

Ordinance No. 2140

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 BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SEVEN MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$7,700,000.00), THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING, REIMBURSING OR REFINANCING COSTS OF THE PUBLIC PURPOSE PROJECTS IDENTIFIED HEREIN AS: RIVERWALK REPAIRS, EAST MAIN STREET WATER VALVE, ISABELLA STREET WATER, EAST MAIN STREET SEWER, ISABELLA STREET SEWER, LIFT STATION PUMP REPLACEMENT, N. DIVISION STREET SEWER, AND WASTEWATER TREATMENT PLANT UPGRADE, TOGETHER WITH RELATED COSTS AND COSTS OF ISSUANCE; SPECIFYING THE MAXIMUM PRINCIPAL AMOUNT OF THE BONDS OR BOND ANTICIPATION NOTES PROVIDED FOR HEREIN TO BE ALLOCATED TO EACH SUCH COMPONENT OF THE PROJECTS, SUBJECT TO REALLOCATION BY THE CITY IN ACCORDANCE WITH APPLICABLE BUDGETARY PROCEDURES OR LAW; 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 BONDS; AUTHORIZING THE COUNCIL TO PROVIDE BY RESOLUTION FOR THE ISSUANCE AND SALE FROM TIME TO TIME OF ONE OR MORE SERIES OF GENERAL OBLIGATION BOND ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SEVEN MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$7,700,000.00), PRIOR TO AND IN ANTICIPATION OF THE ISSUANCE OF ANY OF THE BONDS AUTHORIZED HEREBY, IN ORDER TO FINANCE OR REIMBURSE PROJECT COSTS, RELATED COSTS AND COSTS OF ISSUANCE ON AN INTERIM BASIS AND, IF SO DETERMINED BY RESOLUTION, CAPITALIZED INTEREST; AUTHORIZING THE COUNCIL TO PROVIDE BY RESOLUTION FOR THE ISSUANCE AND SALE FROM TIME TO TIME OF ONE OR MORE SERIES OF GENERAL OBLIGATION BONDS IN ORDER TO REFUND ANY OF THE BONDS ISSUED PURSUANT TO THE AUTHORITY OF THIS ORDINANCE (INCLUDING PAYING COSTS OF ISSUANCE AND INTEREST ON SUCH REFUNDING BONDS), PROVIDED THAT, THE AGGREGATE PRINCIPAL AMOUNT OF ANY SUCH ISSUE OF REFUNDING BONDS SHALL NOT EXCEED ONE HUNDRED THIRTY PERCENT (130%) OF THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS REFUNDED THEREFROM; PROVIDING FOR THE PAYMENT IN THE FIRST INSTANCE OF THE DEBT SERVICE ON THAT PORTION OF THE BONDS, BOND ANTICIPATION NOTES OR REFUNDING BONDS (THE "OBLIGATIONS") ISSUED TO FINANCE, REIMBURSE OR REFINANCE COSTS OF CERTAIN OF THE PROJECTS IDENTIFIED HEREIN FROM WATER SYSTEM REVENUES OR SEWER SYSTEM REVENUES, TO THE EXTENT AVAILABLE FOR SUCH PURPOSES; PROVIDING FOR THE LEVY AND COLLECTION OF AD VALOREM TAXES SUFFICIENT FOR, AND PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY TO, THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON EACH SERIES OF THE

