

Ordinance No. 2300

AN ORDINANCE OF THE COUNCIL (THE "COUNCIL") OF THE CITY OF SALISBURY TO AUTHORIZE AND EMPOWER CITY OF SALISBURY 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 TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$2,800,000.00) (THE "ORIGINAL REFUNDING BONDS"), THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF (I) REFUNDING OR ADVANCE REFUNDING IN WHOLE OR IN PART ALL OR ANY PORTION OF THE CITY'S OUTSTANDING CITY OF SALISBURY INFRASTRUCTURE BONDS, 2004 SERIES A, INCLUDING PAYING PRINCIPAL, REDEMPTION OR PREPAYMENT PREMIUMS AND/OR ACCRUED AND UNPAID INTEREST THEREON, (II) PAYING COSTS OF ISSUANCE OF THE ORIGINAL REFUNDING BONDS, AND/OR (III) TO THE EXTENT DETERMINED BY THE COUNCIL, PAYING INTEREST ON THE ORIGINAL REFUNDING BONDS; AUTHORIZING THE CITY TO ISSUE AND SELL FROM TIME TO TIME, UPON ITS FULL FAITH AND CREDIT, GENERAL OBLIGATION BONDS IN ONE OR MORE SERIES (THE "SUBSEQUENT REFUNDING BONDS") IN ORDER TO REFUND OR ADVANCE ANY OF THE ORIGINAL REFUNDING BONDS ISSUED PURSUANT TO THE AUTHORITY OF THIS ORDINANCE, INCLUDING PAYING PRINCIPAL, REDEMPTION OR PREPAYMENT PREMIUMS AND/OR ACCRUED AND UNPAID INTEREST ON SUCH REFUNDED ORIGINAL REFUNDING BONDS, COSTS OF ISSUANCE OF SUCH SUBSEQUENT REFUNDING BONDS AND/OR 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 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, REDEMPTION OR PREPAYMENT OF AND FOR EACH SERIES OF THE ORIGINAL REFUNDING BONDS AND THE SUBSEQUENT REFUNDING BONDS (THE "OBLIGATIONS"); 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 EACH SERIES OF 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 CERTAIN ACTIONS MAY BE TAKEN OR PROVIDED FOR BY RESOLUTION IN CONNECTION WITH THE REISSUANCE OF ANY OF THE OBLIGATIONS; PROVIDING THAT ANY OF THE OBLIGATIONS AUTHORIZED HEREBY MAY BE CONSOLIDATED WITH ANY BONDS AND/OR REFUNDING BONDS AUTHORIZED BY THE COUNCIL AND ISSUED AS A SINGLE SERIES OF BONDS AND/OR REFUNDING BONDS; AUTHORIZING AND

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DIRECTING OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL ACTION NECESSARY TO COMPLETE AND CLOSE THE SALE AND DELIVERY OF THE OBLIGATIONS; PROVIDING THAT THIS TITLE SHALL BE DEEMED A STATEMENT OF THE SUBSTANCE OF THIS ORDINANCE FOR ALL PURPOSES; AND OTHERWISE GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF THE OBLIGATIONS AUTHORIZED HEREBY.

RECITALS

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

WHEREAS, pursuant to Section 19-207 of the Local Government Article of the Annotated Code of Maryland (previously codified as Section 24 of Article 31 of the Annotated Code of Maryland), as replaced, supplemented or amended (the "Refunding Act"), the City is further authorized to issue bonds for the purpose of refunding any of its bonds then outstanding for the public purpose of realizing debt service savings or debt restructuring; and

WHEREAS, pursuant to the Refunding Act, the procedures for the issuance of refunding bonds shall be the same as those applicable to the bonds being refunded, except that refunding bonds may be sold at a private sale, without soliciting bids, if the City determines in a public meeting that such procedure is in the public interest; and

