

ORDINANCE NO. 2115

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SALISBURY TO AUTHORIZE AND EMPOWER CITY OF SALISBURY (THE "CITY") TO ISSUE AND SELL FROM TIME TO TIME, UPON ITS FULL FAITH AND CREDIT, GENERAL OBLIGATION REFUNDING BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FIVE MILLION FIFTY THOUSAND DOLLARS (\$5,050,000.00) (THE "ORIGINAL REFUNDING BONDS"), THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF PROVIDING ALL OR A PORTION OF THE FUNDS NEEDED TO CURRENTLY REFUND THE OUTSTANDING LEASE PURCHASE AGREEMENT DATED AS OF OCTOBER 13, 2006, BETWEEN SUNTRUST LEASING CORPORATION, AS LESSOR, AND THE CITY, AS LESSEE, BY PREPAYING IN WHOLE AS OF OCTOBER 13, 2010 THE LEASE PAYMENTS DUE THEREUNDER, TO PAY COSTS OF ISSUANCE AND, TO THE EXTENT PROVIDED IN A RESOLUTION OF THE COUNCIL, TO PAY INTEREST ON SUCH ORIGINAL REFUNDING BONDS; DETERMINING THAT THE ORIGINAL REFUNDING BONDS OF EACH SERIES BE SOLD ON A NEGOTIATED BASIS WITHOUT SOLICITATION OF BIDS UNLESS A RESOLUTION OR RESOLUTIONS OF THE COUNCIL PROVIDES FOR THE SOLICITATION OF COMPETITIVE BIDS AT PUBLIC SALE AFTER PUBLICATION OR DISSEMINATION OF NOTICE OF SALE OF ANY SERIES OF THE ORIGINAL REFUNDING BONDS; PROVIDING FOR THE ADOPTION OF A RESOLUTION OR RESOLUTIONS OF THE COUNCIL TO DETERMINE, APPROVE OR PROVIDE FOR VARIOUS MATTERS RELATING TO THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY, PAYMENT AND REDEMPTION OF AND FOR EACH SERIES OF THE ORIGINAL REFUNDING BONDS; AUTHORIZING THE CITY TO ISSUE AND SELL FROM TIME TO TIME ONE OR MORE SERIES OF GENERAL OBLIGATION BONDS (THE "SUBSEQUENT REFUNDING BONDS") IN ORDER TO REFUND ANY OF THE ORIGINAL REFUNDING BONDS ISSUED PURSUANT TO THE AUTHORITY OF THIS ORDINANCE (INCLUDING PAYING COSTS OF ISSUANCE AND INTEREST ON SUCH SUBSEQUENT REFUNDING BONDS), PROVIDED THAT, THE AGGREGATE PRINCIPAL AMOUNT OF ANY SUCH ISSUE OF SUBSEQUENT REFUNDING BONDS SHALL NOT EXCEED ONE HUNDRED THIRTY PERCENT (130%) OF THE AGGREGATE PRINCIPAL AMOUNT OF THE ORIGINAL REFUNDING BONDS REFUNDED THEREFROM; PROVIDING THAT ANY SUCH SERIES OF SUBSEQUENT REFUNDING BONDS SHALL BE SOLD ON A NEGOTIATED BASIS WITHOUT SOLICITATION OF BIDS, UNLESS OTHERWISE DETERMINED BY THE COUNCIL BY RESOLUTION, AND AUTHORIZING THE COUNCIL TO DETERMINE CERTAIN MATTERS RELATING TO ANY SUCH SUBSEQUENT REFUNDING BONDS BY RESOLUTION; PROVIDING FOR THE LEVY AND COLLECTION OF AD VALOREM TAXES SUFFICIENT FOR, AND PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY TO, THE PROMPT PAYMENT OF PRINCIPAL AND INTEREST ON ANY SERIES OF ORIGINAL REFUNDING BONDS OR SUBSEQUENT REFUNDING BONDS (THE "OBLIGATIONS"); PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON EACH SERIES OF THE OBLIGATIONS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; PROVIDING THAT ANY OF THE OBLIGATIONS AUTHORIZED HEREBY MAY BE CONSOLIDATED WITH ANY BONDS AND/OR

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REFUNDING BONDS AUTHORIZED BY THE COUNCIL AND ISSUED AS A SINGLE SERIES OF BONDS AND/OR REFUNDING BONDS; AUTHORIZING AND DIRECTING APPROPRIATE OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL ACTION NECESSARY TO COMPLETE AND CLOSE THE SALE AND DELIVERY OF THE OBLIGATIONS PROVIDED FOR HEREBY; PROVIDING THAT THIS TITLE SHALL BE DEEMED A STATEMENT OF THE SUBSTANCE OF THIS ORDINANCE FOR ALL PURPOSES; AND OTHERWISE GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF THE ORIGINAL REFUNDING BONDS AND SUBSEQUENT REFUNDING BONDS AUTHORIZED HEREBY.