Ordinance No. 2140

OBLIGATIONS AUTHORIZED HEREBY; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON EACH SERIES OF SUCH OBLIGATIONS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; PROVIDING THAT CERTAIN ACTIONS MAY BE TAKEN OR PROVIDED FOR BY RESOLUTION IN CONNECTION WITH THE REISSUANCE OF ANY OBLIGATION; PROVIDING THAT ANY OF THE OBLIGATIONS AUTHORIZED HEREBY MAY BE CONSOLIDATED WITH ANY BONDS, BOND ANTICIPATION NOTES AND/OR REFUNDING BONDS AUTHORIZED BY THE COUNCIL AND ISSUED AS A SINGLE SERIES OF BONDS, BOND ANTICIPATION NOTES AND/OR REFUNDING BONDS; AUTHORIZING AND DIRECTING OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL ACTION NECESSARY TO COMPLETE AND CLOSE THE SALE AND DELIVERY OF THE BONDS, BOND ANTICIPATION NOTES AND REFUNDING BONDS 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 BONDS, BOND ANTICIPATION NOTES AND REFUNDING BONDS PROVIDED FOR HEREBY.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland (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, the City has determined to undertake the public purpose projects identified in Section 3 of this Ordinance; and

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

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

WHEREAS, subsequent to the issuance of any bonds provided for herein, the City may desire to refund or advance refund all or a portion of such bonds through the issuance from time to

Ordinance No. 2140

time of one or more series of its general obligation refunding bonds pursuant to the authority of Section 24 of Article 31 of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Refunding Act"); and

WHEREAS, the City has determined to pledge its full faith and credit and unlimited taxing power to the prompt payment of debt service on any bonds, bond anticipation notes or refunding bonds authorized hereby; provided that, the debt service on any such obligations allocable to certain of the projects identified herein shall be payable in the first instance from the sources described in Section 9 of this Ordinance, unless otherwise provided by the Council in a resolution; and

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

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. Capitalized terms used in the Sections of this Ordinance and not defined herein shall have the meanings given to such terms in the Recitals.

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

SECTION 3. BE IT FURTHER ORDAINED that (a) to evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the City, acting pursuant to the authority of the Enabling Act and the Charter, hereby determines to issue and sell from time to time, in one or more series, upon its full faith and credit, its general obligation bonds in an aggregate principal amount not to exceed Seven Million Seven Hundred Thousand Dollars (\$7,700,000.00) (collectively, the "Bonds"). Any series of the Bonds may be issued as one or more bonds and any such bond may be issued in installment form and/or draw-down form.

(b) With respect to the projects listed below, the word "costs" as used in Section 2 hereof shall include, as applicable, land and right-of-way acquisition and development; site and utility improvements; acquisition, construction, expansion, demolition, reconstruction, replacement, renovation, rehabilitation, improvement, installation, furnishing and equipping activities and expenses; planning, design, engineering, architectural, feasibility, inspection, surveying, 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); capitalized interest (whether or not expressly so stated); and any such costs that may represent the City's share or contribution to the financing, reimbursement or refinancing of any such project. The total Bond (or BAN, as identified in Section 6 hereof) funds to be appropriated or applied to the costs of such projects (exclusive of any investment earnings that may be applied for such purposes) shall be allocated among the following

Ordinance No. 2140

public purpose projects in the maximum principal amount set forth opposite each, except as otherwise herein provided:

	<u>Project Name</u>	<u>Maximum Principal Amount</u>
1.	Riverwalk Repairs	\$ 500,000.00
2.	East Main Street Water Valve	100,000.00
3.	Isabella Street Water	435,000.00
4.	East Main Street Sewer	100,000.00
5.	Isabella Street Sewer	66,000.00
6.	Lift Station Pump Replacement	350,000.00
7.	N. Division Street Sewer	2,100,000.00
8.	Wastewater Treatment Plant Upgrade	4,000,000.00
9.	Costs of Issuance	49,000.00
	TOTAL	<u>\$7,700,000.00</u>

The projects and costs of issuance identified in items 1-9 above are collectively referred to herein as the "Projects". The City, without notice to or the consent of any registered owners of the Bonds (or the registered owners of any of the BANs, as applicable), may reallocate the maximum principal amount of the Bonds (and of any of the BANs, as applicable) to be spent among any of the Projects identified herein in compliance with applicable budgetary procedures or applicable law. Further, it is the intention of the City that proceeds of the Bonds (or of any of the BANs, as applicable) may be spent on any applicable costs (as defined above) relating to the Projects identified in items 1-9 above.

