obligations,
415 that it is capable of evaluating the risks and merits of the investment represented by the purchase
416 of the Bond; (ii) the Purchaser has made its own independent and satisfactory inquiry of the
417 financial condition of the City, including inquiry into financial statements and other information
418 relating to the financial condition of the City to which a reasonable investor would attach
419 significance in making investment decisions, and of any other matters deemed to be relevant to a
420 reasonably informed decision to purchase the Bond; (iii) the Purchaser has had the opportunity to
421 ask questions and receive answers from knowledgeable individuals concerning the City and the
422 Bond, all so that as a reasonable investor the Purchaser has been able to make a reasonably
423 informed decision to purchase the Bond; (iv) the Purchaser is purchasing the Bond for
424 investment purposes only (and not as an "underwriter" or "Participating Underwriter" as defined

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425 in Securities and Exchange Commission Rule 15c2-12, as replaced, supplemented or amended)
426 and is not purchasing for more than one account or with a view to distributing the Bond; (v) if
427 the Bond is subsequently sold, transferred or disposed of, such sale, transfer or disposition will
428 be made only in compliance with federal and state securities laws and any other applicable laws;
429 and (vi) the Purchaser understands and acknowledges that (A) the Bond (1) is not being
430 registered under the Securities Act of 1933, as amended, and is not being registered or otherwise
431 qualified for sale under the “blue sky” laws and regulations of any state, (2) will not be listed on
432 any stock or other securities exchange, (3) will carry no rating from any rating service, and (4)
433 will not be readily marketable, and (B) no disclosure document is being prepared in connection
434 with the issuance and sale of the Bond.

435

436 SECTION 10. BE IT FURTHER RESOLVED that:

437

438 (a) The Bond shall be suitably prepared in definitive form, executed and delivered to the
439 Purchaser on such date as shall be mutually acceptable to the Director of Internal Services, the
440 Purchaser and bond counsel to the City, contemporaneously with the receipt of the purchase price
441 for the Bond; provided that, the Bond shall not be delivered on a date later than December 15, 2015
442 without the prior written consent of the Purchaser, which consent shall be granted or withheld in the
443 sole discretion of the Purchaser. The Mayor and/or the City Administrator, on behalf of the City,
444 are hereby authorized and empowered to negotiate, execute and deliver the proposal submitted by
445 Bank of America Merrill Lynch (or any other acknowledgment required by such proposing
446 institution), and the Mayor, the City Administrator, the Director of Internal Services, the City Clerk
447 and all other appropriate officials and employees of the City are expressly authorized, empowered
448 and directed to take any and all action necessary to complete and close the issuance, sale and
449 delivery of the Bond to the Purchaser, to negotiate, approve, execute and deliver all documents,
450 certificates and instruments necessary or appropriate in connection therewith, including to reflect
451 any requirements specified by the Purchaser in its proposal, and to consummate the transactions
452 contemplated by this Resolution. The City acknowledges its obligation to compensate counsel to
453 the Purchaser in an amount up to \$5,000.00.

454

455 (b) To the extent the provisions set forth in Sections 4 and 5 of this Resolution do not
456 comport with the provisions specified by Bank of America Merrill Lynch in its proposal, the Mayor,
457 on behalf of the City, with the advice of bond counsel to the City, is hereby authorized and
458 empowered to include in the final form of the Bond such provisions as modified as required by
459 Bank of America Merrill Lynch, the Mayor’s approval of any such modifications to be evidenced
460 conclusively by the Mayor’s execution and delivery of the final form of the Bond containing such
461 modifications in accordance with the provisions of Sections 6 and 8 of this Resolution, and to the
462 extent of any discrepancy between Sections 4 and 5 hereof and the final provisions of the Bond, the
463 provisions so included in the executed Bond shall control.

