

Resolution No. 2448

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY AUTHORIZING THE ISSUANCE AND SALE BY CITY OF SALISBURY (THE "CITY") OF ITS GENERAL OBLIGATION BONDS AS DESCRIBED HEREIN, PURSUANT TO THE AUTHORITY OF, AS APPLICABLE, SECTIONS 19-301 TO 19-309 OF THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, SECTION 19-207 OF THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, SECTIONS SC7-45 AND SC7-46 OF THE CHARTER OF THE CITY OF SALISBURY, AND ORDINANCE NO. 2299 OR ORDINANCE NO. 2300, EACH PASSED BY THE COUNCIL OF THE CITY (THE "COUNCIL") ON AUGUST 25, 2014, APPROVED BY THE MAYOR OF THE CITY (THE "MAYOR") ON AUGUST 28, 2014 AND EFFECTIVE ON AUGUST 28, 2014, THE BONDS TO BE DESIGNATED "CITY OF SALISBURY PUBLIC IMPROVEMENTS BOND, SERIES 2014A" AND "CITY OF SALISBURY PUBLIC IMPROVEMENTS REFUNDING BOND, SERIES 2014B" (COLLECTIVELY, THE "2014 BONDS") AND THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF (I) FINANCING, REIMBURSING OR REFINANCING COSTS OF A PROJECT IDENTIFIED IN ORDINANCE NO. 2299 AS FACILITY RENOVATION – FIRE STATION #2 AND (II) PROVIDING THE FUNDS NEEDED TO CURRENTLY REFUND CERTAIN OUTSTANDING BONDS OF THE CITY IDENTIFIED HEREIN AS THE 2004 BONDS; PRESCRIBING THE FORMS AND TENOR OF THE 2014 BONDS AND THE TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE THEREOF ON A NEGOTIATED BASIS WITHOUT SOLICITATION OF BIDS TO STI INSTITUTIONAL AND GOVERNMENT, INC.; PRESCRIBING THE TERMS AND CONDITIONS OF THE 2014 BONDS AND OTHER DETAILS INCIDENT TO THE ISSUANCE, SALE AND DELIVERY OF THE 2014 BONDS AND AUTHORIZING THE MAYOR, ON BEHALF OF THE CITY, TO DETERMINE THE FINAL PRINCIPAL AMOUNTS OF THE 2014 BONDS AND TO APPROVE THE AMORTIZATION SCHEDULES THEREFOR WITHIN THE LIMITATIONS SET FORTH IN THIS RESOLUTION; PROVIDING FOR THE DISBURSEMENT AND INVESTMENT OF THE PROCEEDS OF THE 2014 BONDS; 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 THE 2014 BONDS; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON THE 2014 BONDS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; MAKING OR PROVIDING FOR CERTAIN REPRESENTATIONS, COVENANTS, DETERMINATIONS, DESIGNATIONS OR ELECTIONS RELATING TO THE TAX-EXEMPT STATUS OF THE 2014 BONDS; AUTHORIZING CERTAIN OFFICIALS TO MAKE CERTAIN DETERMINATIONS AND TAKE CERTAIN ACTIONS IN CONNECTION WITH THE REDEMPTION OR PREPAYMENT OF THE REFUNDED 2004 BONDS; MAKING CERTAIN ACKNOWLEDGMENTS AND AGREEMENTS REQUIRED BY THE PURCHASER PURSUANT TO FEDERAL SECURITIES LAWS; AND GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE 2014 BONDS.

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RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland (the "City"), is authorized and empowered by Sections 19-301 through 19-309 of the Local Government Article of the Annotated Code of Maryland (previously codified as Sections 31 through 37 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 the authority of the Enabling Act, Sections SC7-45 and SC7-46 of the Charter and Ordinance No. 2299, passed by the Council of the City (the "Council") on August 25, 2014, approved by the Mayor of the City (the "Mayor") on August 28, 2014 and effective on August 28, 2014 (the "2014 New Money Ordinance"), the City authorized the issuance and sale from time to time, in one or more series, of its general obligation bonds in an aggregate principal amount not to exceed Four Million Two Hundred Thousand Dollars (\$4,200,000.00) for the public purpose of financing or reimbursing costs (as defined in Section 3(b) of the 2014 New Money Ordinance, which include costs of issuance) of a project identified as "Facility Renovation – Fire Station #2" (the "New Money Project"); 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 authority of 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 (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 on February 9, 2004, approved by 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, and paying issuance costs, bond insurance premiums and other related costs (the "2004 Projects"); and

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

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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, in order to evidence a loan from the Administration to the City to finance costs of the 2004 Projects 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 certain other costs pursuant to the Repayment Agreement; and

WHEREAS, pursuant to Ordinance No. 2300, passed by the Council on August 25, 2014, approved by the Mayor on August 28, 2014 and effective on August 28, 2014 (the "2014 Refunding Ordinance"), the City authorized the issuance and sale from time to time, upon its full faith and credit, of one or more series of general obligation refunding bonds in an aggregate principal amount not to exceed Two Million Eight Hundred Thousand Dollars (\$2,800,000.00) 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, (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 by resolution, paying interest on such refunding bonds (collectively, the "Refunding Project"); and

WHEREAS, each of the 2014 New Money Ordinance and the 2014 Refunding Ordinance, recites the City's expectation that any series of general obligation bonds or refunding bonds issued under authority of such Ordinance shall be sold by private sale without soliciting bids, unless the Council determines by resolution that it would be more advantageous to sell any series of the Authorized Bonds by solicitation of competitive bids at public sale; and

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WHEREAS, based on the conclusion that current market conditions warranted a sale on a negotiated basis without solicitation of bids of two separate series of bonds, each in the form of a single general obligation installment bond, under the respective authority of the 2014 New Money Ordinance and the 2014 Refunding Ordinance and certain other existing refunding bond authorizations, due to the ability to time the market, negotiate terms and thereby achieve a beneficial interest rate or rates, Davenport & Company LLC, the financial advisor to the City, with the participation of the City Administrator of the City (the "City Administrator"), the Director of Internal Services of the City (the "Director of Internal Services") and bond counsel to the City, provided for the distribution to banking institutions and other institutional investors in the general vicinity of the City and in the Baltimore-Washington, D.C. regional area of a solicitation for indications of interest dated July 31, 2014 for the purchase of such bonds in the maximum aggregate principal amounts of up to \$7,600,000.00 for the Series 2014A Bond identified therein and up \$4,900,000 for the Series 2014B Bond identified therein, in order to determine the potential purchasers likely to offer the most beneficial interest rates and satisfactory terms and, thereby, to obtain for the City, as nearly as possible, the best possible results for the sale of such bonds without conducting a public sale by the solicitation of competitive bids; and

WHEREAS, potential respondents were asked to submit proposals providing for (i) one bond maturing on April 1, 2029 in order to provide for (A) the financing or reimbursement of costs of the New Money Project and (B) the advance refunding of all or a portion of an outstanding bond identified in the solicitation as the 2007 Bond, and (ii) one bond maturing on April 1, 2025 in order to provide for the current refunding in whole or in part of the 2004 Bonds and an outstanding bond identified in the solicitation as the 2009 Bond; and