WHEREAS, on April 20, 2004, the City issued and delivered its City of Salisbury Infrastructure Bonds, 2004 Series A in the form of a single installment bond in the principal amount of \$5,318,000 (the "2004 Bonds") pursuant to the authority of the Enabling Act, the Charter, Subtitle 2 of Title 2 of Article 83B of the Annotated Code of Maryland, as amended (now codified at Subtitle 2 of Title 4 of the Housing and Community Development Article of the Annotated Code of Maryland, and as amended, the "CDA Act"), and Ordinance No. 1898, passed by the Council of the City (the "Council") on February 9, 2004, approved by the Mayor of the City (the "Mayor") on February 17, 2004 and effective on February 17, 2004 ("Ordinance No. 1898"), which specified that the proceeds of the 2004 Bonds would be applied for the public purpose of constructing a new fire station and administrative building, constructing Isabella Street shoreline protection and purchasing a fire ladder aerial truck (collectively, the "Project"), and paying issuance costs, bond insurance premiums and other related costs; and

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WHEREAS, as originally issued and delivered, principal of the 2004 Bonds is payable on May 1 in the years 2005 through 2024, inclusive, the 2004 Bonds bear interest at rates per annum ranging from 2.000% to 4.625%, and interest on the 2004 Bonds is payable each May 1 and November 1, commencing November 1, 2004, until maturity or prior prepayment; and

WHEREAS, the 2004 Bonds were sold to the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland (the "Administration"), in connection with the Local Government Infrastructure Financing Program of the Administration (the "Program"), in order to evidence a loan from the Administration to the City to finance costs of the Project and other costs identified in Ordinance No. 1898; and

WHEREAS, the loan made by the Administration to the City with respect to the 2004 Bonds was made from the proceeds of certain revenue bonds issued by the Administration to fund such loan to the City and loans to other local government borrowers (the "CDA Bonds"); and

WHEREAS, in connection with the 2004 Bonds, the City entered into both a Repayment Agreement and a Pledge Agreement with CDA (each, as amended or modified to date, a "Repayment Agreement" or a "Pledge Agreement"); and

WHEREAS, the 2004 Bonds are subject to prepayment at the option of the City prior to maturity (following prior written notice and subject to certain other considerations specified in the related Repayment Agreement) in whole or in part, at any time on or after June 1, 2014, in an amount equal to the principal amount of the 2004 Bonds to be prepaid, together with unpaid interest accrued thereon to the date fixed for redemption of the corresponding CDA Bonds to be redeemed from such prepayment; and

WHEREAS, the financial advisor working with the City has advised that under current market conditions the City may achieve favorable interest rate savings by refunding or advance refunding in whole or in part the outstanding 2004 Bonds; and

WHEREAS, with the expectation that market conditions will continue to remain favorable, 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 (i) refund or advance refund all or a portion of the then-outstanding and unpaid principal amounts of the 2004 Bonds and, in connection therewith, to pay all or any portion of any applicable redemption or prepayment premium and/or to pay all or any portion of interest accrued or to accrue to the dates of maturity, redemption or prepayment of such refunded 2004 Bonds, for the public purpose of (X) realizing savings in the total cost of debt service on a direct comparison or present value basis, or (Y) debt restructuring that reduces the total cost of debt service or is determined by the Council to be in the best interests of the City, to be consistent with the City's long-term financial plan, and to realize a financial objective of the City, 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,

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and/or (iii) to the extent determined by the Council by a resolution or resolutions, to pay interest on such refunding bonds; and

WHEREAS, subsequent to the issuance of any original refunding bonds authorized hereby to refund the 2004 Bonds, 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 refunding bonds pursuant to the authority of the Enabling Act and the Refunding Act; and

WHEREAS, the City pledged its full faith and credit and unlimited taxing power to the prompt payment of each of the 2004 Bonds, and the City has determined to pledge its full faith and credit and unlimited taxing power to the prompt payment of debt service on the original refunding bonds and the subsequent refunding bonds authorized hereby; and

WHEREAS, it is the present expectation of the Council, that, as authorized by the Refunding Act, each series of the original refunding bonds and the subsequent refunding bonds authorized hereby shall be sold at a private sale without soliciting bids due to the ability to time the market, negotiate terms and the lower costs of issuance typically incurred with a negotiated sale as opposed to public sale by competitive bid, but the Council, based on then-current market conditions and the advice of any professionals engaged by the City, and as authorized by the Enabling Act and the Refunding Act, may determine by resolution to sell any such series of original refunding bonds or subsequent refunding bonds by public sale at competitive bid; 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:

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

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

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under the Charter, the City Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

SECTION 2. BE IT FURTHER ORDAINED that pursuant to the authority of the Enabling Act, the Refunding Act, the Charter and any other applicable law, the City hereby determines to borrow money and incur indebtedness for the public purpose of (i) refunding or advance refunding all or a portion of the then-outstanding and unpaid principal amount of the 2004 Bonds and, in connection therewith, paying all or a portion of any applicable redemption or prepayment premiums and/or interest accrued or to accrue to the dates of maturity, redemption or prepayment of such refunded 2004 Bonds, in order to realize an objective authorized by the Refunding Act, as determined in the Resolution (as defined in Section 5 hereof), (ii) paying or reimbursing 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/or (iii) to the extent determined by the Council pursuant to the Resolution, paying interest on such refunding bonds (collectively, the "Original Refunding Project"). The total cost of the portion of the Original Refunding Project to be paid from proceeds of the bonds authorized by this Section 2 will not exceed Two Million Eight Hundred Thousand Dollars (\$2,800,000.00).

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 Enabling Act, the Refunding Act, the Charter and any other applicable law, 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 Two Million Eight Hundred Thousand Dollars (\$2,800,000.00) (the "Original Refunding Bonds"). Any series of the Original Refunding Bonds may consist of one or more bonds and any such bond may be issued in installment form.

SECTION 4. 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 Enabling Act, the Refunding Act, the Charter and/or other applicable law.

SECTION 5. 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 Enabling Act, the Refunding Act, the Charter,

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other applicable law 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, provide for, or approve or provide for the approval of, among other matters, as applicable, the designation of such series of the Original Refunding Bonds; the date of issue of such series of the Original Refunding Bonds; the aggregate principal amount of such series of the Original Refunding Bonds; the denominations of such series of the Original Refunding Bonds; the maturity or maturities of such series of the Original Refunding Bonds; the principal installment or installments payable on such series of the Original Refunding Bonds; the rate or rates of interest, or the method of determining the rate or rates of interest, payable on such series of the Original Refunding Bonds, which may be fixed or variable; provisions for the payment of late fees and/or additional interest or penalties payable on the Original Refunding Bonds of such series or adjustments to interest rates in appropriate circumstances; the purchase price for such series of the Original Refunding Bonds or the method of determining the purchase price; provisions relating to the prepayment or redemption of such series of the Original Refunding Bonds at the City's option or by mandatory sinking fund payments; provisions allowing the registered owners of such series of the Original Refunding Bonds to put or cause the prepayment or redemption of the same at their option; the manner of selling such series of the Original Refunding Bonds, which may be at a private sale without soliciting bids or at public sale after publication or dissemination of the notice of sale, and all matters in connection therewith; provisions for the appropriation, disposal and investment of proceeds of such series of the Original Refunding Bonds; provisions for the application of unexpended proceeds, any premium paid upon sale or investment earnings on proceeds of such series of the Original Refunding Bonds, which may include, without limitation, to the extent permitted by applicable law, debt service payable on such series of the Bonds; any amendments, modifications or supplements to, or replacements for, any documents, certificates or instruments delivered by the City in connection with the 2004 Bonds, including, without limitation, the related Repayment Agreement and/or Pledge Agreement, and any additional documents, certificates and instruments deemed necessary or desirable in connection with such refunding of the 2004 Bonds; the portions of the 2004 Bonds to be refunded from such series of the Original Refunding Bonds; the selection of any bond registrar, paying agent, escrow agent, verification consultant, investment bidding agent or other appropriate parties in connection with such series of the Original Refunding Bonds; any agreements, documents or other instruments necessary or desirable in connection with the refunding; the purposes of the Refunding Act to be served by effecting a refunding or advance refunding of all or a portion of the outstanding 2004 Bonds; certifications, representations, determinations, designations or elections relating to the tax-exempt or taxable status of interest payable on such series of the Original Refunding Bonds; and all other terms and conditions pursuant to which such series of the Original Refunding Bonds will be issued, sold and delivered, including, without limitation, any other determinations to be made by resolution as required by Charter Section SC7-46.A. Among other matters, the Council, pursuant to the Resolution, may authorize, approve or otherwise provide for (i) any commitment fee or similar fee and any other costs payable in connection with any series of the Original Refunding Bonds, (ii) the obtaining of credit enhancement or liquidity enhancement for any 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

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of or as security for any series of the Original Refunding Bonds, including (without limitation) any official statement or other offering document and 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 Original Refunding Bonds.

