

ORDINANCE NO. 2167

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, ONE OR MORE SERIES OF GENERAL OBLIGATION BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED ONE MILLION DOLLARS (\$1,000,000.00), EACH SERIES OF BONDS TO BE ISSUED AND SOLD AND THE PROCEEDS THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING, REIMBURSING OR REFINANCING COSTS INCURRED IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION, INSTALLATION, IMPROVEMENT AND EQUIPPING OF APPROXIMATELY TWENTY-FOUR (24) WATER QUALITY INLETS AND RELATED ACTIVITIES, IMPROVEMENTS AND APPURTENANCES ALONG WAVERLY DRIVE, SOUTH BOULEVARD, HANOVER STREET AND LLOYD STREET OR OTHERWISE IN THE GENERAL AREA OF SUCH STREETS, INCLUDING, WITHOUT LIMITATION, RELATED TRAFFIC CONTROL, MILLING AND REPAVING, PAVEMENT MARKING, AND CURB, GUTTER AND SIDEWALK RESTORATION, TOGETHER WITH THE ACQUISITION OF NECESSARY PROPERTY RIGHTS AND EQUIPMENT, RELATED SITE IMPROVEMENTS AND UTILITIES, RELATED ARCHITECTURAL, PLANNING, DESIGN, ENGINEERING, SURVEYING, PERMITTING, BIDDING, DOCUMENT DEVELOPMENT, CONSTRUCTION ADMINISTRATION AND OTHER COSTS, RELATED FINANCIAL AND LEGAL EXPENSES AND COSTS OF ISSUANCE; DETERMINING THAT ANY SUCH SERIES OF BONDS BE SOLD TO THE MARYLAND WATER QUALITY FINANCING ADMINISTRATION (THE "ADMINISTRATION") BY PRIVATE SALE, WITHOUT PUBLIC BIDDING; AUTHORIZING THE APPROVAL OF ONE OR MORE LOAN AGREEMENTS WITH THE ADMINISTRATION PURSUANT TO A RESOLUTION OR RESOLUTIONS; ACKNOWLEDGING THE RIGHT OF THE ADMINISTRATION TO ACCELERATE PAYMENT ON ANY SERIES OF BONDS UPON AN EVENT OF DEFAULT UNDER THE CORRESPONDING LOAN AGREEMENT; PROVIDING FOR THE PLEDGING OF ANY MONEYS THAT THE CITY IS ENTITLED TO RECEIVE FROM THE STATE OF MARYLAND, INCLUDING THE CITY'S SHARE OF THE STATE INCOME TAX, TO SECURE ITS OBLIGATIONS UNDER ANY LOAN AGREEMENT; AUTHORIZING THE ADOPTION OF A RESOLUTION OR RESOLUTIONS TO DETERMINE AND PROVIDE FOR VARIOUS MATTERS RELATING TO THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY, PAYMENT AND PREPAYMENT OF AND FOR ANY SERIES OF BONDS CONTEMPLATED HEREBY, INCLUDING WITH RESPECT TO ANY DEBT SERVICE RESERVE ACCOUNT REQUIRED BY THE ADMINISTRATION; AUTHORIZING AND DIRECTING THE PAYMENT OF ANY FEES OR COSTS PROVIDED FOR IN THE LOAN AGREEMENTS THAT ARE NOT PAYABLE FROM BOND PROCEEDS AND PROVIDING THAT THE CITY'S OBLIGATION TO PAY SUCH AMOUNTS SHALL BE ABSOLUTE AND UNCONDITIONAL AS PROVIDED IN THE LOAN AGREEMENTS; PROVIDING THAT THE CITY SHALL USE AND APPLY PROCEEDS OF ANY SUCH SERIES OF BONDS ONLY AS PERMITTED BY THE LOAN AGREEMENTS, THE CLEAN WATER ACT (AS DEFINED HEREIN) AND THE MWQFA ACT (AS DEFINED HEREIN); AUTHORIZING THE ISSUANCE AND SALE FROM TIME TO TIME, UPON THE CITY'S FULL FAITH AND CREDIT, OF ONE OR MORE SERIES OF GENERAL OBLIGATION