464

465 SECTION 11. BE IT FURTHER RESOLVED that (a) the Director of Internal Services or,
466 in his absence, one of the Assistant Directors of Internal Services, is hereby designated and
467 authorized to receive payment on behalf of the City of the proceeds of the sale of the Bond
468 contemporaneously with the delivery of the Bond. Any portion of the purchase price for the Bond
469 may be disbursed by the Purchaser directly to third parties at the direction of the appropriate City

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470 official or officials, and any such disbursement to third parties at the direction of the appropriate
471 City official or officials shall be deemed to constitute receipt of the proceeds of the Bond for
472 purposes of this Section 11. Any proceeds of the Bond physically received by the City shall be
473 deposited in the proper account or accounts of the City, may be invested within the limits prescribed
474 by Maryland and federal law, and shall be used and applied exclusively to pay or reimburse the
475 costs of the Projects as described herein. If the proceeds received from the sale of the Bond exceed
476 the amount needed for the public purposes hereinabove described, the amount of such unexpended
477 excess shall be set apart in a separate fund or funds and applied to pay subsequent debt service
478 payments on the Bond or to prepay the Bond, unless a supplemental ordinance or resolution, as
479 applicable, is passed by the Council to provide for the expenditure of such unexpended excess for
480 some other valid purpose authorized by the Enabling Act, the Charter or other applicable law.
481 Investment earnings on proceeds of the Bond, if any, held by the City may be applied to pay costs of
482 the Projects, to pay subsequent debt service payments on the Bond or to prepay the Bond, unless a
483 supplemental ordinance or resolution, as applicable, is passed by the Council to provide for the
484 expenditure of such earnings for some other valid purpose authorized by the Enabling Act, the
485 Charter or other applicable law. Nothing in this Resolution shall be construed to authorize the
486 expenditure of any moneys except for a proper public purpose.

487

488 SECTION 12. BE IT FURTHER RESOLVED that:

489

490 (a) That portion of the principal of and interest on the Bond allocated to the costs of the
491 Project identified as “24” W in Gordy Rd” in Section 2(a) of this Resolution will be payable in the
492 first instance from the Water/Sewer Fund, to the extent moneys therein are available for such
493 purpose. Notwithstanding the foregoing sentence, for the purpose of paying the principal of and
494 interest on the Bond when due, the City shall levy or cause to be levied in all fiscal years in which
495 the Bond is outstanding, upon all real and tangible personal property within its corporate limits
496 subject to assessment for unlimited municipal taxation, ad valorem taxes in rate and amount
497 sufficient to provide for the prompt payment of the principal of and interest on the Bond due in each
498 such fiscal year, provided that, to the extent of any funds received or receivable as described in the
499 first sentence of this Section 12(a) in any fiscal year, the taxes hereby required to be levied may be
500 reduced proportionately. If the proceeds from the taxes so levied in any such fiscal year are
501 inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make
502 up such deficiency.

503

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

513

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514 (c) The foregoing provisions of this Section 12 shall not be construed so as to prohibit
515 the City from paying the principal of and interest on any portion of the Bond from the proceeds of
516 the sale of any other obligations of the City or from any other funds legally available for that
517 purpose. Subject to the provisions of Sections 13 and 14 of this Resolution, the City may apply to
518 the payment of the principal of or interest on the Bond any funds received by it from the State of
519 Maryland or the United States of America, or any governmental agency or instrumentality, or from
520 any other source, if the funds are granted, paid or are otherwise available to the City for the purpose
521 of assisting the City in accomplishing the types of projects which the Bond is issued to finance or
522 reimburse, and to the extent of any such funds received or receivable in any fiscal year, the taxes
523 hereby required to be levied may be reduced proportionately.
524

525 SECTION 13. BE IT FURTHER RESOLVED that:
526

527 (a) (i) The Mayor and (ii) either (A) the City Administrator or (B) the Director of Internal
528 Services are the officials of the City responsible for the issuance of the Bond within the meaning of
529 Section 1.148-2(b)(2) of the U.S. Treasury Regulations (the "Treasury Regulations"). The Mayor
530 and either of (i) the City Administrator and (ii) the Director of Internal Services also shall be the
531 officials of the City responsible for the execution and delivery (on the date of the issuance of the
532 Bond) of a certificate of the City (the "Section 148 Certificate") that complies with the requirements
533 of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury
534 Regulations, and such officials are hereby authorized and directed to execute and deliver the Section
535 148 Certificate to counsel rendering an opinion on the validity and tax-exempt status of the Bond on
536 the date of the issuance thereof.
537

