

Resolution No. 2645

A RESOLUTION OF CITY OF SALISBURY (THE "CITY") AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF ITS GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED THIRTY MILLION TWENTY-FIVE THOUSAND DOLLARS (\$30,025,000.00) PURSUANT TO THE AUTHORITY OF SECTIONS 19-301 TO 19-309, INCLUSIVE, OF THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND (THE "ENABLING ACT"), 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 CERTAIN ORDINANCES AND A RESOLUTION IDENTIFIED HEREIN, SUCH BONDS TO BE DESIGNATED AS PROVIDED HEREIN, THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF (I) FINANCING OR REIMBURSING COSTS OF CERTAIN PROJECTS IDENTIFIED HEREIN AS THE NEW MONEY PROJECTS AND (II) CURRENTLY REFUNDING IN WHOLE OR IN PART THE OUTSTANDING AMOUNTS OF CERTAIN CITY BONDS IDENTIFIED HEREIN AS THE 2007 BOND, THE 2008 BOND, THE 2009 BOND, THE 2011B BOND, THE 2012 BOND, THE 2013 BOND, THE 2014A BOND AND THE 2014B BOND, AND PAYING RELATED COSTS; PRESCRIBING THE FORM AND TENOR OF THE BONDS AND THE TERMS, CONDITIONS AND DETAILS FOR THE ISSUANCE AND SALE THEREOF AT PUBLIC SALE BY SOLICITATION OF COMPETITIVE BIDS; AUTHORIZING CERTAIN CITY OFFICIALS TO DETERMINE CERTAIN MATTERS PROVIDED FOR HEREIN IN CONNECTION WITH THE SALE OF THE BONDS AND RATIFYING, CONFIRMING AND APPROVING CERTAIN ACTIONS ALREADY TAKEN ON BEHALF OF THE CITY WITH RESPECT TO THE BONDS; AUTHORIZING AND APPROVING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY AND A FINAL OFFICIAL STATEMENT, AND ANY AMENDMENTS OR SUPPLEMENTS THERETO, IN CONNECTION WITH THE SALE OF THE BONDS; PROVIDING FOR THE SELECTION OF A BOND REGISTRAR AND PAYING AGENT FOR THE BONDS AND, TO THE EXTENT NECESSARY OR DESIRABLE, AN ESCROW DEPOSIT AGENT, VERIFICATION CONSULTANT AND/OR BIDDING AGENT AND PROVIDING FOR CERTAIN DETERMINATIONS IN ACCORDANCE WITH ANY SUCH ENGAGEMENT; AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE UNDERTAKING PURSUANT TO SEC RULE 15C2-12 AND COVENANTING TO PROVIDE CONTINUING DISCLOSURE RELATING TO THE BONDS; PROVIDING FOR THE DISBURSEMENT AND INVESTMENT OF THE PROCEEDS OF THE BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF ANY TAXES NECESSARY FOR THE PROMPT PAYMENT OF THE MATURING PRINCIPAL OF AND INTEREST ON THE BONDS; PROVIDING THAT THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY SHALL BE IRREVOCABLY PLEDGED TO THE PAYMENT OF SUCH PRINCIPAL AND INTEREST; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON THE BONDS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; MAKING CERTAIN COVENANTS AND DETERMINATIONS RELATING TO THE TAX-EXEMPT STATUS OF THE BONDS; PROVIDING THAT THE PROVISIONS OF THIS RESOLUTION SHALL BE LIBERALLY CONSTRUED; AND GENERALLY RELATING TO THE

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ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE BONDS AUTHORIZED
HEREBY.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act and the Refunding Act identified below (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 the authority of the Enabling Act, the Charter and Ordinance No. 2394, passed by the Council of the City (the "Council") prior to the adoption of this Resolution (as the same may be renumbered prior to passage, referred to herein as "Ordinance No. 2394"), the City authorized the issuance and sale from time to time, upon its full faith and credit, of one or more series of its general obligation bonds in an aggregate principal amount not to exceed \$4,751,500 for the public purpose of financing or reimbursing "costs" (as defined in Ordinance No. 2394) of the public purpose projects identified therein; and