WHEREAS, three proposals were received in response to the solicitation for indications of interest; and

WHEREAS, subsequent to release of the solicitation, it was determined not to pursue a refunding of the 2007 Bond or the 2009 Bond at this time; and

WHEREAS, following negotiations with the three financial institutions that submitted proposals in response to the solicitation, two of the financial institutions submitted revised proposals in response to the City's determination to pursue only the financing of the New Money Project and the refunding of the 2004 Bonds at this time; and

WHEREAS, Davenport & Company LLC, financial advisor to the City, recommends that STI Institutional & Government, Inc., an affiliate of SunTrust Bank, be selected as the purchaser of both bonds because it was the only bank that offered to finance the New Money Project, it offered attractive interest rates per annum (subject to increase as described herein), advantageous prepayment terms and other satisfactory terms; and

WHEREAS, the Council has determined that it is in the best interests of the City and its citizens to issue and sell two separate series of bonds, pursuant to the authority of the Enabling Act, the Refunding Act, Sections SC7-45 and SC7-46 of the Charter, the 2014 New Money Ordinance

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and the 2014 Refunding Ordinance, as applicable, each in the form of a single general obligation installment bond with annual serial installments in accordance with, and pursuant to, the authority contained in the Enabling Act, the Refunding Act, Sections SC7-45 and SC7-46 of the Charter, the 2014 New Money Ordinance and the 2014 Refunding Ordinance, as applicable, and upon the terms and conditions set forth in this Resolution, the proceeds of which general obligation installment bonds are to be used and applied as herein set forth; and

WHEREAS, the maximum \$6,809,000.00 aggregate principal amount of the bonds provided for herein shall not cause the City to exceed the debt limit provided for in Charter Section SC7-48, after taking into account the 2004 Bonds to be refunded.

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

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

(b) References in this Resolution 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 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 RESOLVED that:

(a) Pursuant to the authority of the Enabling Act, Sections SC7-45 and SC7-46 of the Charter and the 2014 New Money Ordinance, the City hereby determines to borrow money and incur indebtedness for the public purpose of providing the funds needed to finance, reimburse or refinance the costs (as defined in Section 3(b) of the 2014 New Money Ordinance) of the New Money Project, excluding costs of issuance of such borrowing, which costs of issuance the City intends to pay from other available funds. Proceeds of the Series 2014A Bond identified in Section 3(a) hereof are hereby appropriated and allocated to pay the costs of the New Money Project described in this subsection (a).

(b) Pursuant to the authority of the Enabling Act, the Refunding Act, Sections SC7-45 and SC7-46 of the Charter and the 2014 Refunding Ordinance, the City hereby determines to borrow money and incur indebtedness for the public purpose of providing the funds needed to currently refund the outstanding and unpaid principal amounts of the 2004 Bonds and, in connection

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therewith, to pay any prepayment premium (including related costs required by the Repayment Agreement), and interest accrued to the date of prepayment of such refunded 2004 Bonds, for the public purpose of realizing savings in the total cost of debt service on a direct comparison or present value basis. Although the 2014 Refunding Ordinance permits the City to use proceeds of such borrowing to pay the costs of issuance thereof, the City intends to pay such costs of issuance from other available funds. Proceeds of the Series 2014B Bond identified in Section 3(b) hereof are hereby appropriated and allocated to pay the costs of the Refunding Project described in this subsection (b).

SECTION 3. BE IT FURTHER RESOLVED that:

(a) To evidence the borrowing and indebtedness authorized in Section 2(a) of this Resolution (the financing, reimbursement or refinancing of certain costs of the New Money Project), the City, acting pursuant to the authority of the Enabling Act, Sections SC7-45 and SC7-46 of the Charter and the 2014 New Money Ordinance, hereby determines to issue and sell, upon its full faith and credit, its general obligation installment bond in the principal amount of Four Million Nine Thousand Dollars (\$4,009,000.00) or such lesser principal amount as the Mayor shall determine with the assistance of the financial advisor to the City, the City Administrator and the Director of Internal Services is necessary in order to accomplish that portion of the New Money Project for which the Series 2014A Bond (as identified below) is issued, as provided in Section 4(a) hereof. Such bond shall be designated the "City of Salisbury Public Improvements Bond, Series 2014A" (the "Series 2014A Bond"). In the event the Mayor, with the advice of the financial advisor to the City, the City Administrator and the Director of Internal Services, determines that the Series 2014A Bond should be issued in a principal amount less than Four Million Nine Thousand Dollars (\$4,009,000.00) in order to accomplish that portion of the New Money Project for which the Series 2014A Bond is issued, the Mayor, on behalf of the City, is hereby authorized and empowered to approve such lesser principal amount, such approval to be evidenced conclusively by the Mayor's execution and delivery of the Series 2014A Bond in a lesser principal amount in accordance with Sections 6 and 8 hereof.

(b) To evidence the borrowing and indebtedness authorized in Section 2(b) of this Resolution (currently refunding the 2004 Bonds), the City, acting pursuant to the authority of the Enabling Act, the Refunding Act, Sections SC7-45 and SC7-46 of the Charter and the 2014 Refunding Ordinance, hereby determines to issue and sell, upon its full faith and credit, its general obligation installment bond in the principal amount of Two Million Seven Hundred Sixty Thousand Dollars (\$2,760,000.00) or such greater or lesser principal amount as the Mayor shall determine with the assistance of the financial advisor to the City, the City Administrator and the Director of Internal Services is necessary in order to accomplish the applicable components of the Refunding Project identified in Section 2(b) hereof, as provided in Section 4(d) hereof, and subject to the provisions of subsection (c) of this Section 3. Such bond shall be designated the "City of Salisbury Public Improvements Refunding Bond, Series 2014B" (the "Series 2014B Bond"). In the event the Mayor, with the advice of the financial advisor to the City, the City Administrator and the Director of Internal Services, determines that the Series 2014B Bond should be issued in a principal amount greater or less than Two Million Seven Hundred Sixty Thousand Dollars (\$2,760,000.00) in order to accomplish the Refunding Project, the Mayor, on behalf of the City, is hereby authorized and

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empowered to approve such greater or lesser principal amount, such approval to be evidenced conclusively by the Mayor's execution and delivery of the Series 2014B Bond in such greater or lesser principal amount in accordance with Sections 6 and 8 hereof, subject to the provisions of subsection (c) of this Section 3.

(c) Notwithstanding the foregoing provisions of subsection (b) of this Section 3, in no event shall the principal amount the Series 2014B Bond, if adjusted as contemplated as authorized by subsection (b) of this Section 3, exceed Two Million Eight Hundred Thousand Dollars (\$2,800,000.00). The reason for adjusting the principal amount of the Series 2014B Bond is specified in Section 4(d) below.

(d) The Series 2014A Bond and the Series 2014B Bond are referred to collectively in this Resolution as the "2014 Bonds" and, individually, as a "2014 Bond".