SECTION 6. BE IT FURTHER ORDAINED that pursuant to the authority of the Enabling Act, the Refunding Act, the Charter and any other applicable law, the City is hereby authorized and empowered to issue and sell from time to time, in one or more series, upon its full faith and credit, its general obligation refunding bonds (collectively, the "Subsequent Refunding Bonds"), for the public purpose of (i) refunding or advance refunding all or a portion of the then-outstanding and unpaid principal amounts of one or more series of the Original Refunding Bonds and, in connection therewith, paying all or a portion of any applicable redemption or prepayment premiums and/or interest accrued or to accrue to the dates of maturity, redemption or prepayment of such refunded Original Refunding Bonds, in order to realize an objective authorized by the Refunding Act, as determined by the Council by resolution, (ii) paying or reimbursing all or a portion of related costs of issuance of such Subsequent Refunding Bonds, including, without limitation, legal and financial costs and costs of any credit enhancement, and/or (iii) to the extent determined by the Council by resolution, paying interest on such Subsequent Refunding Bonds; 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, determining, providing for or approving with respect to such series of the Subsequent Refunding Bonds the types of matters, details, forms, documents or procedures and determinations specified to be made in Section 5 hereof by the Resolution with respect to each series of the Original Refunding Bonds, to the extent applicable to such series of the Subsequent Refunding Bonds, and as otherwise may be authorized or required by applicable law.

SECTION 7. 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.

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(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 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). Within any applicable limitations of Maryland or federal law (including, without limitation, the Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder, 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, paid or available 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. Pursuant to the authority of Section SC7-46.A. of the Charter, by resolution the Council may provide that all or a portion of the debt service on the allocable portion of any series of the Obligations shall be payable in the first instance from specified revenues or other moneys identified in such resolution, to the extent available for such purposes.

SECTION 8. BE IT FURTHER ORDAINED that by resolution, the Council may make any appropriate arrangements (including, without limitation, by authorizing one or more appropriate officials to make any elections, designations, determinations or filings on the City's behalf) in the event any right of the registered owner of an Obligation to put or cause the prepayment or redemption of such Obligation at its option, or any change in the interest rate of an Obligation, or any other modification to an Obligation could lead to a reissuance of such Obligation for purposes of the Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder.

SECTION 9. BE IT FURTHER ORDAINED that by resolution, the Council may determine that any series 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.

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SECTION 10. BE IT FURTHER ORDAINED that the Mayor, the City Administrator, the Director of Internal Services, the City Clerk and all other appropriate officials and employees of the City are hereby authorized and directed to take any and all action necessary to complete and close the sale and delivery of the Original Refunding Bonds or the Subsequent Refunding Bonds and to approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith.

SECTION 11. 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 12. 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 Section SC2-16 of the Charter, this Ordinance shall not be subject to petition to referendum.

THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the 11 day of August, 2014, 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] _____ [as amended] [CHECK APPLICABLE LINE] on the 25 day of August, 2014.

ATTEST:

Kimberly R. Nichols
Kimberly R. Nichols, City Clerk

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

APPROVED BY ME THIS 28th DAY OF August, 2014:

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

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City of Salisbury



MARYLAND

Salisbury



2010

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KEITH A. CORDREY
DIRECTOR OF INTERNAL SERVICES

JAMES IRETON, JR.
MAYOR

TOM STEVENSON
CITY ADMINISTRATOR

TERENCE ARRINGTON
ASSISTANT CITY ADMINISTRATOR

To: Tom Stevenson, City Administrator

CC: Terence Arrington, Assistant City Administrator

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

Date: August 1, 2014

Re: FY 2015 Bond Ordinance

The FY 2015 budget ordinance included the issuance of \$4,009,048 in bonds to fund the facility renovation for fire station #2. Included herein please find a bond ordinance, prepared by the City's bond counsel Lindsey Rader, Esquire, to further authorize the issuance. The bond ordinance authorizes up to \$4,200,000 in bond issuance to allow for the possibility proposals when received exceed current project/costs of issuance estimates and appropriation.