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BOND ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED ONE MILLION DOLLARS (\$1,000,000.00), PRIOR TO AND IN ANTICIPATION OF ANY SERIES OF BONDS, IN ORDER TO FINANCE, REIMBURSE OR REFINANCE PROJECT COSTS ON AN INTERIM BASIS, TOGETHER WITH CAPITALIZED INTEREST AND RELATED COSTS, AND FOR THE RENEWAL OF ANY SUCH SERIES OF BOND ANTICIPATION NOTES AND RELATED ACTIONS; AUTHORIZING THE ISSUANCE AND SALE FROM TIME TO TIME, UPON THE CITY'S FULL FAITH AND CREDIT, 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 AND TO PAY RELATED COSTS, INCLUDING FUNDED INTEREST, PROVIDED THAT, THE AGGREGATE PRINCIPAL AMOUNT OF ANY SUCH ISSUE OF REFUNDING BONDS DOES NOT EXCEED ONE HUNDRED THIRTY PERCENT (130%) OF THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS REFUNDED THEREFROM; AUTHORIZING THE ADOPTION OF A RESOLUTION OR RESOLUTIONS TO MAKE ANY FURTHER DETERMINATIONS DEEMED NECESSARY OR DESIRABLE IN CONNECTION WITH THE ISSUANCE AND SALE OF ANY SUCH SERIES OF BOND ANTICIPATION NOTES OR REFUNDING BONDS; PROVIDING FOR THE LEVY OF AD VALOREM TAXES UPON ALL REAL AND PERSONAL PROPERTY WITHIN THE CITY'S CORPORATE LIMITS SUBJECT TO ASSESSMENT FOR UNLIMITED MUNICIPAL TAXATION TO PAY THE PRINCIPAL OF AND INTEREST ON ANY SUCH SERIES OF BONDS, BOND ANTICIPATION NOTES OR REFUNDING BONDS IN EACH FISCAL YEAR; PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY TO THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON ANY SUCH SERIES OF OBLIGATIONS; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON ANY SUCH SERIES OF OBLIGATIONS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR THAT PURPOSE; AUTHORIZING THE COUNCIL BY RESOLUTION TO PROVIDE FOR ANY AMENDMENTS OR MODIFICATIONS TO ANY SERIES OF BONDS AUTHORIZED HEREBY AND RELATED DOCUMENTATION POST-ISSUANCE; PROVIDING THAT ANY OF THE BOND ANTICIPATION NOTES OR REFUNDING BONDS AUTHORIZED HEREBY MAY BE CONSOLIDATED WITH ANY OTHER BOND ANTICIPATION NOTES, BONDS AND/OR REFUNDING BONDS AUTHORIZED BY THE COUNCIL, AS APPLICABLE, AND ISSUED AS A SINGLE SERIES OF OBLIGATIONS; AUTHORIZING AND DIRECTING OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL ACTION NECESSARY TO COMPLETE AND CLOSE THE ISSUANCE, SALE AND DELIVERY OF ANY SUCH SERIES OF BONDS, BOND ANTICIPATION NOTES OR REFUNDING BONDS; 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 AND FOR ANY SUCH SERIES OF BONDS, BOND ANTICIPATION NOTES OR REFUNDING BONDS.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland (the "City"), is authorized and empowered by 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

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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 augment the existing storm drain inlets along Waverly Drive, South Boulevard, Hanover Street and Lloyd Street or otherwise in the general area of such streets with an approximately additional twenty-four (24) water quality inlets designed to reduce the amount of nitrogen, phosphorus, sediment and trash entering into the Wicomico River and, in connection with such undertaking, to borrow money to finance, reimburse or refinance costs incurred in connection with the acquisition, construction, installation, improvement and equipping of such water quality inlets and related activities, improvements and appurtenances, including, without limitation, related traffic control, milling and repaving, pavement marking, and curb, gutter and sidewalk restoration, together with the acquisition of necessary property rights and equipment, related site improvements and utilities, related architectural, planning, design, engineering, surveying, permitting, bidding, document development, construction administration and other costs, related financial and legal expenses and costs of issuance, and to evidence this borrowing by the issuance and sale of one or more series of its general obligation bonds; and