SECTION 4. BE IT FURTHER RESOLVED that:

(a) The Series 2014A Bond shall be dated the date of its delivery and shall be issued in the form of a single, fully-registered bond, without coupons attached. The Series 2014A Bond shall mature, subject to prior prepayment as provided for in accordance with Section 5 of this Resolution, on April 1, 2029. Subject to the remaining provisions of this subsection (a), principal of the Series 2014A Bond shall be payable in fifteen (15) annual serial installments on April 1 of each year, commencing April 1, 2015 and ending on April 1, 2029, subject to prior prepayment as provided for in accordance with Section 5 of this Resolution. The Mayor, on behalf of the City, with the advice of the City Administrator, the Director of Internal Services and the financial advisor to the City, is hereby authorized and empowered to approve (i) any decrease in the principal amount of the Series 2014A Bond from Four Million Nine Thousand Dollars (\$4,009,000.00) and (ii) the amortization schedule for the Series 2014A Bond, which is expected to be structured on a roughly level debt service basis unless the Purchaser of the Series 2014A Bond identified in Section 9 hereof requires otherwise, such amortization schedule to be prepared by the financial advisor to the City or the Purchaser of the Series 2014A Bond and reflected in the executed and delivered Series 2014A Bond, and the Mayor's approval thereof to be evidenced conclusively by his execution and delivery of the Series 2014A Bond as provided for in Sections 6 and 8 hereof.

(b) The Series 2014A Bond shall bear interest from its date of delivery at the rate of two and eighty-five hundredths percent (2.85%) per annum; provided that, in the event that the Maximum Federal Corporate Tax Rate (as defined in the form of 2014 Bond attached hereto as Exhibit A) is decreased, the interest rate on the Series 2014A Bond shall be adjusted upwards in order to maintain the same after tax yield for the registered owner of the Series 2014A Bond, and provided further, that in no event shall the interest rate on the Series 2014A Bond be so adjusted upward to a rate exceeding three and twenty-nine hundredths percent (3.29%) per annum. The interest rate payable on the Series 2014A Bond shall also be subject to adjustment upwards upon a Determination of Taxability or a Non-BQ Determination, each as defined in the form of 2014 Bond attached hereto as Exhibit A and as provided in such form. The Mayor, on behalf of the City, with the advice of the City Administrator, the Director of Internal Services and bond counsel to the City, is hereby authorized and empowered to make changes to the corresponding

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provisions of this subsection (b) as currently set forth in the form of 2014 Bond attached hereto as Exhibit A in connection with the final execution and delivery of the Series 2014A Bond in accordance with Sections 6 and 8 hereof, as may be required by the Purchaser of the Series 2014A Bond in order to clarify or confirm the mechanics by which any such increase in the per annum interest rate payable on the Series 2014A Bond may occur or to correct the formula by which any such adjustment may occur, provided that, in no event shall any such adjustment upward of the interest rate payable on the Series 2014A Bond due to a decrease in the Maximum Federal Corporate Tax Rate result in an interest rate exceeding three and twenty-nine hundredths percent (3.29%) per annum, the Mayor's approval of any such changes to be evidenced conclusively by his execution and delivery of the Series 2014A Bond as provided for in Sections 6 and 8 hereof.

(c) Interest on the Series 2014A Bond shall be payable on April 1 and October 1 in each year until maturity or prior prepayment in full, commencing on April 1, 2015; provided that, the last installment of interest shall be paid on the date that principal of the Series 2014A Bond is retired or prepaid in full. The Series 2014A Bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the date of its delivery. Interest shall be computed on the basis of a 360-day year comprised of 12 30-day months. For purposes of calculating the interest due on the Series 2014A Bond, unpaid outstanding principal on any date shall be an amount equal to the original principal amount of the Series 2014A Bond, less any principal installment paid in accordance with subsection (a) above, and less any principal prepaid in accordance with Section 5 below.

(d) The Series 2014B Bond shall be dated the date of its delivery and shall be issued in the form of a single, fully-registered bond, without coupons attached. The Series 2014B Bond shall mature, subject to prior prepayment as provided for in accordance with Section 5 of this Resolution, on April 1, 2024. Subject to the remaining provisions of this subsection (d), principal of the Series 2014B Bond shall be payable in ten (10) annual serial installments on April 1 of each year, commencing on April 1, 2015 and ending on April 1, 2024, subject to prior prepayment as provided for in accordance with Section 5 of this Resolution. The Mayor, on behalf of the City, with the advice of the City Administrator, the Director of Internal Services and the financial advisor to the City, is hereby authorized and empowered to approve (i) any increase or decrease in the principal amount of the Series 2014B Bond from Two Million Seven Hundred Sixty Thousand Dollars (\$2,760,000.00), provided that, the final principal amount of the Series 2014B Bond may not exceed Two Million Eight Hundred Thousand Dollars (\$2,800,000.00) and (ii) the amortization schedule for the Series 2014B Bond, which is expected to be structured on a roughly level debt service basis unless the Purchaser of the Series 2014B Bond identified in Section 9 hereof requires otherwise, such amortization schedule to be prepared by the financial advisor to the City or the Purchaser of the Series 2014B Bond and reflected in the executed and delivered Series 2014B Bond, and the Mayor's approval thereof to be evidenced conclusively by his execution and delivery of the Series 2014B Bond as provided for in Sections 6 and 8 hereof. The reason for adjusting the final principal amount of the Series 2014B Bond is to cover the costs payable by the Repayment Agreement in connection with the prepayment of the 2004 Bonds.

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(e) The Series 2014B Bond shall bear interest from its date of delivery at the rate of two and fifty-three hundredths percent (2.53%) per annum; provided that, in the event that the Maximum Federal Corporate Tax Rate (as defined in the form of 2014 Bond attached hereto as Exhibit A) is decreased, the interest rate on the Series 2014B Bond shall be adjusted upwards in order to maintain the same after tax yield for the registered owner of the Series 2014B Bond, and provided further, that in no event shall the interest rate on the Series 2014B Bond be so adjusted upward to a rate exceeding three and three hundredths percent (3.03%) per annum. The interest rate payable on the Series 2014B Bond shall also be subject to adjustment upwards upon a Determination of Taxability or a Non-BQ Determination, each as defined in the form of 2014 Bond attached hereto as Exhibit A and as provided in such form. The Mayor, on behalf of the City, with the advice of the City Administrator, the Director of Internal Services and bond counsel to the City, is hereby authorized and empowered to make changes to the corresponding provisions of this subsection (e) as currently set forth in the form of 2014 Bond attached hereto as Exhibit A in connection with the final execution and delivery of the Series 2014B Bond in accordance with Sections 6 and 8 hereof, as may be required by the Purchaser of the Series 2014B Bond in order to clarify or confirm the mechanics by which any such increase in the per annum interest rate payable on the Series 2014B Bond may occur or to correct the formula by which any such adjustment may occur, provided that, in no event shall any such adjustment upward of the interest rate payable on the Series 2014B Bond due to a decrease in the Maximum Federal Corporate Tax Rate result in an interest rate exceeding three and three hundredths percent (3.03%) per annum, the Mayor's approval of any such changes to be evidenced conclusively by his execution and delivery of the Series 2014B Bond as provided for in Sections 6 and 8 hereof.