538 (b) The City shall set forth in the Section 148 Certificate its reasonable expectations as
539 to relevant facts, estimates and circumstances relating to the use of the proceeds of the Bond or of
540 any monies, securities or other obligations to the credit of any account of the City which may be
541 deemed to be proceeds of the Bond pursuant to Section 148 of the Code or the Treasury Regulations
542 (collectively, the "Bond Proceeds"). The City covenants with the registered owner of the Bond that
543 the facts, estimates and circumstances set forth in the Section 148 Certificate will be based on the
544 City's reasonable expectations on the date of issuance of the Bond and will be, to the best of the
545 certifying officials' knowledge, true and correct as of that date.
546

547 (c) The City covenants with the registered owner of the Bond that it will not make, or
548 (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds
549 that would cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code
550 and the Treasury Regulations, and that it will comply with those provisions of Section 148 of the
551 Code and the Treasury Regulations as may be applicable to the Bond on its date of delivery and
552 which may subsequently lawfully be made applicable to the Bond as long as the Bond remains
553 outstanding and unpaid.
554

555 (d) In connection with their execution and delivery of the Section 148 Certificate, the
556 authorized officials identified in this Section 13 are hereby authorized and empowered, on behalf of
557 the City, to make any designations, elections, determinations or filings on behalf of the City
558 provided for in or permitted by the Code and the Treasury Regulations and to reflect the same in the

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559 Section 148 Certificate and/or the IRS Form 8038-G filed in connection with the issuance of the
560 Bond or any other documentation deemed appropriate by bond counsel to the City; provided that,
561 only one of such identified officials must sign the IRS Form 8038-G.
562

563 (e) In the event of an increase in the per annum interest rate payable on the Bond in
564 accordance with the provisions of Section 4 of this Resolution, the City Administrator and the
565 Director of Internal Services shall promptly consult with nationally-recognized bond counsel to
566 determine if such increase shall result in a reissuance of the Bond for purposes of the Code and
567 the Treasury Regulations under then applicable law. In the event such increase is so determined
568 to result in a reissuance of the Bond for purposes of the Code and the Treasury Regulations, in
569 order that the tax-exempt status of interest payable on the Bond shall continue to remain
570 excludable from gross income of the registered owner thereof for federal income tax purposes,
571 (i) any one or more of the City officials identified in subsection (a) of this Section 13, on behalf
572 of the City, is hereby authorized, empowered and directed to (A) negotiate, approve, execute and
573 deliver any documents, agreements or instruments deemed necessary or desirable in connection
574 therewith, and (B) make any determinations, designations, elections or filings provided for in the
575 Code and the Treasury Regulations in connection therewith,, and (ii) any one or more of the City
576 officials identified in subsection (a) of this Section 13, on behalf of the City, is hereby
577 authorized, empowered and directed to negotiate and approve any supplement to the Section 148
578 Certificate executed and delivered in connection with the original issuance and delivery of the
579 Bond or any new Section 148 Certificate determined to be necessary or desirable in connection
580 with such reissuance. The powers delegated to the identified City officials in this subsection (e)
581 in connection with a reissuance of the Bond upon an increase in the per annum interest rate
582 payable on the Bond shall be broadly construed in order to ensure compliance with the
583 provisions of the Code and the Treasury Regulations; provided that, such delegation shall not
584 prevent the Council, at its option, by resolution, from making or otherwise providing for any
585 necessary or desirable determinations or actions in connection with any such reissuance of the
586 Bond.
587

588 SECTION 14. BE IT FURTHER RESOLVED that the City specifically covenants that it
589 will comply with the provisions of the Code and the Treasury Regulations applicable to the Bond,
590 including, without limitation, compliance with provisions regarding the timing of the expenditure of
591 the proceeds of the Bond, the use of such proceeds and the facilities financed with such proceeds,
592 the restriction of investment yields, the filing of information with the Internal Revenue Service, and
593 the rebate of certain earnings resulting from the investment of the proceeds of the Bond or payments
594 in lieu thereof. The City further covenants that it shall make such use of the proceeds of the Bond,
595 regulate the investment of the proceeds thereof and take such other and further actions as may be
596 required to maintain the exemption from federal income taxation of interest on the Bond. All
597 officials, officers, employees and agents of the City are hereby authorized and directed to provide
598 such certifications of facts and estimates regarding the amount and use of the proceeds of the Bond
599 as may be necessary or appropriate.
600