WHEREAS, Title VI of the Federal Water Pollution Control Act (commonly known as the "Clean Water Act"), as amended by the Water Quality Act of 1987 ("Title VI"), authorizes the U.S. Environmental Protection Agency (the "EPA") to award grants to qualifying states to establish and capitalize state water pollution control revolving funds ("SRFs") for the purpose of providing loans and other forms of financial assistance to finance, among other things, the construction of publicly-owned wastewater treatment facilities, and the implementation of estuary conservation management plans and nonpoint source management programs; and

WHEREAS, as contemplated by Title VI, the General Assembly of Maryland at its 1988 session enacted the Maryland Water Quality Financing Administration Act, codified at Sections 9-1601 through 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland (as replaced, supplemented or amended, the "MWQFA Act"), establishing the Maryland Water Quality Financing Administration (the "Administration") and establishing an SRF designated the Maryland Water Quality Revolving Loan Fund (the "SRF Fund") to be maintained and administered by the Administration; and

WHEREAS, the MWQFA Act authorizes the Administration, among other things, to make a loan from the SRF Fund to a "local government" (as defined in the MWQFA Act) for the purpose of financing or refinancing all or a portion of the cost of a "wastewater facility" project (as defined in the MWQFA Act); and

WHEREAS, the City is a "local government" within the meaning of the MWQFA Act, and the project described in these Recitals is a "wastewater facility" project within the meaning of the MWQFA Act; and

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WHEREAS, the MWQFA Act authorizes a local government to issue one or more bonds, notes or other evidences of obligation (each, a "loan obligation" as defined in the MWQFA Act) to evidence its indebtedness under a loan agreement with respect to a loan from the Administration, to sell any such bond, note or other evidence of obligation to the Administration at private sale, without public bidding, and to establish a dedicated source of revenues for repayment of such loan; and

WHEREAS, pursuant to the authority of the MWQFA Act, the Enabling Act and the Charter, the City has determined to borrow money from the Administration for the public purpose of financing, reimbursing or refinancing costs of the project described in these Recitals or such components of such project as the Administration shall approve; and

WHEREAS, in connection with the issuance and sale of any series of the general obligation bonds contemplated hereby, and pursuant to the MWQFA Act, the City will enter into one or more loan agreements with the Administration; and

WHEREAS, the City, as authorized by the MWQFA Act, may pledge any moneys that the City is entitled to receive from the State of Maryland, including the City's share of the State income tax; to secure its obligations under any loan agreement with the Administration contemplated hereby; and

WHEREAS, in connection with the issuance of any series of the general obligation bonds contemplated hereby, the Administration may require the City to establish, fund and maintain for a period of time acceptable to the Administration a debt service reserve account in a manner that satisfies the Administration's debt service coverage requirements; and

WHEREAS, as authorized by the Charter, the final details of any such series of bonds authorized hereby shall be determined by resolution as provided herein; and

WHEREAS, prior to issuing any such series of bonds to the Administration, the City may need to obtain interim financing in order to finance project costs on a timely basis through the issuance of one or more series of its general obligation bond anticipation notes 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 the Charter; and

WHEREAS, subsequent to the issuance to the Administration of any series of bonds provided for herein, the City may desire to refund or advance refund all or a portion of such series of 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 such series of bonds, bond anticipation notes or refunding bonds contemplated hereby; and

WHEREAS, it is intended that any series of bonds, bond anticipation notes or refunding bonds issued pursuant to the authority of this Ordinance and other applicable Maryland law may be

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issued as one or more bonds or notes and any of such bonds or notes may be issued in the form of a draw-down and/or installment bond or note; and

WHEREAS, the City has determined to issue any series of 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 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 incorporated by reference herein and deemed a substantive part of this Ordinance. Capitalized terms used in the Sections of this Ordinance that are not defined therein shall have the meanings given to such terms in the Recitals.