(f) Interest on the Series 2014B Bond shall be payable on April 1 and October 1 in each year until maturity or prior prepayment in full, commencing on April 1, 2015; provided that, the last installment of interest shall be paid on the date that principal of the Series 2014B Bond is retired or prepaid in full. The Series 2014B Bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the date of its delivery. Interest shall be computed on the basis of a 360-day year comprised of 12 30-day months. For purposes of calculating the interest due on the Series 2014B Bond, unpaid outstanding principal on any date shall be an amount equal to the original principal amount of the Series 2014B Bond, less any principal installment paid in accordance with subsection (d) above, and less any principal prepaid in accordance with Section 5 below.

(g) The registered owner of each 2014 Bond shall provide written notice to the Director of Internal Services of the interest and, if applicable, principal due on such 2014 Bond on each interest payment date at least fifteen (15) days prior to such interest payment date, or such fewer number of days as is acceptable to the Director of Internal Services, but failure to deliver such notice shall not affect the amount of, or the City's obligation to pay, principal or interest due on such 2014 Bond. The date and amount of each principal installment payment made by the City on a 2014 Bond shall be noted by the registered owner of such 2014 Bond on its books and records, which notation when made will be presumed correct absent manifest error. The registered owner's failure to make appropriate notation of any such principal installment payment shall not limit or otherwise affect the City's obligations hereunder.

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(h) If a principal payment date or interest payment date falls on a Saturday, Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the registered owner of a 2014 Bond is located are not required to be open, payment may be made on the next succeeding day that is not a Saturday, Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the registered owner of such 2014 Bond is located are not required to be open, and no interest shall accrue on the scheduled amount owed for the intervening period.

(i) Principal of and interest on the 2014 Bonds shall be payable in lawful money of the United States of America. The principal of each 2014 Bond, at maturity or upon prior prepayment in full, shall be payable by check or draft at the office of the Director of Internal Services in Salisbury, Maryland, unless the Director of Internal Services and the registered owner of such 2014 Bond agree on a different place or manner of payment. Principal of each 2014 Bond, prior to maturity or prior prepayment in full, and interest on such 2014 Bond will be payable by check or draft mailed to the registered owner thereof at the address designated by the registered owner in writing to the Director of Internal Services unless the Director of Internal Services and the registered owner agree on a different manner of payment; provided that, so long as the registered owner of a 2014 Bond is the Purchaser identified in Section 9 hereof (or a successor entity), such payments of principal and interest shall be made via ACH direct debit from a bank account of the City identified by the City. The Director of Internal Services, on behalf of the City, is hereby authorized and empowered to make the agreements provided for in this Section 4(i).

(j) Notwithstanding the foregoing provisions of this Section 4, upon a default by the City under a 2014 Bond, the registered owner of such 2014 Bond, to the extent permitted by applicable law and subject to applicable public policy as determined by a court of competent jurisdiction, shall be entitled to declare all outstanding principal of such 2014 Bond and accrued interest immediately due and payable. In the event acceleration is not available upon such default, the registered owner of such 2014 Bond may increase the interest rate payable on such 2014 Bond to the maximum rate allowed by applicable law.

SECTION 5. BE IT FURTHER RESOLVED that the 2014 Bonds shall each be subject to prepayment prior to maturity at the option of the City in whole or in part at any time, at a prepayment price of the par amount of the applicable 2014 Bond outstanding to be prepaid, plus accrued interest to the date fixed for prepayment, without premium or penalty. Notice of optional prepayment shall be given by the City at least fifteen (15) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner of the applicable 2014 Bond being prepaid) by mailing or otherwise giving to such registered owner a notice fixing the prepayment date, indicating the principal amount of such 2014 Bond to be prepaid and, if such 2014 Bond is to be prepaid in part, the future installments against which such partial prepayment shall be applied. Any such notice may be conditioned upon receipt of funds sufficient to effect such prepayment.

SECTION 6. BE IT FURTHER RESOLVED that each 2014 Bond shall be executed in the name of the City and on its behalf by the Mayor. The corporate seal of the City shall be affixed

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to each 2014 Bond and attested by the signature of the City Clerk of the City (the "City Clerk"). In the event any official of the City whose signature appears on a 2014 Bond shall cease to be such official prior to the delivery of such 2014 Bond, or, in the event any such official whose signature appears on a 2014 Bond shall have become such after the date of issue thereof, such 2014 Bond shall nevertheless be a valid and binding obligation of the City in accordance with its terms.

SECTION 7. BE IT FURTHER RESOLVED that each 2014 Bond shall be transferable only upon the books kept for that purpose by the Director of Internal Services at Salisbury, Maryland, by the registered owner thereof in person or by the registered owner's attorney duly authorized in writing, upon surrender thereof, together with (i) a written instrument of transfer in a form satisfactory to the Director of Internal Services and duly executed by the registered owner or the registered owner's duly authorized attorney and (ii) a written covenant and agreement substantially in substance as described in Section 9(b) hereof duly executed by the transferee. Upon such transfer there shall be issued in the name of the transferee a new registered 2014 Bond of the same series in principal amount equal to the unpaid principal amount of the 2014 Bond surrendered, and with the same maturity date and installment payment dates and amounts (or then-remaining installment payment dates and amounts, as applicable) and bearing interest at the same rate.

SECTION 8. BE IT FURTHER RESOLVED that except as provided hereinafter or in a resolution or resolutions of the Council adopted prior to the issuance of the 2014 Bonds, the 2014 Bonds shall each be issued substantially in the form attached hereto as Exhibit A and incorporated by reference herein. Appropriate variations and insertions may be made by the Mayor to such form to provide dates, numbers, amounts and other terms specific to a series of the 2014 Bonds (including, without limitation, to reflect matters determined in accordance with Sections 3 and 4 hereof or to meet requirements of the Purchaser's proposal to purchase the 2014 Bonds), and modifications not altering the substance of the applicable 2014 Bond to carry into effect the purposes of this Resolution or to comply with recommendations of legal counsel. In addition, the Mayor may make variations, insertions or deletions to such form to include provisions that are favorable to the City or to delete provisions that are less favorable to the City, as agreed upon by the Purchaser. All of the covenants contained in the form of each 2014 Bond as finally executed and delivered by the Mayor in accordance with the provisions of Section 6 hereof and this Section 8 are hereby adopted by the City as and for the form of obligation to be incurred by the City, and the covenants and conditions contained therein are hereby made binding upon the City, including the promise to pay therein contained. The execution and delivery of the 2014 Bonds by the Mayor in accordance with this Resolution shall be conclusive evidence of the approval by the Mayor of the respective forms of the 2014 Bonds and any variations, insertions, omissions, notations, legends or endorsements authorized by this Resolution. To the extent there are any inconsistencies between the provisions of the 2014 Bonds, as executed and delivered in accordance with the provisions of this Section 8, and the provisions of this Resolution, the provisions of the 2014 Bonds shall control.