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

(d) By resolution (which, with respect to any series of the Bonds, may include the Resolution (as defined in Section 5 hereof)), the Council may determine or provide for the determination of how any unexpended proceeds of any series of the Bonds (or any series of the BANs, as applicable), and/or any investment earnings on proceeds of any such series of the Bonds or of the BANs shall be expended, which may include, without limitation, on costs of the Projects or on debt service payable on such series of the Bonds or of the BANs, as applicable, and any such application shall be deemed the payment of "costs" for purposes of this Ordinance.

SECTION 4. BE IT FURTHER ORDAINED that the proceeds of the Bonds shall be used and applied by the City exclusively and solely for the public purposes described in Section 3 of this Ordinance, unless a supplemental ordinance is enacted by the Council to provide for the use and

Ordinance No. 2140

application of such proceeds for some other proper public purpose authorized by the Enabling Act or the Charter.

SECTION 5. BE IT FURTHER ORDAINED that pursuant to the authority of this Ordinance, the Council, prior to the issuance, sale and delivery of each series of the Bonds, shall adopt a resolution or resolutions (in each such case and, collectively, the "Resolution") containing, determining or providing for the determination of, and approving or providing for the approval of, such matters, details, forms (including, without limitation, the complete forms of the Bonds of such series and the bond purchase agreement or any similar agreement with the purchaser or purchasers of such series of Bonds, if deemed necessary or desirable, or if the bonds are sold by solicitation of competitive bids at public sale, the form of notice of sale of such series of the Bonds), documents or procedures as may be required by the Enabling Act, the Charter or this Ordinance or as the Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment or prepayment of or for such series of the Bonds. The Resolution shall set forth, approve or provide for the approval of, among other things, the designation of the Bonds of such series; the date of issuance of the Bonds of such series; the aggregate principal amount of the Bonds of such series; the maturities of or principal installments payable on the 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, payable on the Bonds of such series; provisions for the payment of late fees and/or additional interest or penalties with respect to such series of the Bonds in appropriate circumstances; provisions relating to the prepayment of the Bonds of such series; any provisions allowing the registered owners of the Bonds of such series to put or cause the prepayment of such Bonds at their option; the components of the Projects on which the proceeds of the Bonds of such series shall be expended; the manner of selling such series of the Bonds, which may be by private (negotiated) sale without advertisement or solicitation of competitive bids or at public sale after publication or dissemination of notice of the sale, and all matters in connection therewith; and all other terms and conditions pursuant to which the Bonds of such series will be issued, sold and delivered, including, without limitation, any determinations to be made by resolution as required by Charter Section SC7-46.A. Among other matters, the Council, pursuant to the Resolution, may authorize, approve or otherwise provide for (i) any commitment fee or similar fee and any other costs payable in connection with any series of the Bonds, (ii) the obtaining of credit enhancement or liquidity enhancement for any series of the Bonds (and the execution and delivery of any agreements or documents relating thereto), and (iii) any other agreements necessary to enhance the marketability of or as security for any series of the Bonds, including (without limitation) any continuing disclosure undertaking required to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12. Any Resolution may determine the matters identified in this Section 5 for more than one series of the Bonds.

SECTION 6. BE IT FURTHER ORDAINED that (a) pursuant to the authority of the Bond Anticipation Note Enabling Act and the Charter, the City is hereby authorized and empowered to issue and sell, upon its full faith and credit, its general obligation bond anticipation notes in one or more series from time to time in an aggregate principal amount not to exceed Seven Million Seven Hundred Thousand Dollars (\$7,700,000.00) (collectively, the "BANs"), prior to and in anticipation of the sale of any series of the Bonds, for the public purpose of