601 SECTION 15. BE IT FURTHER RESOLVED that in connection with the transactions
602 contemplated by the proposal of Bank of America Merrill Lynch (the "Bank") relating to the
603 purchase of the Bond by the Purchaser (i) the transaction contemplated by the Bank's proposal

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604 with respect to the Bond is an arm's length, commercial transaction between the City and the
605 Bank or its affiliates in which the Bank or its affiliates is acting solely as a principal and for its
606 own interests; (ii) the Bank and its affiliates are not acting as a municipal advisor or financial
607 advisor to the City; (iii) the Bank and its affiliates have no fiduciary duty pursuant to Section
608 15B of the Securities Exchange Act of 1934, as amended, to the City with respect to the
609 transactions contemplated hereby and the discussions, undertakings and procedures leading
610 thereto (irrespective of whether the Bank or its affiliates have provided other services or are
611 currently providing other services to the City on other matters); (iv) the only obligations the
612 Bank and its affiliates has to the City with respect to the transaction contemplated by the
613 proposal of the Bank relating to the purchase of the Bond are expressly set forth in the Bank's
614 proposal; and (v) neither the Bank nor its affiliates is recommending that the City take an action
615 with respect to the transaction contemplated by the proposal of the Bank relating to the purchase
616 of the Bond, and before taking any action with respect to such contemplated transaction, the City
617 should discuss the information contained in such proposal with the City's own legal, accounting,
618 tax, financial and other advisors, as it deems appropriate. The City understands that if the City
619 would like a municipal advisor in this transaction that has legal fiduciary duties to the City, the
620 City is free to engage a municipal advisor to serve in that capacity. The City understands that the
621 proposal of the Bank relating to the purchase of the Bond is provided to the City pursuant to and
622 in reliance upon the "RFP exemption" and the "bank exemption" provided under the municipal
623 advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq., to the extent
624 that such rules apply to the transaction contemplated thereunder.
625

626 SECTION 16. BE IT FURTHER RESOLVED that the provisions of this Resolution shall
627 be liberally construed in order to effectuate the transactions contemplated by this Resolution.
628

629 SECTION 17. BE IT FURTHER RESOLVED that this Resolution shall become effective
630 upon adoption by the Council and approval by the Mayor. Pursuant to Charter Section SC7-46A,
631 this Resolution may not be petitioned to referendum.
632

633 [CONTINUED ON FOLLOWING PAGE]
634
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636 THIS RESOLUTION was introduced and duly adopted at a meeting of the Council of the
637 City of Salisbury held on the _____ day of
638 _____, 2015.

639

640

641 ATTEST:

642

643

644 _____

645 Kimberly R. Nichols, City Clerk _____, City Council President

646

647

648 APPROVED BY ME THIS _____ DAY OF _____, 2015:

649

650

651

652 _____

653 Jacob R. Day, Mayor

654

655

656 #181800;58111.035

657

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EXHIBIT A

(Form of Bond)

No. R-__ UNITED STATES OF AMERICA
STATE OF MARYLAND \$_____
CITY OF SALISBURY

PUBLIC IMPROVEMENTS BOND OF 2015

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>
December 1, 2025	____%, subject to adjustment as described herein	_____, 2015

Registered Owner:

Principal Sum: DOLLARS

IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PORTION OF THE PRINCIPAL AMOUNT HAS BEEN PAID OR PREPAID. EACH PAYMENT OR PREPAYMENT OF A PRINCIPAL INSTALLMENT SHALL BE NOTED BY THE REGISTERED OWNER OF THIS BOND ON ITS BOOKS AND RECORDS, WHICH NOTATION WHEN MADE WILL BE PRESUMED CORRECT ABSENT MANIFEST ERROR. THE REGISTERED OWNER'S FAILURE TO MAKE APPROPRIATE NOTATION OF ANY SUCH PAYMENT OR PREPAYMENT SHALL NOT LIMIT OR OTHERWISE AFFECT THE OBLIGATIONS OF THE CITY HEREUNDER AND SHALL NOT AFFECT THE VALID PAYMENT AND DISCHARGE OF SUCH OBLIGATION EFFECTED BY SUCH PAYMENT OR PREPAYMENT.