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SECTION 9. BE IT FURTHER RESOLVED that:

(a) The City hereby ratifies, confirms, approves and adopts as actions of the City all actions taken by the financial advisor to the City, the City Administrator, the Director of Internal Services and bond counsel to the City, on behalf of the City, to identify the banking institution or institutional investor which offered the most beneficial interest rates for the 2014 Bonds and satisfactory prepayment and other terms, including, without limitation, the preparation, execution, delivery and circulation of the solicitation for indications of interest dated July 31, 2014 and further communications and negotiations with respondents to the solicitation. The Council hereby determines that it shall be in the best interests of the City to sell the 2014 Bonds by private (negotiated) sale without solicitation of competitive bids to STI Institutional and Government, Inc. (by whatever legal name known or specified by such entity, the "Purchaser"), which submitted the most advantageous proposal to the City for the purchase of the 2014 Bonds, which sale on a negotiated basis is hereby deemed by the City to be in its best interest and in the interest of its citizens due, in part, to the benefit of attractive interest rates, attractive prepayment terms and satisfactory other terms. Therefore, and pursuant to the authority of the Enabling Act, the Refunding Act, Sections SC7-45 and SC7-46 of the Charter, the 2014 New Money Ordinance and the 2014 Refunding Ordinance, as applicable, each of the 2014 Bonds shall be sold by private (negotiated) sale without solicitation of competitive bids to the Purchaser for a price of par, with no payment of accrued interest.

(b) Each 2014 Bond shall be sold for investment purposes only and not for resale to the general public. Accordingly, as a condition to delivery of each 2014 Bond and prior to the issuance of such 2014 Bond, the Purchaser shall furnish to the City a certificate acceptable to bond counsel to the City generally to the effect that (i) the Purchaser has such knowledge and experience in financial and business matters, including purchase and ownership of municipal tax-exempt obligations, that it is capable of evaluating the risks and merits of the investment represented by the purchase of such 2014 Bond; (ii) the Purchaser has made its own independent and satisfactory inquiry of the financial condition of the City, including inquiry into financial statements and other information relating to the financial condition of the City to which a reasonable investor would attach significance in making investment decisions, and of any other matters deemed to be relevant to a reasonably informed decision to purchase such 2014 Bond; (iii) the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City and such 2014 Bond, all so that as a reasonable investor the Purchaser has been able to make a reasonably informed decision to purchase such 2014 Bond; (iv) the Purchaser is purchasing such 2014 Bond for investment purposes only (and not as an "underwriter" or "Participating Underwriter" as defined in Securities and Exchange Commission Rule 15c2-12, as replaced, supplemented or amended) and is not purchasing for more than one account or with a view to distributing such 2014 Bond; (v) if such 2014 Bond is subsequently sold, transferred or disposed of, such sale, transfer or disposition will be made only in compliance with federal and state securities laws and any other applicable laws; and (vi) the Purchaser understands and acknowledges that (A) such 2014 Bond (1) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (2) will not be listed on any stock or other securities exchange, (3) will carry no rating from any rating service, and (4) will not be

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readily marketable, and (B) no disclosure document is being prepared in connection with the issuance and sale of such 2014 Bond.

SECTION 10. BE IT FURTHER RESOLVED that the 2014 Bonds shall be suitably prepared in definitive form, executed and delivered to the Purchaser on such date or dates as shall be mutually acceptable to the Director of Internal Services, the Purchaser and bond counsel to the City, contemporaneously with the receipt of the purchase price for each 2014 Bond; provided that, the 2014 Bonds shall not be delivered on a date later than September 26, 2014 without the prior written consent of the Purchaser, which consent shall be granted or withheld in the sole discretion of the Purchaser. The Mayor and/or the City Administrator, on behalf of the City, are hereby authorized and empowered to negotiate, execute and deliver any commitment letter or proposal required by the Purchaser, and the Mayor, the City Administrator, the Director of Internal Services, the City Clerk and all other appropriate officials and employees of the City are expressly authorized, empowered and directed to take any and all action necessary to complete and close the issuance, sale and delivery of the 2014 Bonds to the Purchaser, including the payment to the Purchaser of the closing fees and legal fees specified in the Purchaser's proposal, and to negotiate, execute and deliver any documents, certificates or instruments customarily delivered in connection with the issuance of obligations such as the 2014 Bonds. Each of the Mayor and the City Administrator is hereby expressly authorized, empowered and directed to negotiate, execute and deliver any documents, certificates and instruments required by the Purchaser to reflect any provisions specified by or contemplated by the Purchaser in its proposal, including, without limitation, waiver of jury trial and submission to jurisdiction and venue.

SECTION 11. BE IT FURTHER RESOLVED that the Director of Internal Services or, in his absence, any other appropriate City official, is hereby designated and authorized to receive payment on behalf of the City of the proceeds of the sale of the 2014 Bonds contemporaneously with the delivery of the 2014 Bonds. Any portion of the purchase price for either 2014 Bond may be disbursed by the Purchaser directly to third parties, including, without limitation, the Administration or Manufacturers and Traders Trust Company, the trustee for the CDA Bonds, at the direction of the appropriate City official or officials, and any such disbursement to third parties at the direction of the appropriate City official or officials shall be deemed to constitute receipt of the proceeds of the applicable 2014 Bond for purposes of this Section 11. Any proceeds of the 2014 Bonds physically received by the City shall be deposited in the proper account or accounts of the City, may be invested within the limits prescribed by Maryland and federal law, and shall be used and applied exclusively to pay or reimburse the costs of the New Money Project or the Refunding Project, as applicable, as described herein. If the proceeds received from the sale of either 2014 Bond exceeds the amount needed for the public purposes for which such 2014 Bond is issued as hereinabove described, the amount of such unexpended excess shall be set apart in a separate fund or funds and applied to pay subsequent debt service payments on such 2014 Bond or to prepay such 2014 Bond, as applicable. Investment earnings on proceeds of each 2014 Bond, if any, held by the City may be applied to pay subsequent debt service payments on such 2014 Bond or to prepay such 2014 Bond, and investment earnings on the Series 2014A Bond may be applied to costs of the New Money Project, as applicable, unless a supplemental ordinance or resolution, as applicable, is passed by the Council to provide for the expenditure of such earnings for some other valid purpose authorized by the Enabling Act, the Refunding Act and/or the Charter, as applicable. Nothing in

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this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose.

SECTION 12. BE IT FURTHER RESOLVED that:

(a) The City shall levy or cause to be levied in all fiscal years in which the 2014 Bonds are outstanding, upon all real and tangible personal property within its corporate limits subject to assessment for unlimited municipal taxation, ad valorem taxes in rate and amount sufficient to provide for the prompt payment of the principal of and interest on the 2014 Bonds due in each such fiscal year. If the proceeds from the taxes so levied in any such fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency.