SECTION 2. BE IT FURTHER ORDAINED that pursuant to the authority of the MWQFA Act, the Enabling Act and the Charter, the City hereby determines to borrow money and incur indebtedness for the public purpose of financing, reimbursing or refinancing costs incurred in connection with the acquisition, construction, installation, improvement and equipping of approximately twenty-four (24) water quality inlets and related activities, improvements and appurtenances along Waverly Drive, South Boulevard, Hanover Street and Lloyd Street or otherwise in the general area of such streets, including, without limitation, related traffic control, milling and repaving, pavement marking, and curb, gutter and sidewalk restoration, together with the acquisition of necessary property rights and equipment, related site improvements and utilities, related architectural, planning, design, engineering, surveying, permitting, bidding, document development, construction administration and other costs, related financial and legal expenses and costs of issuance, all to the extent permitted by the Administration (collectively, the "Project"). The total cost of the Project not otherwise payable from other sources is not expected to exceed One Million Dollars (\$1,000,000.00). In the event the City issues any BANs (as defined in Section 11 hereof), proceeds of any Bonds (as defined in Section 3 hereof) may also be applied to prepay or pay principal of, premium and/or interest on such BANs, and any such expenditure shall be considered an expenditure for Project purposes.

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 MWQFA Act, the Enabling Act and the Charter, hereby determines to issue and sell from time to time, upon its full faith and credit, one or more series of its general obligation bonds in an aggregate principal amount not to exceed One Million Dollars (\$1,000,000.00) (individually, a "Bond" and, collectively, the "Bonds"). Each Bond shall be designated "City of Salisbury Water Quality Bond" and by series or by such other designation or designations as the Administration may require and as the Council shall determine in the Resolution (as defined in Section 8 hereof). Each such series may consist of one or more bonds and any Bond may be issued in installment form and/or draw-down form.

SECTION 4. BE IT FURTHER ORDAINED that pursuant to the authority of the MWQFA Act, the Enabling Act and the Charter, the City will sell each series of the Bonds to the Administration by private sale, without public bidding, due to the benefit of negotiating terms with the Administration and the beneficial interest rate or rates offered by the Administration.

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SECTION 5. BE IT FURTHER ORDAINED that the proceeds of each series of the 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 MWQFA Act, the Enabling Act or the Charter.

SECTION 6. BE IT FURTHER ORDAINED that as required by the MWQFA Act, the City is hereby authorized to enter into one or more loan agreements with the Administration (each, a "Loan Agreement" and collectively, the "Loan Agreements") in connection with any series of the Bonds. The final or substantially final form of each Loan Agreement shall be approved by the Council pursuant to the Resolution and the execution and delivery of each Loan Agreement shall be authorized by the Council pursuant to the Resolution. The City hereby acknowledges that the provisions of each Loan Agreement may allow for, among other remedies, all payments on any series of the Bonds subject to such Loan Agreement to be declared immediately due and payable upon the occurrence of an event of default provided for in such Loan Agreement.

SECTION 7. BE IT FURTHER ORDAINED that as authorized by Section 9-1606(d) of the MWQFA Act, the City may pledge any moneys that the City is entitled to receive from the State of Maryland, including the City's share of the State income tax, to secure its obligations under any Loan Agreement. Any such pledge shall be provided for in the Resolution and evidenced and detailed in the applicable Loan Agreement.

SECTION 8. BE IT FURTHER ORDAINED that pursuant to the authority of the Enabling Act, the Charter and this Ordinance, the Council, prior to the issuance, sale and delivery of any series of the Bonds, shall adopt a resolution or resolutions (in each such case, the "Resolution") specifying, prescribing, determining, providing for the approval of or approving such matters, details, forms (including, without limitation, the complete form of the Bonds of such series), documents or procedures as may be required by the MWQFA 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 Bonds. The Resolution shall set forth, approve or provide for the approval of, among other things, the aggregate principal amount of such series of the Bonds; the principal installment or installments of, or the method of determining the principal installment or installments payable on, such series of the Bonds; 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 such series of the Bonds (and which may include a rate of zero percent (0.0%)); the components of the Project on which such series of the Bonds will be expended and provisions for the appropriation and disposal of such proceeds; provisions relating to the prepayment of such series of the Bonds; the procedures for the sale of such series of the Bonds by private sale, without public bidding; provisions relating to the principal forgiveness of such series of the Bonds, if applicable; and all other terms and conditions pursuant to which such series of the Bonds will be issued, sold and delivered. In the event the Administration requires the City to establish a debt service reserve account as a condition to the issuance of any series of the Bonds, provisions relating to the establishment, funding and maintenance of such debt service reserve account and the investment and application of moneys held in such debt service reserve account shall be determined, approved or provided for in the Resolution, and any such debt service reserve account may be identified in the applicable Loan Agreement as the dedicated source of revenues contemplated by

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the MWQFA Act. Any Resolution may specify, prescribe, determine, provide for the approval of or approve the details required by this Section 8 for more than one series of the Bonds.