City of Salisbury, a municipal corporation organized and existing under the Constitution and laws of the State of Maryland (the "City"), hereby acknowledges itself indebted for value received

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and promises to pay to the registered owner shown above, or registered assignee or legal representative, the Principal Sum shown above, payable in ten (10) annual serial installments on December 1, commencing December 1, 2016, plus interest on the unpaid balance as set forth herein, subject to prior prepayment as hereinafter provided, as follows:

<u>Date</u>	<u>Principal Installment</u>	<u>Date</u>	<u>Principal Installment</u>
12/01/2016		12/01/2021	
12/01/2017		12/01/2022	
12/01/2018		12/01/2023	
12/01/2019		12/01/2024	
12/01/2020		12/01/2025	

This bond shall bear interest on the unpaid outstanding principal balance from the date of its delivery at an annual rate which is equal to _____ percent (_____%) per annum (the “Tax-Exempt Interest Rate”).

Notwithstanding the preceding paragraph, upon the occurrence of a Determination of Taxability, this bond shall bear interest at the Alternative Taxable Rate, both as defined herein. “Determination of Taxability” means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest on this bond is includable in gross income of the registered owner of this bond (or any prior registered owner) for federal income tax purposes as a result of conditions arising from the action or inaction of the City. “Alternative Taxable Rate” means the Tax-Exempt Interest Rate, multiplied by the Taxable Rate Factor (as defined herein), and the “Taxable Rate Factor” means the amount by which the Tax-Exempt Interest Rate must be multiplied to achieve the equivalent taxable rate given the highest marginal federal corporate tax rate (35% as of the dated date of this bond); the Taxable Rate Factor is subject to change should the highest marginal federal corporate tax rate change. Upon a Determination of Taxability, the City shall also be responsible for payment of any interest, penalties or charges owed by the registered owner of this bond (or any prior registered owner) as a result of the Determination of Taxability, together with any and all attorneys’ fees, court costs or other out-of-pocket expenses incurred by the registered owner of this bond (or prior registered owner) as a result of the Determination of Taxability. In addition, from and after the date which is seven (7) days after a payment default by the City with respect to this bond, and during the continuance of any such payment default by the City, the interest rate then in effect will be increased by four percent (4.0%) per annum. The provisions of this paragraph are subject to applicable law, and to the extent any such provision is determined to be unlawful, such provision shall be enforced to the maximum extent permitted by applicable law.

Interest on this bond shall be payable on June 1 and December 1 in each year until maturity or prior prepayment in full, commencing on June 1, 2016. This bond shall bear interest from the

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most recent date to which interest has been paid or, if no interest has been paid, from the date of its delivery.

Interest shall be computed on a 30/360 day count basis. For purposes of calculating the interest due on this bond, unpaid outstanding principal on any date shall be an amount equal to the original principal amount of this bond, less any principal installment paid as described above, and less any principal prepaid as described below. The registered owner of this bond shall provide written notice to the Director of Internal Services of the City (the “Director of Internal Services”) of the interest and any principal due on this bond on each interest payment date at least fifteen (15) days prior to such interest payment date, or such fewer number of days as is acceptable to the Director of Internal Services, but failure to provide such notice shall not affect the amount of, or the City’s obligation to pay, principal or interest due on this bond.

Principal of and interest on this bond shall be payable in lawful money of the United States of America. The principal of this bond, at maturity or upon prior prepayment in full, shall be payable by check or draft at the office of the Director of Internal Services in Salisbury, Maryland, unless the Director of Internal Services and the registered owner agree on a different place or manner of payment. Principal of this bond, prior to maturity or prior prepayment in full, and interest on this bond will be payable by check or draft mailed to the registered owner at the address designated by the registered owner in writing to the Director of Internal Services, unless the Director of Internal Services and the registered owner hereof agree on a different manner of payment. If a principal payment date or interest payment date falls on a Saturday, Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the registered owner of this bond is located are not required to be open, payment may be made on the next succeeding day that is not a Saturday, Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the registered owner of this bond is located are not required to be open, and no interest shall accrue on the scheduled amount owed for the intervening period.