Also please find attached an ordinance authorizing the issuance of not to exceed \$2.8 million to refund the 2004A bond issued to CDA.

The City has authorized Davenport & Co., the City's financial advisor, to issue an RFP for the private placement of bonds in order to finance the fire station #2 project, refund the 2004A bond, refund the 2007 bond, and refund the 2009 bond. Neither ordinance prepared addresses the 2007 bond or the 2009 bond because the original ordinances prepared for those bonds already include refunding authority that specify refunding bonds may be issued and that details of any such refunding bonds shall be determined by resolution. The ordinance for the 2007 bond provides that refunding bonds can be issued in an aggregate principal amount not to exceed \$5.1 million to refund the 2007 bond. The ordinance for the 2009 bond provides that refunding bonds can be issued in an aggregate principal amount not to exceed 130% of the 2009 bond being refunded. None of that existing refunding authority has been utilized. Therefore, we do not need new ordinances at this time to refund the 2007 bond or the 2009 bond.

The city engaged Davenport to provide consulting service connected with the issuance. They have estimated the refunding of the 2004A bond, the 2007 bond and the 2009 bond could result in approximately \$559k of savings over the life of the scheduled debt service. See the attached schedule titled "Potential Series 2014 Public Sale - Refunding and New Money" for additional details.

Passage of the ordinances and issuance of the RFP does not obligate the City to issue bonds for any of the purposes described herein. The RFP reserves to the City the right to determine to reduce the amount of 2014 bonds to be issued for refunding purposes for any reason or to reject proposals received for purchase of any of the 2014 bonds. Details of any 2014 bonds to be issued will be determined or provided for by resolution.

We have scheduled the first reading for the August 11 meeting.

City of Salisbury, MD
 Potential Series 2014 Public Sale
 Refunding and New Money
 July 7, 2014



Public Sale - Refunding Portion						
Series/Description	Existing Coupon(s)	Estimated All-In TIC	Estimated NPV Savings %	Par Refunded	Call Provision	Existing Final Maturity
Series 2004A CDA Bonds	4.000% - 4.625%	2.45%	9.95%	\$2,690,000	Anytime @ 100%	5/1/2024
Series 2007 Bonds	4.03%	2.73%	6.00%	\$2,970,000	4/1/2015 @ 100%	4/1/2027
Series 2009 Bonds	3.78%	2.53%	5.72%	\$1,906,667	Anytime @ 100%	11/1/2024
Total			7.23%	\$7,566,667		

Public Sale - New Money Portion						
Series/Description	Project Fund	Estimated All-In TIC	Total Estimated Debt Service	Max. Annual Debt Service	First Principal Payment	Final Maturity
Series 2014 New Money Portion	\$4,009,000	2.98%	\$4,976,656	\$337,600	4/1/2015	4/1/2034
Total	\$4,009,000					

(1) Public Sale - Refunding Portion assumes market conditions (MMD and SI.GS) as of 7/13/2014, closing on 9/15/2014. \$110,000 fixed costs of issuance and \$5/bond underwriter's discount (allocated proportionally between the Refunding and New Money portions).

(2) Direct Bank Loan - New Money Portion assumes market conditions (MMD) as of 7/13/2014, closing on 9/16/2014. \$110,000 fixed costs of issuance and \$5/bond underwriter's discount (allocated proportionally between the Refunding and New Money portions) and a level annual debt service structure.