RECITALS

WHEREAS, as authorized by Ordinance No. 2012, passed by the Council (the "Council") of City of Salisbury (the "City") on September 11, 2006, approved by the Mayor of the City (the "Mayor") on September 16, 2006 and effective on September 16, 2006, the City, as lessee, entered into a Lease Purchase Agreement dated as of October 13, 2006 (the "2006 Lease Purchase Agreement"), with SunTrust Leasing Corporation, as lessor (by whatever name currently known, "SunTrust Leasing"), for the public purpose of financing or reimbursing a portion of the costs of the planning, design, engineering, acquisition, construction, improvement, furnishing and equipping of an approximately 30,000 square foot, one-story with a mezzanine level fire station and related improvements (the "Project"); and

WHEREAS, the Project is located on approximately seven (7) acres of property owned by the City situated on the east side of Cypress Street, on the south side of King Street, on the west side of Lake Street and on the north side of Birch Street, within the corporate limits of Salisbury, Maryland 21801 (the "Project Site"); and

WHEREAS, pursuant to a Ground Lease Agreement dated as of October 13, 2006 (the "2006 Ground Lease") between the City, as ground lessor, and SunTrust Leasing, as ground lessee, the City leased the Project Site to SunTrust Leasing (as such Project Site is more fully described on Exhibit A to the 2006 Ground Lease) for a term of forty (40) years, subject to prior termination in accordance with the provisions of the 2006 Ground Lease; and

WHEREAS, SunTrust Leasing caused \$5,320,000.00 to be deposited into an Escrow Fund to be disbursed for Project purposes pursuant to the provisions of an Escrow Agreement dated as of October 13, 2006 (the "2006 Escrow Agreement") among SunTrust Leasing, the City and SunTrust Bank, as escrow agent; and

WHEREAS, pursuant to the 2006 Lease Purchase Agreement, SunTrust Leasing leased the Project and subleased the Project Site to the City for term of twenty (20) years, subject to earlier termination in accordance with the provisions of the 2006 Lease Purchase Agreement; and

WHEREAS, the Project Site is referred to in the 2006 Ground Lease, the 2006 Lease Purchase Agreement and the 2006 Escrow Agreement as the "Real Estate" and the Project is referred to in such agreements as the "Improvements"; and

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WHEREAS, pursuant to the 2006 Lease Purchase Agreement, the City is required to make lease payments denominated into principal and interest portions (the "Lease Payments") to SunTrust Leasing in order to acquire full and unencumbered title to the Project; and

WHEREAS, the City's obligation to make the Lease Payments is subject to appropriation of funds sufficient for such purpose in each fiscal year; and

WHEREAS, in the event of a failure to appropriate sufficient funds or in the event of certain defaults under the 2006 Lease Purchase Agreement, SunTrust Leasing is entitled to assume possession of the Project Site and the Project and sell or lease the same for the remaining term of the 2006 Ground Lease, among other remedies; and

WHEREAS, the Project and the Project Site are used by the City's Fire Department, which is comprised of City career and volunteer personnel, in accordance with the City Charter and the City Code; and

WHEREAS, Salisbury Fire Department, Inc., a nonprofit corporation organized under the laws of the State of Maryland that is more commonly known as Volunteer Fire Company #16 (the "VFC"), staffs the Project and the Project Site in conjunction with career personnel of the Fire Department; and

WHEREAS, the VFC received a letter in December 1988, as amended by a letter dated December 20, 2004, from the Department of the Treasury, Internal Revenue Service to the effect that the VFC is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, although the VFC makes no payments to the City or others in respect of its use of the Project and the Project Site, due to use by the VFC of the Project and the fact that the Project serves as security for the City's obligations under 2006 Lease Purchase Agreement, the 2006 Lease Purchase Agreement was issued as a "qualified 501(c)(3) bond" for purposes of the Code; and