This bond is the duly authorized bond of the City, aggregating \$_____00 in principal amount, dated the date of its delivery and designated “City of Salisbury Public Improvements Bond of 2015”. This bond is issued pursuant to and in full conformity with the provisions of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (previously codified as Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland), as replaced, supplemented or amended, and Sections SC7-45 and SC7-46 of the Charter of the City of Salisbury, as replaced, supplemented or amended, and by virtue of due proceedings had and taken by the Council of the City (the “Council”), particularly Ordinance No. 2357, which was passed by the Council on October 12, 2015, approved by the Mayor of the City (the “Mayor”) on October 14, 2015 and became effective on October 14, 2015 (the “Ordinance”), and Resolution No. _____, which was adopted by the Council on November __, 2015, approved by the Mayor on November __, 2015 and became effective on November __, 2015 (the “Resolution”).

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This bond is transferable only upon the books kept for that purpose at the office of the Director of Internal Services, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender hereof, together with (i) a written instrument of transfer in the form attached hereto and satisfactory to the Director of Internal Services and duly executed by the registered owner or his duly authorized attorney and (ii) a written covenant and agreement substantially in substance as described in Section 9(b) of the Resolution duly executed by the transferee.

This bond may be transferred or exchanged at the office of the Director of Internal Services. Upon any such transfer or exchange, the City shall issue a new registered bond of the same series in denomination equal to the unpaid principal amount of the bond surrendered, and with the same maturity date, principal installment dates and principal installment payment amounts (or then-remaining installment payment dates and amounts, as applicable) and bearing interest at the same rate (subject to adjustment). In each case, the Director of Internal Services may require payment by the registered owner of this bond requesting transfer or exchange hereof of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such transfer or exchange, but otherwise no charge shall be made to the registered owner hereof for such transfer or exchange.

The City may deem and treat the party in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

This bond is subject to prepayment in whole or in part at any time, at the option of the City, at a prepayment price of the par amount of this bond outstanding to be prepaid, plus accrued interest on the principal amount being prepaid to the date fixed for prepayment, plus, to the extent applicable, a Prepayment Fee (as defined herein). The "Prepayment Fee" shall be equal to the present value (discounted by the Reinvestment Rate, as defined herein) of the difference, if positive, between (i) the sum of the interest payments that would have accrued through the end of the Fixed Rate Term (as defined herein) on each prepaid installment of principal at a fixed interest rate for such installment equal to the Original Funding Rate (as defined herein) which is X plus 0.10%, as if the prepayment had not been made, less (ii) the sum of the interest payments that would have accrued on each prepaid installment of principal at a fixed interest rate for such installment equal to the Reinvestment Rate, as if the prepayment had not been made. The following definitions shall apply to the calculation of the Prepayment Fee: (i) "Fixed Rate Term" means the full term of this bond during which the interest rate was fixed on the principal amount prepaid; (ii) "Original Funding Rate" means with respect to any prepaid installment of principal, the Swap Rate (as defined herein) on the date the interest rate was fixed by the original registered owner of this bond on the principal amount prepaid for a term corresponding to a period of time equal to the average life of this bond for the Fixed Rate Term, interpolated on a linear basis, if necessary; (iii) "Reinvestment Rate" means with respect to each

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prepaid installment of principal, the Swap Rate on the date the prepayment fee is calculated by the registered owner of this bond for a term corresponding to the period of time remaining until such principal installment was scheduled to be made, interpolated on a linear basis, if necessary; and (iv) "Swap Rate" means, as of any date, the offered U.S. Dollar interest rate swap rate for a fixed rate payer having a floating rate equal to the three month Libor determined by the registered owner of this bond on such date by reference to the Bloomberg service or such other similar data source then used by the registered owner of this bond for determining such rate.

If the City determines to prepay this bond in part, the amount of principal prepaid shall be applied to scheduled installments of principal in inverse order (beginning with the most remote payment date for scheduled principal). Notice of optional prepayment shall be given by the City at least fourteen (14) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner of this bond) by mailing or otherwise giving to such registered owner a notice fixing the prepayment date and indicating the principal amount of this bond to be prepaid. Any notice of prepayment may be conditional.