(b) The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the prompt payment of the principal of and interest on the 2014 Bonds 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 the 2014 Bonds. The City hereby covenants and agrees with the registered owners, from time to time, of the 2014 Bonds to levy and collect the taxes hereinabove described and to take any further action that lawfully may be appropriate from time to time during the period that the 2014 Bonds remain outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

(c) Subject to the provisions of Sections 13 and 14 hereof, the foregoing provisions of this Section 12 shall not be construed so as to prohibit the City from paying the principal of and interest on any portion of the 2014 Bonds 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) to the extent applicable to the Series 2014B Bond, any sources of revenues from which the City has historically been paying an allocable portion of the debt service payable on the 2004 Bonds. Subject to the provisions of Sections 13 and 14 hereof, the City may apply to the payment of the principal of or interest on the 2014 Bonds 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, paid or are otherwise available to the City for the purpose of assisting the City in accomplishing the type of project or projects which the applicable 2014 Bond is 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 13. BE IT FURTHER RESOLVED that:

(a) Any two of the Mayor, the City Administrator and the Director of Internal Services are the officials of the City responsible for the issuance of the 2014 Bonds within the meaning of Section 1.148-2(b)(2) of the U.S. Treasury Regulations (the "Treasury Regulations"). Any two of the Mayor, the City Administrator and the Director of Internal Services also shall be the officials of the City responsible for the execution and delivery (on the date of the issuance of the 2014 Bonds) of a certificate of the City (the "Section 148 Certificate") that complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable

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Treasury Regulations, and such officials are hereby authorized and directed to execute and deliver the Section 148 Certificate to counsel rendering an opinion on the validity and tax-exempt status of the 2014 Bonds on the date of issuance of the 2014 Bonds.

(b) The City shall set forth in the Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the 2014 Bonds or of any monies, securities or other obligations to the credit of any account of the City which may be deemed to be proceeds of the 2014 Bonds pursuant to Section 148 of the Code or the Treasury Regulations (collectively, the "2014 Bond Proceeds"). The City covenants with the registered owners of the 2014 Bonds that the facts, estimates and circumstances set forth in the Section 148 Certificate will be based on the City's reasonable expectations on the date of issuance of the 2014 Bonds and will be, to the best of the certifying officials' knowledge, true and correct as of that date.

(c) The City covenants with the registered owners of the 2014 Bonds that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the 2014 Bond Proceeds that would cause the 2014 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Treasury Regulations, and that it will comply with those provisions of Section 148 of the Code and the Treasury Regulations as may be applicable to the 2014 Bonds on their date of issuance and which may subsequently lawfully be made applicable to the 2014 Bonds as long as the 2014 Bonds remain outstanding and unpaid.

(d) In connection with their execution and delivery of the Section 148 Certificate, the authorized officials identified in this Section 13 are hereby authorized and empowered, on behalf of the City, to make any designations, elections, determinations or filings on behalf of the City provided for in or permitted by the Code and the Treasury Regulations and to reflect the same in the Section 148 Certificate and/or the IRS Form 8038-G filed in connection with the issuance of the 2014 Bonds or any other documentation deemed appropriate by bond counsel to the City; provided that, only one of such identified officials must sign the IRS Form 8038-G.

(e) In the event of an increase in the per annum interest rate payable on either 2014 Bond in accordance with the provisions of Section 4 of this Resolution, the City Administrator and the Director of Internal Services shall promptly consult with nationally-recognized bond counsel to determine if such increase shall result in a reissuance of such 2014 Bond for purposes of the Code and the Treasury Regulations under then applicable law. In the event such increase is so determined to result in a reissuance of such 2014 Bond for purposes of the Code and the Treasury Regulations, in order that the tax-exempt status of interest payable on such 2014 Bond shall continue to remain excludable from gross income of the registered owner thereof for federal income tax purposes, (i) any one or more of the City officials identified in subsection (a) of this Section 13, on behalf of the City, is hereby authorized, empowered and directed to (A) negotiate, approve, execute and deliver any documents, agreements or instruments deemed necessary or desirable in connection therewith, and (B) make any determinations, designations, elections or filings provided for in the Code and the Treasury Regulations in connection therewith (including, by way of illustration and not in limitation, designating the reissued 2014 Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code for the calendar year in question), and (ii) any one or more of the City officials identified in subsection (a) of this Section

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13, on behalf of the City, is hereby authorized, empowered and directed to negotiate and approve any supplement to the Section 148 Certificate executed and delivered in connection with the original issuance and delivery of such 2014 Bond or any new Section 148 Certificate determined to be necessary or desirable in connection with such reissuance. The powers delegated to the identified City officials in this subsection (e) in connection with a reissuance of either 2014 Bond upon an increase in the per annum interest rate payable on such 2014 Bond shall be broadly construed in order to ensure compliance with the provisions of the Code and the Treasury Regulations; provided that, such delegation shall not prevent the Council, at its option, by resolution, from making or otherwise providing for any necessary or desirable determinations or actions in connection with any such reissuance of such 2014 Bond.

SECTION 14. BE IT FURTHER RESOLVED that the City specifically covenants that it will comply with the provisions of the Code applicable to the 2014 Bonds, including, without limitation, compliance with provisions regarding the timing of the expenditure of the proceeds of the 2014 Bonds, the use of such proceeds and the facilities financed or refinanced with such proceeds, the restriction of investment yields, the filing of information with the Internal Revenue Service, and the rebate of certain earnings resulting from the investment of the proceeds of the 2014 Bonds or payments in lieu thereof. The City further covenants that it shall make such use of the proceeds of the 2014 Bonds, regulate the investment of the proceeds thereof and take such other and further actions as may be required to maintain the exemption from federal income taxation of interest on the 2014 Bonds. All officials, officers, employees and agents of the City are hereby authorized and directed to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the 2014 Bonds as may be necessary or appropriate.

SECTION 15. BE IT FURTHER RESOLVED that the City hereby designates the 2014 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (relating to the exception from the disallowance of the deduction for that portion of a financial institution's interest expense which is allocable to tax-exempt interest), and, in connection therewith, represents and certifies that (i) the 2014 Bonds are not "private activity bonds" within the meaning of Section 141 of the Code, (ii) the reasonably anticipated amount of tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds) which will be issued by the City (and all on-behalf-of issuers and subordinate entities of the City) during calendar year 2014 does not exceed Ten Million Dollars (\$10,000,000.00), and (iii) not more than Ten Million Dollars (\$10,000,000.00) of obligations issued by the City (and all on-behalf-of issuers and subordinate entities of the City) during calendar year 2014, including the 2014 Bonds, have been, or, except as permitted by Section 265(b)(3) of the Code, will be, designated as qualified tax-exempt obligations.

SECTION 16. BE IT FURTHER RESOLVED that contingent upon the issuance and delivery of the Series 2014B Bond, the City hereby elects (i) to prepay the outstanding 2004 Bonds in whole on the first available prepayment date determined in accordance with the Repayment Agreement and the requirements of the Administration. The Mayor, on behalf of the City, with the advice of the Director of Internal Services, the financial advisor to the City and bond counsel to the City, is hereby authorized and empowered to select the date for prepayment of the 2004 Bonds in whole, as applicable, based on when any notice of prepayment of such bonds may be given and

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based on any date of prepayment advised by the Administration to comply with the provisions of the Repayment Agreement and other documents pertaining to the 2004 Bonds, provided that such date results in a current refunding of the 2004 Bonds in whole for federal income tax purposes, and the giving of any notice of prepayment of the 2004 Bonds or the prepayment in whole of the 2004 Bonds shall constitute conclusive evidence of the selection by the Mayor of the date for prepayment of such 2004 Bonds. Each of the Mayor, the City Administrator and the Director of Internal Services, or such officials acting in concert, is hereby authorized and empowered, on behalf of the City, to take any and all action necessary to effect the prepayment in whole of the 2004 Bonds as contemplated by this Resolution including, without limitation, giving or causing to be given any prepayment notice in the name of the City and making arrangements for the prepayment of such refunded 2004 Bonds with the registered owners thereof or any paying agents for such refunded 2004 Bonds. Any such prepayment notice may be given conditioned upon issuance and delivery of the Series 2014B Bond. The provisions of this Section 16 shall be broadly construed in order to achieve the City's goals of achieving debt service savings and taking advantage of any safe harbors provided for in the Code and the Treasury Regulations in connection with such contemplated refunding.