Ordinance No. 2140

financing or reimbursing costs of the Projects on an interim basis, paying costs and expenses in connection with the issuance, sale and delivery of such series of the BANs, and, to the extent determined by the Council by resolution, paying interest on such series of the BANs. Any such series of the BANs may consist of one or more notes and any note may be issued in installment form and/or draw-down form. Prior to the issuance, sale and delivery of any series of the BANs, the Council shall adopt a resolution or resolutions pursuant to the authority of the Bond Anticipation Note Enabling Act, the Charter and this Ordinance authorizing such series of the BANs and containing, determining or providing for the determination of, and approving or providing for the approval of, such matters, details, forms, documents or procedures as may be authorized or required by applicable law, including (without limitation) the components of the Projects on which proceeds of such series of the BANs shall be expended. Unless the Council determines otherwise in a subsequent resolution or resolutions providing for any series of the BANs, such series of the BANs shall be sold by private negotiation, without advertisement or publication of notice of sale or solicitation of competitive bids. Any such sale on a negotiated basis is hereby determined to be in the public interest due to the ability to time the market, negotiate terms and thereby achieve a beneficial rate or rates and other beneficial terms by undertaking a private (negotiated) sale.

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

SECTION 7. BE IT FURTHER ORDAINED that pursuant to the authority of the Refunding Act and the Charter, the City is hereby authorized and empowered to issue and sell, upon its full faith and credit, its general obligation refunding bonds in one or more series from time to time (collectively, the "Refunding Bonds"), for the purpose of refunding or advance refunding any of the 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 Bonds to be refunded, paying costs and expenses in connection with the issuance, sale and delivery of such series of the Refunding Bonds, and, to the extent determined by the Council by resolution, paying interest on such series of the Refunding Bonds, for the public purpose of realizing savings to the City in the aggregate cost of debt service on 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 Refunding Bonds shall not exceed one hundred thirty percent (130%) of the aggregate principal amount of the Bonds refunded therefrom. Any such series of the Refunding Bonds may consist of one or more bonds and any bond may be issued in installment form and/or draw-down form. Prior to the issuance, sale and delivery of any series of the Refunding Bonds, the Council shall adopt a resolution or resolutions authorizing such series of the Refunding Bonds and containing, determining or providing for the determination of, and approving or providing for the approval of, such matters, details, forms, documents or procedures as may be authorized or required by applicable law. Unless the Council determines otherwise in a resolution providing for any series of the Refunding Bonds, pursuant to the authority of the Refunding Act, each series of the Refunding Bonds shall be sold on a negotiated basis without solicitation of bids. Any such sale

Ordinance No. 2140

on a negotiated basis is hereby determined to be in the public interest due to the ability to time the market, negotiate terms and thereby serve the public interest by achieving a beneficial rate or rates and other beneficial terms 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 determine or providing for the determination of, and approve or provide for the approval of, any further determinations deemed necessary or desirable in connection with the issuance of any series of the BANs or the Refunding Bonds authorized hereby, including, without limitation (i) any determination required or authorized by the Bond Anticipation Note Enabling Act or 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 any series of the BANs or the Refunding Bonds (A) any late fees and/or additional interest or penalties in appropriate circumstances, (B) 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 BANs or the Refunding Bonds and/or (C) 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 BANs or the 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 BANs or the Refunding Bonds) and (iii) to provide for any credit enhancement, liquidity enhancement, ratings, official statements or similar disclosure documents or continuing disclosure undertakings relating to such series of the BANs or the Refunding Bonds.

SECTION 9. BE IT FURTHER ORDAINED that (a) unless otherwise provided in a resolution of the Council, that portion of the principal of and interest on any series of the Bonds, the BANs or the Refunding Bonds, as applicable (each, a series of the "Obligations"), allocated to the costs of the Projects identified as (i) "East Main Street Water Valve" and "Isabella Street Water" in Section 3(b) of this Ordinance will be payable in the first instance from water system revenues (including moneys received for use of or connection to such system) to the extent such revenues are available for such purpose, and (ii) "East Main Street Sewer", "Isabella Street Sewer", "Lift Station Pump Replacement", "N. Division Street Sewer" and "Wastewater Treatment Plant Upgrade" in Section 3(b) of this Ordinance will be payable in the first instance from sewer system revenues (including moneys received for use of or connection to such system) to the extent such revenues are available for such purpose. Notwithstanding the foregoing sentence, for the purpose of paying the principal of and interest on 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, provided that, to the extent of any funds received or receivable as described in the first sentence of this Section 9(a) in any fiscal year, the taxes hereby required to be levied may be reduced proportionately. 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.