WHEREAS, pursuant to the authority of the Enabling Act, the Charter, Ordinance No. 2020, passed by the Council on December 11, 2006, approved by the Mayor of the City (the "Mayor") on December 15, 2006 and effective on December 15, 2006 ("Ordinance No. 2020"), and Resolution No. 1511, adopted by the Council on April 9, 2007, approved by the Mayor on April 10, 2007 and effective on April 10, 2007, the City, on April 12, 2007, issued and sold to SunTrust Leasing Corporation its Public Improvements Bond of 2007 in the original principal amount of \$4,950,000 (the "2007 Bond") in order to finance or reimburse the costs of certain public purpose projects identified in such Resolution, and the 2007 Bond is scheduled to mature on April 1, 2027 and bears interest at the rate of 4.03% per annum; and

WHEREAS, pursuant to the authority of the Enabling Act, the Charter, Ordinance No. 2044, passed by the Council on December 17, 2007, approved by the Mayor on December 19, 2007 and effective on December 19, 2007 ("Ordinance No. 2044"), and Resolution No. 1620, adopted by the Council on January 14, 2008, approved by the Mayor on January 15, 2008 and effective on January 15, 2008, the City on January 22, 2008 issued and sold to SunTrust Equipment Finance & Leasing Corporation its Public Improvements Bond of 2008 in the original principal amount of \$3,605,000 (the "2008 Bond") in order to finance or reimburse the costs of certain public purpose projects identified in such Resolution, and the 2008 Bond is scheduled to mature on February 1, 2028 and bears interest at the rate of 4.09% per annum; and

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WHEREAS, pursuant to the authority of the Enabling Act, the Charter, Ordinance No. 2044, Ordinance No. 2071, passed by the Council on January 26, 2009, approved by the Mayor on January 27, 2009 and effective on January 27, 2009 (“Ordinance No. 2071”), and Resolution No. 1850, adopted by the Council on October 26, 2009, approved by the Mayor on October 26, 2009 and effective on October 26, 2009, the City on November 6, 2009 issued and sold to Hebron Savings Bank its Public Improvements Bond of 2009 in the original principal amount of \$2,600,000 (the “2009 Bond”) in order to finance or reimburse the costs of certain public purpose projects identified in such Resolution, and the 2009 Bond is scheduled to mature on November 1, 2024 and bears interest at the rate of 3.78% per annum; and

WHEREAS, pursuant to the authority of the Enabling Act, Section 24 of Article 31 of the Annotated Code of Maryland (now codified as Section 19-207 of the Local Government Article of the Annotated Code of Maryland), as replaced, supplemented or amended (the “Refunding Act”), the Charter, Ordinance No. 2181, passed by the Council on November 28, 2011, approved by the Mayor on November 30, 2011 and effective on November 30, 2011 (“Ordinance No. 2181”), and Resolution No. 2119, adopted by the Council on November 28, 2011, approved by the Mayor on November 30, 2011 and effective on November 30, 2011, as amended and supplemented by Resolution No. 2123, adopted by the Council on December 12, 2011, approved by the Mayor on December 12, 2011 and effective on December 12, 2011, the City on December 13, 2011 issued and sold to SunTrust Bank its Public Improvements Refunding Bond, Series 2011B in the original principal amount of \$4,828,000 (the “2011B Bond”) in order to refund certain loans the City had obtained in 2001 and 2003 from the Maryland Community Development Administration (“CDA”), as identified in such Resolutions, and the 2011B Bond is scheduled to mature on June 1, 2023 and bears interest at the rate of 2.39% per annum, subject to adjustment in certain circumstances as described therein; and