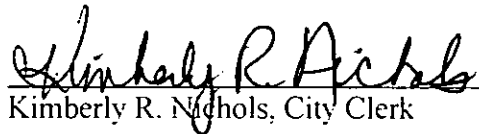
SECTION 17. BE IT FURTHER RESOLVED that in connection with all aspects of the transactions contemplated hereunder, the City acknowledges and agrees that: (a) (i) the City has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, (ii) the City is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby, (iii) the Purchaser is not acting as a municipal advisor or financial advisor to the City and (v) the Purchaser has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the City with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the City on other matters); (b) (i) the Purchaser is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the City, or any other person and (ii) the Purchaser has no obligation to the City, with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in any other related documents, certificates or agreements entered into by the City and the Purchaser in connection with the transactions contemplated by this Resolution; and (c) the Purchaser may be engaged in a broad range of transactions that involve interests that differ from those of the City, and the Purchaser has no obligation to disclose any of such interests to the City. To the fullest extent permitted by law, the City hereby waives and releases any claims that it may have against the Purchaser with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby. The City understands that if the City would like a municipal advisor in this transaction that has legal fiduciary duties to the City, the City is free to engage a municipal advisor to serve in that capacity. The transactions contemplated hereunder are entered into pursuant to and in reliance upon the bank exemption and/or the institutional buyer exemption provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq, to the extent that such rules apply to the transactions contemplated hereunder.

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SECTION 18. BE IT FURTHER RESOLVED that this Resolution shall become effective upon adoption by the Council and approval by the Mayor. Pursuant to Charter Section SC7-46A, this Resolution may not be petitioned to referendum.

THIS RESOLUTION was introduced and duly adopted at a meeting of the Council of the City of Salisbury held on the 22 day of September, 2014.

ATTEST:

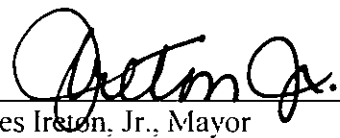


Kimberly R. Nichols, City Clerk



Jacob R. Day, City Council President

APPROVED BY ME THIS 22 DAY OF September, 2014:



James Irwin, Jr., Mayor

#165182:58111.030

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EXHIBIT A

(Form of 2014 Bonds)

[Note: appropriate insertions or deletions to this form shall be made to reflect the specific terms of each 2014 Bond, and other insertions, deletions or variations may be made in accordance with the provisions of the Resolution to which this form is attached.]

CITY OF SALISBURY HAS DESIGNATED THIS BOND A QUALIFIED TAX-EXEMPT
OBLIGATION WITHIN THE MEANING OF SECTION 265(b)(3) OF THE INTERNAL
REVENUE CODE OF 1986, AS AMENDED.

UNITED STATES OF AMERICA
STATE OF MARYLAND
CITY OF SALISBURY

No. R-__ \$ _____

PUBLIC IMPROVEMENTS [REFUNDING] BOND, SERIES 2014[A][B]

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>
April 1, 20[29][24]	[2.85][2.53]% (subject to adjustment as described herein)	_____, 2014

Registered Owner:

Principal Sum: DOLLARS

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

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LIMIT OR OTHERWISE AFFECT THE OBLIGATIONS OF THE CITY HEREUNDER AND SHALL NOT AFFECT THE VALID PAYMENT AND DISCHARGE OF SUCH OBLIGATION EFFECTED BY SUCH PAYMENT OR PREPAYMENT.

City of Salisbury, a municipal corporation organized and existing under the Constitution and laws of the State of Maryland (the "City"), hereby acknowledges itself indebted for value received and promises to pay to the registered owner shown above, or registered assignee or legal representative, the Principal Sum shown above, payable in [fifteen][ten] ([15][10]) annual serial installments on April 1, commencing April 1, 2015, plus interest on the unpaid balance as set forth herein, subject to prior prepayment in whole or in part as hereinafter provided, as follows:

<u>Date</u>	<u>Principal Installment</u>	<u>Date</u>	<u>Principal Installment</u>
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This bond shall bear interest on the unpaid outstanding principal balance from the date of its delivery at the Interest Rate per annum shown above (the "Tax-Exempt Rate"), calculated on the basis of a 360-day year consisting of twelve 30-days months, except as such Tax-Exempt Rate may be adjusted as provided below, such interest to be payable semi-annually on the first day of April and October in each year, commencing April 1, 2015, to the person in whose name this bond is registered on the register maintained by the Director of Internal Services of the City (the "Director of Internal Services") as of the close of business on the fifteenth (15th) day of the month next preceding each interest date.

The Tax-Exempt Rate will be adjusted if any of the following "Tax Events" occurs: (1) the Maximum Federal Corporate Tax Rate (as defined below) of 35% is decreased (a "Tax Rate Decrease") , (2) a Determination of Taxability (as defined below) occurs, or (3) this bond is determined not to be a "qualified tax-exempt obligation" (a "Non-BQ Determination") under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). In the event of a Tax Rate Decrease, the Tax-Exempt Rate shall be adjusted upwards in order to maintain the same after tax yield for the registered owner of this bond, such adjustment to occur automatically as of the effective date of each decrease in the Maximum Federal Corporate Tax Rate; provided that, in no event shall the Tax-Exempt Rate be increased to a rate exceeding [three and twenty-nine

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hundredths][three and three hundredths] percent ([3.29][3.03]%) per annum. If a Determination of Taxability occurs, the interest rate on this bond will be adjusted upwards as of the date of the Determination of Taxability to a fixed rate determined necessary by the registered owner of this bond to maintain the same after tax yield (the "Taxable Rate") and the City will also pay to the registered owner (or any prior registered owner, if applicable) (i) an additional amount equal to the difference between (A) the amount of interest paid on this bond during the Taxable Period (as defined below) occurring prior to the Determination of Taxability and (B) the amount of interest that would have been paid on this bond during the Taxable Period occurring prior to the Determination of Taxability if this bond had borne interest at the Taxable Rate, plus (ii) an amount equal to any interest, penalties on overdue interest and addition to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the registered owner (or prior registered owner, if applicable) as a result of the occurrence of the Determination of Taxability. In the event of a Non-BQ Determination, the interest rate on this bond will be adjusted upwards as of the date of such Non-BQ Determination to a fixed rate determined necessary by the registered owner to maintain the same after tax yield (the "Non-BQ Rate"), and any additional accrued interest due on a retroactive basis shall be paid by the City within thirty days after demand therefor by the registered owner of this bond (or any prior registered owner, if applicable).