WHEREAS, Section 6.01 of the 2006 Lease Purchase Agreement provides that the unpaid balance under the 2006 Lease Purchase Agreement is prepayable in whole only on any scheduled Lease Payment Date by paying the corresponding principal balance detailed on Exhibit B to the 2006 Lease Purchase Agreement together with the regularly scheduled Lease Payment for such Lease Payment Date, without premium or penalty; and

WHEREAS, scheduled Lease Payment Dates are each October 13, commencing October 13, 2007 and ending October 13, 2026; and

WHEREAS, the next available date for prepayment of the Lease Payments in whole is October 13, 2010; and

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WHEREAS, Section 4.02 of the 2006 Lease Purchase Agreement provides that the term of the 2006 Lease Purchase Agreement shall terminate upon the payment by the City of an amount equal to all Lease Payments stated to be paid by the City thereunder, plus all other amounts whatsoever due thereunder; and

WHEREAS, Section 3.02 of the 2006 Ground Lease provides that the term of the 2006 Ground Lease shall terminate upon prepayment in full of all Lease Payments plus any and all other amounts owing by the City to SunTrust Leasing pursuant to the terms of the 2006 Lease Purchase Agreement; and

WHEREAS, Section 8.08 of the 2006 Lease Purchase Agreement provides that upon payment of all Lease Payments and all other amounts due and owing under the 2006 Lease Purchase Agreement and the 2006 Ground Lease, SunTrust Leasing shall take all actions necessary to authorize, execute and deliver to the City any and all documents and instruments necessary to vest in the City all of SunTrust Leasing's right, title and interest in and to the Project and the Project Site, free and clear of all liens, leasehold interests and encumbrances (except Permitted Encumbrances, as defined in the 2006 Lease Purchase Agreement, and any liens, leasehold interests or encumbrances that may have been present prior to the date SunTrust Leasing and the City entered into the 2006 Ground Lease), including, if necessary, a release of any and all liens or interests created under the provisions of the 2006 Lease Purchase Agreement or the 2006 Ground Lease; and

WHEREAS, the City is authorized and empowered by 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 published in Municipal Charters of Maryland, Volume 7, 2008 Replacement Edition, 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 Section 24 of Article 31 of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Refunding Act"), the City is authorized to issue bonds for the purpose of refunding any of its bonds or other evidences of obligation by whatever name known or source of funds secured then outstanding for the public purpose of realizing debt service savings or debt restructuring; and

WHEREAS, pursuant to the Enabling Act, the City may sell its general obligation bonds by private (negotiated) sale without advertisement or solicitation of competitive bids; and

WHEREAS, pursuant to the Refunding Act, refunding bonds may be sold on a negotiated basis without solicitation of bids if the City determines in a public meeting that such procedure is in the public interest; and

WHEREAS, the City has determined to authorize the issuance of one or more series of its general obligation refunding bonds in order to provide all or a portion of the funds needed to (i) currently refund the 2006 Lease Purchase Agreement in whole as of October 13, 2010 by paying the corresponding principal balance amount detailed on Exhibit B to the 2006 Lease Purchase

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Agreement together with the regularly-scheduled Lease Payment amount due on such date, for the public purpose of (A) realizing savings in the aggregate cost of debt service on a direct comparison or present value basis, or (B) debt restructuring that in the aggregate effects such a reduction in the cost of debt service or is determined by the Council to be in the best interests of the City, to be consistent with the City's long-term financial plan, and to realize a financial objective of the City, as contemplated in the Refunding Act and as to be determined pursuant to a resolution or resolutions of the Council, (ii) to pay all or a portion of the related costs of issuance of such refunding bonds, and (iii) to the extent determined by the Council pursuant to a subsequent resolution or resolutions, to pay interest on such refunding bonds; and

WHEREAS, the City has determined that, as authorized by the Refunding Act, each series of the refunding bonds applied to currently refund the 2006 Lease Purchase Agreement shall be sold on a negotiated basis without solicitation of bids, unless pursuant to a resolution or resolutions the Council provides for the solicitation of competitive bids at public sale for any series of such refunding bonds; and

WHEREAS, subsequent to the issuance of any refunding bonds to currently refund the 2006 Lease Purchase Agreement as authorized by this Ordinance, the City may desire to refund or advance refund all or a portion of such original refunding bonds through the issuance from time to time of one or more series of its general obligation refunding bonds pursuant to the authority of the Refunding Act; and

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

WHEREAS, as provided by Section SC7-46 of the Charter, the City shall issue any original refunding bonds or subsequent refunding bonds authorized hereby in accordance with the terms and conditions provided for in a resolution or resolutions to be adopted by the Council.