WHEREAS, pursuant to the authority of the Enabling Act, the Charter, Ordinance No. 2140, passed by the Council on March 14, 2011, approved by the Mayor on March 18, 2011 and effective on March 18, 2011 (“Ordinance No. 2140”), and Resolution No. 2160, adopted by the Council on April 23, 2012, approved by the Mayor on April 24, 2012 and effective on April 24, 2012, the City on May 3, 2012 issued and sold to SunTrust Bank its Public Improvements Bond of 2012 in the original principal amount of \$7,693,000 (the “2012 Bond”) in order to finance or reimburse the costs of certain public purpose projects identified in such Resolution, and the 2012 Bond is scheduled to mature on May 1, 2027 and bears interest at the rate of 2.52% per annum, subject to adjustment in certain circumstances as described therein; and

WHEREAS, pursuant to the authority of the Enabling Act, the Charter, Ordinance No. 2273, passed by the Council on December 16, 2013, approved by the Mayor on December 16, 2013 and effective on December 16, 2013 (“Ordinance No. 2273”), and Resolution No. 2358, adopted by the Council on December 16, 2013, approved by the Mayor on December 16, 2013 and effective on December 16, 2013, the City on December 23, 2013 issued and sold to Hebron Savings Bank its Public Improvements Bond of 2013 in the original principal amount of \$3,178,000 (the “2013 Bond”) in order to finance or reimburse the costs of certain public purpose projects identified in

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such Resolution, and the 2013 Bond is scheduled to mature on July 1, 2028 and bears interest at the rate of 2.96% per annum; and

WHEREAS, pursuant to the authority of the Enabling Act, the Charter, Ordinance No. 2299, passed by the Council on August 25, 2014, approved by the Mayor on August 28, 2014 and effective on August 28, 2014 (“Ordinance No. 2299”), and Resolution No. 2448, adopted by the Council on September 22, 2014, approved by the Mayor on September 22, 2014 and effective on September 22, 2014 (“Resolution No. 2448”), the City on September 26, 2014 issued and sold to STI Institutional & Government, Inc. its Public Improvements Bond, Series 2014A in the original principal amount of \$4,009,000 (the “2014A Bond”) in order to finance or reimburse the costs of certain public purpose projects identified in such Resolution, and the 2014A Bond is scheduled to mature on April 1, 2029 and bears interest at the rate of 2.85%, subject to adjustment in certain circumstances as described therein; and

WHEREAS, pursuant to the authority of the Enabling Act, the Refunding Act, the Charter, 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 (“Ordinance No. 2300”), and Resolution No. 2448, the City on September 26, 2014 issued and sold to STI Institutional & Government, Inc. its Public Improvements Refunding Bond, Series 2014B in the original principal amount of \$2,754,364.73 (the “2014B Bond”) in order to refund certain loans the City had obtained in 2004 from CDA as identified in such Resolution, and the 2014B Bond is scheduled to mature on April 1, 2024 and bears interest at the rate of 2.53%, subject to adjustment in certain circumstances as described therein; and

WHEREAS, in addition to the purposes described above, proceeds of the 2007 Bond, the 2008 Bond, the 2009 Bond, the 2011B Bond, the 2012 Bond, the 2013 Bond, the 2014A Bond and the 2014B Bond, to the extent applicable, were also applied to finance or reimburse costs of issuance of such bonds; and

WHEREAS, certain of Ordinance No. 2020, Ordinance No. 2044, Ordinance No. 2071, Ordinance No. 2181, Ordinance No. 2140, Ordinance No. 2273, Ordinance No. 2299 and Ordinance No. 2300, together with any other applicable ordinances of the City, have been amended or supplemented from time to time since the respective dates of their original enactment (collectively, the “Refunding Ordinances”), together with, as applicable, amendments or supplements to any of the applicable Resolutions referred to in the preceding WHEREAS clauses, in order to provide for the re-allocation of proceeds of the 2007 Bond, the 2008 Bond, the 2009 Bond, the 2012 Bond, the 2013 Bond or the 2014A Bond, as applicable, among the projects for the purposes for which such bonds were originally issued or to additional or alternative projects; and