The full faith and credit and unlimited taxing power of City of Salisbury are hereby unconditionally and irrevocably pledged to the payment of the principal of and interest on this bond according to its terms, and the City does hereby covenant and agree to pay punctually the principal of and the interest on this bond, at the dates and in the manner mentioned herein, according to the true intent and meaning hereof.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened or to be performed precedent to and in the issuance of this bond, does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland, the Ordinance and the Resolution, and that this bond, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of Maryland and that due provision has been made for the levy and collection of an annual ad valorem tax or taxes upon all the legally assessable property within the corporate limits of the City in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on this bond.

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IN WITNESS WHEREOF, City of Salisbury has caused this bond to be executed in its name by the manual signature of the Mayor and its corporate seal to be affixed hereto, attested by the manual signature of the City Clerk, all as of the _____ day of _____, 2015.

(SEAL)

ATTEST:

CITY OF SALISBURY

By: _____
City Clerk

By: _____
Mayor

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(Form of Instrument of Transfer)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE)

the within bond and all rights thereunder and does hereby constitute and appoint _____

attorney to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

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PUBLIC

ADVISORY

CONSULTANTS

Memo to: Tom Stevenson, Keith Cordrey
From: Lester Guthorn, Susan Ostazeski
Date: November 11, 2015
Re: Summary of Bond Proposals

On October 20, 2015, we sent out an RFP for the City's \$4,726,200 general obligation Public Improvements Bond of 2015. We sent the proposal to 14 firms. We asked for a 15 year fixed rate loan, but gave the option of providing a different term if the bank was unable to provide a 15 year loan.

We received three responses, including ones from Bank of America Merrill Lynch (BAML), PNC Bank and SunTrust. None of the proposals conformed to the requested 15 year fixed rate loan and each had additional terms and conditions from those requested in the RFP. Provided below is a summary of the interest rate and maturity of the proposed loan, other conditions of the loan, and estimated debt service schedules of the proposals received.

Interest Rates, Maturities, and Additional Conditions of Loans

The following summarizes the interest rates and maturities of the three proposals. PNC and SunTrust will both hold the rate until the December closing. BAML provided an indicative rate only based on current swap rates and will fix the rate two days before closing if they are selected. Each of the proposals also specified conditions different than what we outlined in the request for proposal. Below is a summary of some of these conditions, including clarifications that were provided by BAML and PNC.

	BAML	PNC	SunTrust
Amortization Length	10 Years	10 Years	15 Years
Fixed Rate Term	10 Years	7 Years	12-15 Years**
Interest Rate	2.15%*	2.55%	3.49%
Bank Counsel Fees	\$5,000	\$2,500	\$3,500
Origination Fee	None	None	\$5,000
Prepayment	In whole or in part subject to make-whole premium	Any time, prepayment premiums starting at 5% of principal in first year down to no premium after 5 years	Any time (no mention of prepayment penalty, but will need to follow up with SunTrust to be sure)
Alternative Taxable Rate	Interest rate would increase based on taxable rate factor	None specified	Possible, need clarification

	BAML	PNC	SunTrust
Yield Maintenance	None specified	None specified	Not to exceed 4.03% due to decrease in max fed corporate tax rate. Yield maintenance for other situations may be uncapped
Default Rate/Remedies	Interest rate would increase by 4% during the default period – a grace period of 7 days would be allowed	May charge after a 10 day grace period	Usual and customary, including but not limited to acceleration. No default rate specified.
Reporting Covenants	None specified	Financial statements within 210 days of fiscal year end. Other financial/operating info as requested	Financial statements within 180 days of fiscal year end and budget within 30 days of adoption. Other financial/operating info as requested
Banking Relationships	None specified	Requests to be included in future banking RFP's (for banking and private placements of debt) over the term of the loan	City would need to agree to establish a procurement card program with SunTrust within 60 days of loan closing and enter into discussions about additional banking services; amounts due on loan would need to be debited from SunTrust or other approved account
Acceptance/Close Dates	Accept within two days after approval; close by 12/15	Accept by 11/27; close by 12/04	Accept by 11/24; close by 12/04
Other	None specified	Waiver of jury trial	May need to pay ongoing costs; waiver of jury trial

* Indicative rate only, the final fixed rate will be determined two days before closing and is based on a 68 month swap rate plus 0.52%. Swap rates have been going up over the past month. For example, the 5 year swap rate published by the Federal Reserve went up 16 basis points between November 5 (the day the proposal was due) and November 9. While we do not know if this trend will continue, it is important to consider. BAML's indicative rate is significantly lower than the other two proposals so there is still additional room for the rate to go up and still be the lowest.