SECTION 1. NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SALISBURY, MARYLAND that the recitals to this Ordinance are deemed a substantive part of this Ordinance and incorporated by reference herein.

SECTION 2. BE IT FURTHER ORDAINED that pursuant to the authority of the Refunding Act, the Enabling Act and the Charter, the City hereby determines to borrow money and incur indebtedness from time to time for the public purpose of providing all or a portion of the funds needed (i) to currently refund the 2006 Lease Purchase Agreement in whole as of October 13, 2010 by paying the corresponding principal balance amount detailed on Exhibit B to the 2006 Lease Purchase Agreement together with the regularly-scheduled Lease Payment amount due on such date, in order to realize an objective authorized by the Refunding Act, as determined in the Resolution (as defined in Section 6 hereof), (ii) to finance or reimburse all or a portion of related costs of issuance of such refunding bonds, including, without limitation, legal and financial costs and costs of any credit enhancement, and (iii) to the extent determined by the Council pursuant to the Resolution, paying interest on such refunding bonds (collectively, the "Refunding Project").

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The total cost of the portion of the Refunding Project to be paid from proceeds of the Original Refunding Bonds identified in Section 3 hereof will not exceed Five Million Fifty Thousand Dollars (\$5,050,000.00).

SECTION 3. BE IT FURTHER ORDAINED that to evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the City, acting pursuant to the authority of the Refunding Act, the Enabling Act and the Charter, hereby determines to issue and sell from time to time, in one or more series, upon its full faith and credit, its general obligation bonds in an aggregate principal amount not to exceed Five Million Fifty Thousand Dollars (\$5,050,000.00) (collectively, the "Original Refunding Bonds"). Any series of the Original Refunding Bonds may be issued as one or more general obligation installment bonds.

SECTION 4. BE IT FURTHER ORDAINED that pursuant to the authority of the Refunding Act, the Enabling Act and the Charter, the City hereby determines that it is in the public interest of the City to sell each series of the Original Refunding Bonds on a negotiated basis without solicitation of bids due to market conditions, the ability to time the market, and the ability to negotiate flexible terms and to thereby achieve a beneficial interest rate or rates and other beneficial terms, unless the Resolution provides for the solicitation of competitive bids at public sale after publication or dissemination of the notice of sale for any series of the Original Refunding Bonds.

SECTION 5. BE IT FURTHER ORDAINED that the proceeds of the Original Refunding Bonds shall be used and applied by the City exclusively and solely for the public purposes described in Section 2 of this Ordinance, unless a supplemental ordinance is enacted by the Council to provide for the use and application of such proceeds for some other proper public purpose authorized by the Refunding Act, the Enabling Act and/or the Charter.

SECTION 6. BE IT FURTHER ORDAINED that pursuant to the authority of Section SC7-46 of the Charter and this Ordinance, the Council, prior to the issuance, sale and delivery of each series of the Original Refunding Bonds, shall adopt a resolution or resolutions (in each such case and, collectively, the "Resolution") specifying, prescribing, determining, providing for or approving such matters, details, forms (including, without limitation, the complete forms of the Original Refunding Bonds of such series and the bond purchase agreement or any similar agreement with the purchaser or purchasers of such series of Original Refunding Bonds, if deemed necessary or desirable, or if such series of the Original Refunding Bonds are sold by solicitation of competitive bids at public sale, the form of notice of sale of such series of Original Refunding Bonds), documents or procedures as may be required by the Refunding Act, the Enabling Act, the Charter or this Ordinance or as the Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment or prepayment of or for such series of the Original Refunding Bonds. The Resolution shall set forth, determine or provide for the determination of, or approve or provide for the approval of, among other things, the designation of the Original Refunding Bonds of such series; the date of issue of the Original Refunding Bonds of such series; the denomination or denominations of the Original Refunding Bonds of such series; the aggregate principal amount of the Original Refunding Bonds of such series; the maturities of or principal installments payable on the Original Refunding Bonds of such series; the rate or rates of interest, or the method of determining the rate or rates of interest, which may be fixed or variable and may include provisions