SECTION 9. BE IT FURTHER ORDAINED that the City is hereby authorized and directed to pay any fees or costs provided for in any Loan Agreement which are not payable from Bond proceeds, including, without limitation, any administrative fees and any ongoing fees or costs. The obligation of the City to pay any such amounts shall be absolute and unconditional as further provided in the applicable Loan Agreement or Loan Agreements.

SECTION 10. BE IT FURTHER ORDAINED that notwithstanding anything to the contrary contained in this Ordinance, the City shall use and apply proceeds of each series of the Bonds only as permitted by the related Loan Agreement, the Clean Water Act and the MWQFA Act.

SECTION 11. BE IT FURTHER ORDAINED that (a) pursuant to the authority of the Bond Anticipation Note Enabling Act and the Charter, the City may issue and sell from time to time, upon its full faith and credit, one or more series of its general obligation bond anticipation notes in an aggregate principal amount not to exceed One Million Dollars (\$1,000,000.00) (collectively, the "BANs") prior to and in anticipation of the sale of any series of the Bonds in order to finance or reimburse costs of the Project on an interim basis, including paying capitalized interest on such series of the BANs within the limitations of the Bond Anticipation Note Enabling Act. Any such series of the BANs may consist of one or more notes and any note may be issued in installment 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 specifying, prescribing, determining, providing for the approval of or approving such matters, details, forms, documents or procedures as may be authorized or required by applicable law. Unless the Council determines otherwise in a resolution or resolutions providing for any series of the BANs, such series of the BANs shall be sold by private negotiation 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 12. 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 from time to time, upon its full faith and credit, one or more series of general obligation bonds (collectively, the "Refunding Bonds") for the purpose of refunding or advance refunding any of the Bonds issued pursuant to the authority of this Ordinance then outstanding, 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, and 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 in a resolution or resolutions, interest on such series of the

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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 such issue of the Refunding Bonds may 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 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 specifying, prescribing, determining, providing for the approval of or approving such matters, details, forms, documents or procedures as may be authorized or required by applicable law. Unless the Council determines otherwise in a resolution or resolutions 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, 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. To the extent any series of the Refunding Bonds is sold to the Administration, the Council by resolution may make provision for the documentation and security of such series of the Refunding Bonds in form, content and effect similar as to provided for in this Ordinance with respect to any series of the Bonds, including (without limitation) entry into any Loan Agreement, provisions for the potential forgiveness of any such series of the Refunding Bonds and provisions for any debt service reserve account with respect to such series of the Refunding Bonds.

SECTION 13. BE IT FURTHER ORDAINED that the Council is hereby authorized, pursuant to a resolution or resolutions, to make any further determinations or approvals or provide for any matters or actions 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 authorized by the Bond Anticipation Note Enabling Act or the Refunding Act, 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 commitment fee or similar fee and any legal costs in connection with such purchaser's or purchasers' agreement to purchase such series of the BANs or the 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 BANs or the Refunding Bonds and, in connection therewith, to approve or provide for the approval of, 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 approve or provide for any offering documents, credit enhancement, liquidity enhancement, ratings, or continuing disclosure undertakings relating to such series of the BANs or the Refunding Bonds.

SECTION 14. BE IT FURTHER ORDAINED that (a) 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 Bonds, the BANs and the Refunding Bonds authorized hereby (each, a series of the "Obligations") as and when the same are payable and to the levy and collection of the taxes hereinbelow 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

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Obligations. The City shall levy or cause to be levied, for each and every fiscal year during which each such 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 payment, when due, of the principal of and interest on such series of the Obligations payable in each such fiscal year and, in the event the proceeds from the collection of the taxes so levied may prove inadequate for such purposes in any fiscal year, additional taxes shall be levied in the subsequent fiscal year to make up any deficiency. The City hereby covenants with the registered owner of each Obligation to take any action that lawfully may be appropriate from time to time during the period that such Obligation remains outstanding and unpaid to provide the funds necessary to pay promptly the principal and interest due thereon. To the extent required by the Administration, the City may identify the General Fund in any Loan Agreement as the dedicated source of revenues contemplated by the MWQFA Act for any series of the Bonds.