** SunTrust is offering a fixed rate with a put option after 12 years. The bond would come due after 12 years unless SunTrust notifies the City no later than 120 days prior to the put date that it will extend the loan. SunTrust could extend the loan out the full 15 years, but could also extend it for a shorter period.

The amortization length and the fixed rate term are the same for BAML, but different for PNC and potentially different for SunTrust. This means that a bullet maturity would come due at the end of the loan – after year seven in PNC's case and possibly between years 12 and 15 in SunTrust's case. The City could consider budgeting

additionally funds each year to pay the bullet maturity (these funds may be required to be yield restricted) or would need to plan for a new bond issuance at the end of the fixed rate term.

The amortization for both BAML and PNC would be equal annual debt service as requested in the RFP. SunTrust's proposal is based on a level principal payment structure. We could ask SunTrust to agree to a level debt service structure if the City wishes, but we do not know if they will agree.

As shown in the chart above, each firm proposed conditions different from the RFP. The most significant conditions came from SunTrust. The City may want to pay particular attention to the banking relationship requirement and whether you can commit to this.

Estimated Debt Service Schedules

The debt service schedules below are estimated based on the rates and amortizations specified in the proposals. For the BAML amortization schedule, we have assumed the indicative rate of 2.15% although this could be higher. We could also ask BAML if they would extend the amortization period to 15 years while maintaining the 10 year fixed rate, but we do not know if they would agree and we know it would raise the interest rate. The estimated PNC amortization schedule provided below is somewhat different than what was provided by them as their schedule differed somewhat from equal annual debt service. For the SunTrust estimated amortization schedule, we have assumed they put the bond back to the City, thereby not extending the loan after 12 years. We are also assuming the level principal amortization as specified in the proposal although we could ask for this to change to level debt service.

BAML Estimated Debt Service Schedule

Fiscal Year	Principal	Interest	Total
2016	\$ 0	\$ 50,807	\$ 50,807
2017	428,218	97,010	525,228
2018	437,524	87,703	525,228
2019	447,033	78,194	525,228
2020	456,749	68,479	525,228
2021	466,676	58,552	525,228
2022	476,819	48,409	525,228
2023	487,182	38,046	525,228
2024	497,770	27,458	525,228
2025	508,588	16,640	525,228
2026	<u>519,642</u>	<u>5,586</u>	<u>525,228</u>
Total	\$4,726,200	\$576,883	\$5,303,083

PNC Estimated Debt Service Schedule

Fiscal Year	Principal	Interest	Total
2016	\$ 0	\$ 60,259	\$ 60,259
2017	420,252	115,160	535,412
2018	431,107	104,305	535,412
2019	442,242	93,170	535,412
2020	453,665	81,747	535,412
2021	465,383	70,029	535,412
2022	477,403	58,009	535,412
2023	<u>2,036,149</u>	<u>25,961</u>	<u>2,062,110</u>
Total	\$4,726,200	\$608,640	\$5,334,840

SunTrust Estimated Debt Service Schedule

Fiscal Year	Principal	Interest	Total
2016	\$ 0	\$ 82,472	\$ 82,472
2017	315,080	159,446	474,523
2018	315,080	148,450	463,530
2019	315,080	137,454	452,534
2020	315,080	126,457	441,537
2021	315,080	115,461	430,541
2022	315,080	104,465	419,545
2023	315,080	93,468	408,548
2024	315,080	82,472	397,552
2025	315,080	71,476	386,556
2026	315,080	60,480	375,560
2027	315,080	49,483	364,563
2028	<u>1,260,320</u>	<u>21,993</u>	<u>1,282,313</u>
Total	\$4,726,200	\$1,253,577	\$5,979,777

In the case of both PNC and SunTrust, unless the City pays off the bullet payment at the end of the term out of City funds, additional interest cost is likely as the City needs to finance the final three years of the principal amortization.