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for the payment of late fees and additional interest or penalties in appropriate circumstances, payable on the Original Refunding Bonds of such series; provisions relating to the prepayment of the Original Refunding Bonds of such series; the procedure for the sale on a negotiated basis without solicitation of bids of the Original Refunding Bonds of such series, unless the Resolution shall provide for the solicitation of competitive bids at public sale of the Original Refunding Bonds of such series, in which case the Resolution shall set forth the procedures for such sale and the award of such series of the Original Refunding Bonds to the successful bidder; and all other terms and conditions pursuant to which the Original Refunding Bonds of such series will be issued, sold and delivered, including, without limitation, any determinations to be made or provided for by resolution as contemplated by Charter Section SC7-46.A. Among other matters, the Council, pursuant to the Resolution, may authorize, approve or otherwise provide for (i) the commitment of the City to pay to the purchaser or purchasers of such series of the Original Refunding Bonds (A) any commitment fee or similar fee and any other costs in connection with such purchaser's or purchasers' agreement to purchase such series of the Original Refunding Bonds and/or (B) any breakage compensation or other amount that may be determined to be due to such purchaser or purchasers in the event the City fails to deliver such series of the Original Refunding Bonds and, in connection therewith, to approve or provide for the approval, and the execution and delivery of, any agreement relating to such payment or payments (which such agreement may, but shall not be required to be, contained within any purchase or similar agreement for such series of the Original Refunding Bonds), (ii) the obtaining of credit enhancement for such series of the Original Refunding Bonds (and the execution and delivery of any agreements or documents relating thereto), and (iii) any other agreements necessary to enhance the marketability of or as security for such series of the Original Refunding Bonds, including (without limitation) any ratings, any official statement or similar disclosure document and any continuing disclosure undertaking required to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12.

SECTION 7. BE IT FURTHER ORDAINED that pursuant to the authority of the Refunding Act, the Enabling Act and the Charter, the City is hereby authorized and empowered to issue and sell, upon its full faith and credit, its general obligation refunding bonds in one or more series from time to time (collectively, the "Subsequent Refunding Bonds"), for the purpose of refunding or advance refunding any of the Original Refunding Bonds authorized hereby, including the payment of any prepayment premium and any interest accrued or to accrue to the date of prepayment, purchase or maturity of the Original Refunding Bonds to be refunded, paying costs and expenses in connection with the issuance, sale and delivery of such Subsequent Refunding Bonds, and, to the extent determined by the Council in a subsequent resolution, paying interest on such Subsequent Refunding Bonds, for the public purpose of realizing savings to the City in the aggregate cost of debt service on either a direct comparison or present value basis or in order to accomplish any debt restructuring that is permitted by applicable law; provided that, the aggregate principal amount of any issue of the Subsequent Refunding Bonds shall not exceed one hundred thirty percent (130%) of the aggregate principal amount of the Original Refunding Bonds refunded therefrom. Any such series of the Subsequent Refunding Bonds may consist of one or more bonds and any such bond may be issued in installment form. Prior to the issuance, sale and delivery of any series of the Subsequent Refunding Bonds, the Council shall adopt a resolution or resolutions authorizing such series of the Subsequent Refunding Bonds and specifying, prescribing, determining, providing for or approving such

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matters, details, forms, documents or procedures as may be authorized or required by applicable law, including the purposes of the Refunding Act achieved by the issuance of such series of the Subsequent Refunding Bonds. Unless the Council determines otherwise in a resolution providing for any series of the Subsequent Refunding Bonds, each series of the Subsequent Refunding Bonds shall be sold on a negotiated basis without solicitation of bids, due to the ability to time the market, negotiate flexible terms and thereby achieve a beneficial interest rate or rates by undertaking a private (negotiated) sale.