Ordinance No. 2140

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

(c) The foregoing provisions shall not be construed so as to prohibit the City from paying the principal of and interest on any series of the Obligations from the proceeds of the sale of any other obligations of the City or from any other funds legally available for that purpose (including, without limitation, with respect to the BANs, from the proceeds of the Bonds authorized hereby and, with respect to the Bonds, from the proceeds of the Refunding Bonds authorized hereby). Within any applicable limitations of Maryland or federal law, including (without limitation, the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder), the City may apply to the payment of the principal of or interest on any series of the Obligations any funds received by it from the State of Maryland or the United States of America, or any governmental agency or instrumentality, or from any other source, if such funds are granted or paid to the City for the purpose of assisting the City in the types of projects which the Obligations of such series are issued to finance, reimburse or refinance, 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. BE IT FURTHER ORDAINED that pursuant to a resolution or resolutions, the Council may make any appropriate arrangements (including, without limitation, by authorizing one or more appropriate officials to make any elections, designations, determinations or filings on the City's behalf) in the event any right of the registered owner of an Obligation to put or cause the prepayment of such Obligation at its option, or any change in the interest rate of an Obligation, or any other modification to an Obligation could lead to a reissuance of such Obligation for purposes of the Internal Revenue Code of 1986, as amended.

SECTION 11. BE IT FURTHER ORDAINED that pursuant to a resolution or resolutions, the Council may determine that any of the Bonds, the BANs or the Refunding Bonds authorized hereby may be consolidated with any bonds, bond anticipation notes and/or refunding bonds authorized by the Council and issued as a single series of bonds, bond anticipation notes and/or refunding bonds.

SECTION 12. BE IT FURTHER ORDAINED that the Mayor, the City Administrator, the Director of Internal Services, the City Clerk and all other appropriate officials and employees of the City are hereby authorized and directed to take any and all action necessary to complete and close

Ordinance No. 2140

the sale and delivery of the Bonds, the BANs or the Refunding Bonds and to execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith.

SECTION 13. 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 14. BE IT FURTHER ORDAINED that this Ordinance shall become effective following approval by the Mayor or subsequent passage by the Council in accordance with the provision of Section SC2-12 of the Charter. Pursuant to Charter Section SC2-16, this Ordinance shall not be subject to petition for referendum.

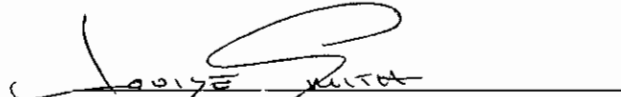
[CONTINUED ON FOLLOWING PAGE]

Ordinance No. 2140


THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the 14th day of February, 2011, 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 14th day of March, 2011.

ATTEST:


Brenda J. Colegrove
CITY CLERK


Louise Smith
PRESIDENT, City Council

Approved by me this 18th day of
March, 2011.


James Ireton, Jr.
MAYOR, City of Salisbury

Memo

To: John R. Pick, City Administrator
From: Pamela B. Oland, Director of Internal Services *PBO*
Date: January 28, 2011
Re: FY 2011 Bond Issuance

In October 2010, we reviewed with Council a list of projects that were included in the FY 11 budget for financing through the issuance of bonds. The following list was discussed at that time:

<u>Project Name</u>	<u>Project Description</u>	<u>Project Amt</u>
General Fund –		
Riverwalk Repairs	Repair the Riverwalk, our intention is to start the repairs near the Holiday Inn. We do not believe that this amount will fix the complete Riverwalk, but it would fix the most critical areas.	\$500,000
Water Fund –		
East Main Street Water Valve	This project would replace the water valves in East Main Street from Division to Route 13	\$535,000
Sewer Fund -		
East Main Street Sewer	Slip line sewer main in East Main Street from Division to Route 13. This is to be done in conjunction with the water project.	\$166,000
Lift Station Pump Replacement	Replace the pumps for the Fitzwater Street Lift station.	\$350,000
N. Division Street Sewer	Replacement of the relief sewer system in North Division Street. We intend to start at Baltimore Avenue and go to Hickory Avenue with these funds.	\$2,100,000
WWTP Upgrade	These funds would be used for overall engineering of the redesigned plant as well as engineering for interim fixes.	\$4,000,000

Total for General Obligation Debt		\$7,651,000
--------------------------------------	--	-------------

Since that time, we have completed the ordinance for a bond through MDE to fund the construction of the Milford Street Water Tower. We will be shortly sending the project out to bid. Once bids have been received and evaluated, we will complete the bonding process by setting the terms and conditions for that bond by Resolution and then closing the bond with MDE.

After the October work session, Public Works re-evaluated the projects listed for the FY 2011 General Obligation bond. As a result, we are suggesting two changes in the list of projects to be bonded. First, it was determined that engineering should be completed on the East Main Street Water and Sewer systems project prior to attempting to finance the construction phase. Thus, Public Works is requesting that the amount for the East Main Street project for both water and sewer be reduced to \$100K per fund for engineering. Second, Public Works is requesting that the funds that would have been borrowed for the construction of the East Main Street project be allocated to completion of the Isabella Street project from Delaware Avenue to Route 50. When the Isabella Street project was originally bid, the amount was significantly more than funds available.

With these changes, the requested project funds would be allocated as follows:

<u>Project Name</u>	<u>Project Description</u>	<u>Project Amt</u>
General Fund –		
Riverwalk Repairs	Repair the Riverwalk, our intention is to start the repairs near the Holiday Inn. We do not believe that this amount will fix the complete Riverwalk, but it would fix the most critical areas.	\$500,000
Water Fund –		
East Main Street Water Valve	This would be the engineering to replace the water valves in East Main Street from Division to Route 13	\$100,000
Isabella Street Water	Replace water mains in Isabella Street from Delaware Avenue to Route 50.	\$435,000
Sewer Fund -		
East Main Street Sewer	This would be engineering for the slip line sewer main in East Main Street from Division to Route 13. This is to be done in conjunction with the water project.	\$100,000
Isabella Street Sewer	Replace sewer laterals from Delaware Avenue to Route 50.	\$66,000
Lift Station Pump Replacement	Replace the pumps for the Fitzwater Street Lift station.	\$350,000

N. Division Street Sewer	Replacement of the relief sewer system in North Division Street. We intend to start at Baltimore Avenue and go to Hickory Avenue with these funds.	\$2,100,000
WWTP Upgrade	These funds would be used for overall engineering of the redesigned plant as well as engineering for interim fixes.	\$4,000,000
Total for General Obligation Debt		\$7,651,000

The change would allow the completion of the Isabella Street project, as well as ensure that the Main Street project continues to move forward, but is completed in an appropriate manner.

As with the reallocation of the 2007 bonds, to allow for the greatest flexibility in the projects, management is requesting that the language of the bonds not specify the amount for each project, but just the total amount to be issued. With this approach, if a bid comes in higher or lower, amounts could be reallocated between projects without having to create amending ordinances. We would continue to follow our procurement procedure for any project over \$100K. City Council would award the bid.

At this time we are requesting to move forward with creating the ordinances to allow the borrowing for these projects. The proposed time line would be as follows:

- February 14th – introduce ordinance
- February 28th – public hearing
- March 14th – 2nd reading of ordinance

After the March 14th meeting we would evaluate the market for going out and soliciting bids for the General Obligation Bond. If you have any questions, please let me know.