Estimated Debt Service Results					
Fiscal Year	Prior Debt Service	Refunding Debt Service	Savings	New Money Debt Service	Net Debt Service
2015	\$705,434	\$303,493	\$396,941	\$267,600	(\$129,341)
2016	944,662	858,619	86,044	335,800	249,756
2017	924,353	916,119	8,234	336,500	328,256
2018	912,788	902,219	10,569	337,100	326,531
2019	893,972	888,319	5,653	337,600	331,947
2020	881,927	872,469	9,458	335,700	326,242
2021	860,807	854,469	6,339	336,300	329,961
2022	843,137	836,069	7,068	336,500	329,432
2023	829,076	822,269	6,808	336,300	329,492
2024	812,471	802,869	9,602	335,700	326,098
2025	454,032	448,069	5,963	334,700	328,737
2026	267,449	265,469	1,980	336,150	334,170
2027	257,474	252,656	4,818	336,931	332,113
2028				337,400	337,400
2029				336,375	336,375
Total	\$59,587,582	\$59,028,106	\$559,476	\$4,976,656	\$4,412,181

(3) Estimated Debt Service Results are preliminary and subject to change. Estimated debt service results include all estimated costs of issuance (\$110,000 fixed costs of issuance and \$5/bond underwriter's discount). Please see footnotes 2 and 3 for additional assumptions.

City of Salisbury, MD
 Potential Series 2014 Direct Bank Loan
 Refunding and New Money
 July 7, 2014



Direct Bank Loan - Refunding Portion						
Series/Description	Existing Coupon(s)	Estimated All-In TIC	Estimated NPV Savings %	Par Refunded	Call Provision	Existing Final Maturity
Series 2004A CDA Bonds	4.000% - 4.625%	2.85%	7.82%	\$2,690,000	Anytime @ 100%	5/1/2024
Series 2007 Bonds	4.03%	2.83%	5.28%	\$2,970,000	4/1/2015 @ 100%	4/1/2024
Series 2009 Bonds	3.78%	2.85%	4.17%	\$1,906,667	Anytime @ 100%	11/1/2024
Total			5.90%	\$7,566,667		

Direct Bank Loan - New Money Portion						
Series/Description	Project Fund	Estimated All-In TIC	Total Estimated Debt Service	Max. Annual Debt Service	First Principal Payment	Final Maturity
Series 2014 New Money Portion	\$4,009,000	3.07%	\$5,011,988	\$341,400	4/1/2015	4/1/2034
Total	\$4,009,000					

(1) Direct Bank Loan - Refunding Portion assumes a 2.75% interest rate for a 13 year term, closing on 9/16/2014, \$60,000 total costs of issuance (allocated proportionally between the Refunding and New Money portions) and a SLGS escrow as of 7/3/2014.

(2) Direct Bank Loan - New Money Portion assumes a 3.0% interest rate for a 15 year term, closing on 9/16/2014, \$60,000 total costs of issuance (allocated proportionally between the Refunding and New Money portions) and a level annual debt service structure. A direct bank loan with a 15 year term may be subject to a rate reset prior to final maturity.

Estimated Debt Service Results					
Fiscal Year	Prior Debt Service	Refunding Debt Service	Savings	New Money Debt Service	Net Debt Service
2015	\$705,434	\$396,560	\$308,874	\$265,488	(\$43,387)
2016	944,662	872,488	72,175	339,900	267,725
2017	924,353	919,200	5,153	338,150	332,997
2018	912,788	904,125	8,663	341,250	332,587
2019	893,972	883,913	10,059	339,050	328,991
2020	881,927	878,700	3,227	336,700	333,473
2021	860,807	853,075	7,732	339,200	331,468
2022	843,137	837,588	5,550	341,400	335,850
2023	829,076	821,963	7,114	338,300	331,186
2024	812,471	801,200	11,271	340,050	328,779
2025	454,032	450,438	3,595	336,500	332,905
2026	267,449	263,750	3,699	337,800	334,102
2027	257,474	256,875	599	338,800	338,201
2028				339,500	339,500
2029				339,900	339,900
Total	\$59,587,532	\$59,139,872	\$447,709	\$5,011,988	\$54,564,278

(3) Estimated Debt Service Results are preliminary and subject to change. Estimated debt service results include all estimated costs of issuance (\$60,000). Please see footnotes 2 and 3 for additional assumptions.

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