As used in this bond, (1) "Maximum Federal Corporate Tax Rate" shall mean the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code in effect from time to time (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations shall not be applicable to the registered owner of this bond, the maximum statutory rate of federal income taxation which could apply to the registered owner of this bond); (2) "Determination of Taxability" shall mean a final decree of judgment of any federal court or final action of the Internal Revenue Service determining that interest paid or payable on this Bond is or was includable in the gross income of the registered owner for federal income tax purposes; provided that, no such decree, judgment or action will be considered final for this purpose unless the City has been given written notice and, if it is desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of the registered owner and until conclusion of any appellate review, if sought; and (3) "Taxable Period" shall mean the period that elapses from the date on which interest on this bond is includable in the gross income of the registered owner as a result of a Determination of Taxability.

A certificate of the registered owner of this bond claiming an increase in the interest rate under the foregoing paragraphs and setting forth any additional interest or penalties to be paid to it hereunder shall be conclusive absent manifest error.

Notwithstanding any other provisions of this bond, upon a default by the City under this bond, the registered owner of this bond, to the extent permitted by applicable law and subject to applicable public policy as determined by a court of competent jurisdiction, shall be entitled to declare all outstanding principal of this bond and accrued interest immediately due and payable. In

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the event acceleration is not available upon such default, the registered owner of this bond may increase the interest rate payable on this bond to the maximum rate allowed by applicable law.

Interest on this bond shall be payable on April 1 and October 1 in each year until maturity or prior prepayment in full, commencing on April 1, 2015. This bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the date of its delivery.

Interest shall be computed on the basis of a 360-day year comprised of 12 30-day months. For purposes of calculating the interest due on this bond, unpaid outstanding principal on any date shall be an amount equal to the original principal amount of this bond, less any principal installment paid as described above, and less any principal prepaid as described below. The registered owner of this bond shall provide written notice to the Director of Internal Services of the interest and any principal due on this bond on each interest payment date at least fifteen (15) days prior to such interest payment date, or such fewer number of days as is acceptable to the Director of Internal Services, but failure to provide such notice shall not affect the amount of, or the City's obligation to pay, principal or interest due on this bond.

Principal of and interest on this bond shall be payable in lawful money of the United States of America. The principal of this bond, at maturity or upon prior prepayment in full, shall be payable by check or draft at the office of the Director of Internal Services in Salisbury, Maryland, unless the Director of Internal Services and the registered owner agree on a different place or manner of payment. Principal of this bond, prior to maturity or prior prepayment in full, and interest on this bond will be payable by check or draft mailed to the registered owner at the address designated by the registered owner in writing to the Director of Internal Services, unless the Director of Internal Services and the registered owner hereof agree on a different manner of payment; provided that, so long as the registered owner of this bond is _____ (or any successor entity), such payments of principal and interest shall be made via ACH direct debit from a bank account of the City identified by the City, unless such registered owner agrees otherwise. If a principal payment date or interest payment date falls on a Saturday, Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the registered owner of this bond is located are not required to be open, payment may be made on the next succeeding day that is not a Saturday, Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the registered owner of this bond is located are not required to be open, and no interest shall accrue on the scheduled amount owed for the intervening period.

This bond is the duly authorized bond of the City, aggregating \$ _____ .00 in principal amount, dated the date of its delivery and designated "City of Salisbury Public Improvements [Refunding] Bond, Series 2014[A][B]". This bond is issued pursuant to and in full conformity with the provisions of Sections 19-301 to 19-309 of the Local Government Article of the Annotated Code of Maryland (previously codified as Sections 31 to 37, inclusive, of Article 23A of

Underlining : Indicates material added by amendment after introduction
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the Annotated Code of Maryland), as replaced, supplemented or amended, [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,] and Sections SC7-45 and SC7-46 of the Charter of the City of Salisbury, as replaced, supplemented or amended, and by virtue of due proceedings had and taken by the Council of the City (the "Council"), particularly Ordinance No. [2299][2300], which was passed by the Council on August 25, 2014, approved by the Mayor of the City (the "Mayor") on August 28, 2014 and became effective on August 28, 2014 (the "Ordinance"), and Resolution No. _____, which was adopted by the Council on _____, 2014, approved by the Mayor on _____, 2014 and became effective on _____, 2014 (the "Resolution").

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

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

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

This bond is subject to prepayment in whole or in part at any time, at the option of the City, at a prepayment price of the par amount of this bond outstanding to be prepaid, plus accrued interest to the date fixed for prepayment, without premium or penalty. Notice of optional prepayment shall be given by the City at least fifteen (15) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner of this bond) by mailing or otherwise giving to such registered owner a notice fixing the prepayment date, indicating the principal amount of this bond to be prepaid and, if this bond is to be prepaid in part, the future installments against which such partial prepayment shall be applied. Any such notice may be conditioned upon receipt of funds sufficient to effect such prepayment.

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

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

IN WITNESS WHEREOF, City of Salisbury has caused this bond to be executed in its name by the manual signature of the Mayor and its corporate seal to be affixed hereto, attested by the manual signature of the City Clerk, all as of the _____ day of _____, 2014.

(SEAL)

ATTEST:

CITY OF SALISBURY

By: _____
City Clerk

By: _____
Mayor

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(Form of Instrument of Transfer)

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

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

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

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

Dated: _____

Signature Guaranteed:

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

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

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City of Salisbury



MARYLAND

JAMES IRETON, JR.
MAYOR

TOM STEVENSON
CITY ADMINISTRATOR

TERENCE ARRINGTON
ASSISTANT CITY ADMINISTRATOR



125 NORTH DIVISION STREET
SALISBURY, MARYLAND 21801
Tel: 410-334-3028
Fax: 410-548-3192

KEITH A. CORDREY
DIRECTOR OF INTERNAL SERVICES

To: Tom Stevenson, City Administrator

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

Date: September 16 2014

Re: Bond Resolution

Attached please find a bond resolution, prepared by the City's bond counsel Lindsey Rader, Esquire, which is required to be passed in order for the City to issue and sell two separate series of general obligation bonds as follows:

1. Up to \$4,009,000 to fund the Facility Renovation -Fire Station #2 project
2. Up to \$2,800,000 to refund 2004 Bonds

The Mayor is delegated the authority to determine the final principal amount of each bond within the parameters set forth in the resolution. The bonds will be sold to an affiliate of SunTrust Bank.

We have scheduled the resolution for introduction and consideration for adoption at the September 22, 2014 Council meeting. Additional details can be found in the resolution.

Kim Nichols

From: Lindsey A. Rader <lrader@fblaw.com>
Sent: Monday, September 22, 2014 9:54 AM
To: Tom Stevenson; Terence Arrington; Keith Cordrey; Kim Nichols; Diane Nelson
Subject: Reminders re: Resolution

All:

1. My assistant tells me we received the signature package today and everything was correctly signed/sealed/not dated.
2. When the bond resolution is adopted this evening, only page 18 needs to be signed/completed/dated. Exhibit A (form of bonds) does not need to be completed or signed.
3. Please make sure we get the Mayor's signature on the resolution by early tomorrow afternoon so that we can send a signed version to Richard Pylypko before close of business on Tuesday. The STING proposal requires that.

Many thanks, Lindsey

Lindsey A. Rader, Esquire
Funk & Bolton, P.A.
Twelfth Floor
36 S. Charles Street
Baltimore, Maryland 21201
410/659-7758
410/659-7773 (FAX)
LRADER@FBLAW.COM