SECTION 8. BE IT FURTHER ORDAINED that the Council is hereby authorized, pursuant to a resolution or resolutions, to make any further determinations deemed necessary or desirable in connection with the issuance of any series of the Subsequent Refunding Bonds authorized hereby, including, without limitation, (i) any determination required or authorized by the Refunding Act or other law, as applicable, (ii) to commit or provide for the commitment of the City to pay to the purchaser or purchasers of such series of the Subsequent Refunding Bonds (A) any commitment fee or similar fee and any other costs in connection with such purchaser's or purchasers' agreement to purchase such series of the Subsequent Refunding Bonds and/or (B) any breakage compensation or other amount that may be determined to be due to such purchaser or purchasers in the event the City fails to deliver such series of the Subsequent Refunding Bonds and, in connection therewith, to approve or provide for the approval, and the execution and delivery of, any agreement relating to such payment or payments (which such agreement may, but shall not be required to be, contained within any purchase or similar agreement for such series of the Subsequent Refunding Bonds), (iii) the obtaining of credit enhancement for such series of the Subsequent Refunding Bonds (and the execution and delivery of any agreements or documents relating thereto), and (iv) any other agreements necessary to enhance the marketability of or as security for such series of the Subsequent Refunding Bonds, including (without limitation) any ratings, any official statement or similar disclosure document and any continuing disclosure undertaking required to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12.

SECTION 9. BE IT FURTHER ORDAINED that (a) for the purpose of paying the principal of and interest on any series of the Original Refunding Bonds or the Subsequent Refunding Bonds (in any such case, a series of the "Obligations") when due, the City shall levy or cause to be levied, for each and every fiscal year during which any series of the Obligations may be outstanding, ad valorem taxes upon all real and tangible personal property within its corporate limits subject to assessment for unlimited municipal taxation in rate and amount sufficient to provide for the prompt payment, when due, of the principal of and interest on such series of the Obligations in each such fiscal year. If the proceeds from the taxes so levied in any such fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency.

(b) The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the prompt payment of the principal of and interest on each series of the Obligations as and when they become due and payable and to the levy and collection of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of such series of the Obligations. The City hereby covenants and agrees with the registered owners, from time to time, of each series of the

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Obligations to levy and collect the taxes hereinabove described and to take any further lawful action that may be appropriate from time to time during the period that such series of the Obligations remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

(c) The foregoing provisions shall not be construed so as to prohibit the City from paying the principal of and interest on any series of the Obligations from the proceeds of the sale of any other obligations of the City or from any other funds legally available for that purpose (including, without limitation, with respect to the Original Refunding Bonds, from the proceeds of the Subsequent Refunding Bonds authorized hereby). Subject to the provisions of the Code, if applicable, the City may apply to the payment of the principal of or interest on any series of the Obligations any funds received by it from the State of Maryland or the United States of America, or any governmental agency or instrumentality, or from any other source, if such funds are granted or paid to the City for the purpose of assisting the City in the type of project which the Obligations of such series are issued to finance, reimburse or refinance, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately.

SECTION 10. Pursuant to a subsequent resolution or resolutions, the Council may determine that any of the Original Refunding Bonds or the Subsequent Refunding Bonds authorized hereby may be consolidated with any bonds and/or refunding bonds authorized by one or more other ordinances or resolutions of the Council and issued as a single series of obligations.

SECTION 11. BE IT FURTHER ORDAINED that the Mayor, the City Administrator, the Director of Internal Services, the City Clerk and all other appropriate officials and employees of the City are hereby authorized and directed to take any and all actions necessary to complete and close the sale and delivery of the Original Refunding Bonds and the Subsequent Refunding Bonds and to negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith, including (without limitation), with respect to the Original Refunding Bonds, the appropriate City official or officials are hereby authorized and directed to negotiate, approve, execute and deliver any documents deemed necessary or desirable to evidence the release of the lien of the 2006 Ground Lease and the 2006 Lease Purchase Agreement, to transfer any interest of SunTrust Leasing in the Project Site or the Project, to confirm the City's interest in the Project Site and the Project, unencumbered by any interest therein of SunTrust Leasing, or otherwise deemed necessary or desirable to provide that SunTrust Leasing shall no longer have any interest in the Project Site or the Project.

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

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

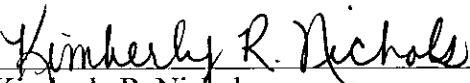
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THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the 12th day of July, 2010, and thereafter, a statement of the substance of this Ordinance having been published as required by law, was finally passed by the Council as introduced on the 9th day of August, 2010.

ATTEST:

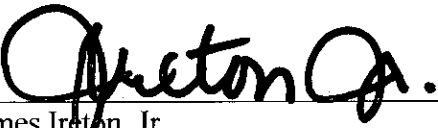


Kimberly R. Nichols
ASSISTANT CITY CLERK



Louise Smith
PRESIDENT, City Council

Approved by me this 10th day of
August, 2010.



James Iretton, Jr.
MAYOR, City of Salisbury

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