(b) The provisions of the foregoing subsection (a) 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 (including, with respect to any BANs, from proceeds of any Bonds authorized hereby and, with respect to any Bonds, from proceeds of any Refunding Bonds authorized hereby) or from any other funds legally available for that purpose. Subject to any provisions of the Internal Revenue Code of 1986, as amended, and the regulations thereunder applicable to any series of the Obligations issued with the expectation that interest thereon shall be excludable from gross income of the holders thereof for federal income tax purposes, the City may apply to the payment of the principal of or interest on each 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 the funds are granted or paid to the City for the purpose of assisting the City in accomplishing the type of project or projects which such series of the Obligations are issued to finance, reimburse or refinance or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately.

SECTION 15. BE IT FURTHER ORDAINED that in addition to the refunding authority provided for in Section 12 of this Ordinance, subsequent to the sale, issuance and delivery of any series of the Bonds authorized hereby, the Council by resolution may specify, prescribe, determine, provide for the approval of or approve any amendments or modifications to any series of the Bonds and/or the Loan Agreement or Loan Agreements and any other documents, agreements or instruments executed and delivered in connection with the sale, issuance and delivery of such series of the Bonds, and/or provide for the execution and delivery of additional documents, agreements or instruments (including, without limitation, any bond or bonds to be issued and exchanged for one or more of such series of the Bonds originally issued and delivered) in connection with the sale, issuance and delivery of such series of the Bonds, whether or not such amendments or modifications constitute a refunding or reissuance for purposes of federal and/or Maryland law.

SECTION 16. BE IT FURTHER ORDAINED that pursuant to a resolution or resolutions, the Council may determine that any series of the BANs or the Refunding Bonds authorized hereby may be consolidated with any bond anticipation notes, bonds and/or refunding bonds authorized by

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one or more other ordinances or resolutions of the Council, as applicable, and issued as a single series of obligations.

SECTION 17. BE IT FURTHER ORDAINED that the Mayor, the City Administrator, the Director of Internal Services, the City Clerk and all other appropriate officials and employees of the City are hereby authorized and directed to take any and all action necessary to complete and close the sale, issuance and delivery of any series of the Bonds, the BANs or the Refunding Bonds authorized hereby and/or to consummate and carry out the transactions contemplated by any amendments or modifications authorized by Section 15 of this Ordinance and to execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith.

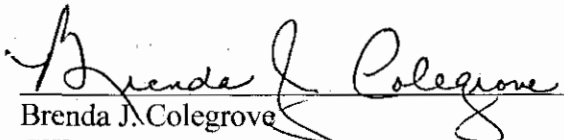
SECTION 18. BE IT FURTHER ORDAINED that the title of this Ordinance shall be deemed to be, and is, a statement of the substance of this Ordinance for publication and all other purposes.

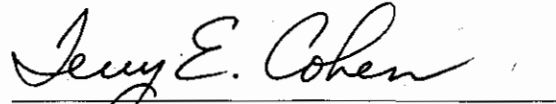
SECTION 19. BE IT FURTHER ORDAINED that this Ordinance shall become effective following approval by the Mayor or subsequent passage by the Council in accordance with the provisions of Section SC2-12 of the Charter. Pursuant to Charter Section SC2-16, this Ordinance shall not be subject to petition to 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 8th day of August, 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 22nd day of August, 2011.

ATTEST:


Brenda J. Colegrove
CITY CLERK


Terry E. Cohen
PRESIDENT, City Council

Approved by me this 23rd day of
August, 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: August 1, 2011
Re: Loan Ordinance with Maryland Water Quality State Revolving Loan Fund

At the June 20, 2011 work session, City Council discussed the City entering into loan and loan forgiveness agreements with the Maryland Department of the Environment through the MD Water Quality State Revolving Loan Fund to provide the design and construction of water quality storm drain inlets. These inlets will help reduce the amount of nitrogen, phosphorus, sediment and trash entering the Wicomico River. At the July 11, 2011 Council meeting, City Council approved Resolution No. 2070 which accepted the concept of these loans.

Attached please find an ordinance that allows the City to borrow the funds from MDE under this program. If the ordinance is passed the City will contract with an engineer to design the project. Once under construction, MDE will reimburse the City for the engineering costs through the loan program.

If you have any questions, please let me know.