WHEREAS, the Refunding Ordinances collectively authorize the City to issue general obligation bonds in one or more series from time to time pursuant to the authority of the Enabling Act, the Refunding Act and the Charter in order to currently refund or advance refund in whole or in part the outstanding 2007 Bond, 2008 Bond, 2009 Bond, 2011B Bond, 2012 Bond, 2013 Bond,

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2014A Bond and 2014B Bond, as applicable, subject to any limitations set forth in the Refunding Ordinances; and

WHEREAS, each of the 2007 Bond, the 2008 Bond, the 2009 Bond, the 2011B Bond, the 2012 Bond, the 2013 Bond, the 2014A Bond and the 2014B Bond by its terms is subject to redemption upon the terms set forth in such respective bonds under conditions that would allow the City to effect a current refunding in whole or in part of such bonds; and

WHEREAS, Ordinance No. 2394 and each of the Refunding Ordinances provides that details relating to any general obligation bonds or general obligation refunding bonds authorized thereby shall be determined or provided for by resolution of the Council; and

WHEREAS, Davenport & Company LLC, the financial advisor to the City, has determined that, subject to shifts in market conditions, the City should be able to achieve debt service savings by currently refunding in whole or in part the outstanding 2007 Bond, 2008 Bond, 2009 Bond, 2011B Bond, 2012 Bond, 2013 Bond, 2014A Bond and/or 2014B Bond, and has recommended that the City pursue the issuance and sale of a single series of general obligation bonds at public sale by solicitation of competitive bids in order to finance or reimburse the costs of the projects authorized by Ordinance No. 2394 and currently refund in whole or in part the outstanding 2007 Bond, 2008 Bond, 2009 Bond, 2011B Bond, 2012 Bond, 2013 Bond, 2014A Bond and/or 2014B Bond, and to pay costs of issuance of such borrowing; and

WHEREAS, the Council has determined that it is in the best interests of the City and its citizens to issue and sell a single series of general obligation combined new money and refunding bonds for the purposes described in the preceding WHEREAS clause, upon the terms and conditions set forth in this Resolution, the proceeds of which bonds are to be used and applied as herein set forth.

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 and defined therein that are not otherwise defined in the remaining Sections of this Resolution 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, the code of City ordinances (the "City Code") or other applicable law or authority 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, the City Code or other applicable law or authority, (iii) to any person who serves in a "Deputy", "Associate" or "Assistant" capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated

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to such deputy or assistant in accordance with the Charter, the City Code or other 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 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.

(c) To the extent this Resolution does not specifically identify how any responsibility, right, power or duty delegated to the Mayor, the City Administrator of the City (the "City Administrator") or the Director of Internal Services of the City (the "Director of Internal Services") by the terms hereof shall be evidenced, any such exercise may be evidenced conclusively by the execution and delivery by the Mayor, the City Administrator or the Director of Internal Services of an order with respect thereto.

(d) References in this Resolution to the successful bidder for the Bonds are deemed to be to multiple successful bidders in the event the Bonds are allocated among bidders in accordance with the official Notice of Sale provided for in Section 9 hereof.

SECTION 2. BE IT FURTHER RESOLVED that:

(a) Subject to the further provisions of this Section 2, pursuant to the authority of the Enabling Act, the Charter and Ordinance No. 2394, the City hereby determines to borrow money and incur indebtedness for the public purpose of financing or reimbursing costs (as defined in subsection (b) below) of the following public purpose projects in the maximum principal amount set forth opposite each such project (exclusive of any premium realized upon sale or any investment earnings that may be applied for such purposes):

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	<u>Project Name</u>	<u>Maximum Principal Amount</u>
1.	Spine Rail Trail	\$150,000
2.	Community Centers	500,000
3.	Riverside Circle	175,000
4.	Service Center Facility Plan Phase I	102,000
5.	E-7 Inspector's Truck	30,000
6.	S-14 2001 F-150 Dump Truck	48,500
7.	S-32 Hot Patch Trailer Improvements	40,000
8.	Replacement of 1998 Roller	50,000
9.	Lemmon Hill Standpipe	100,000
10.	Fitzwater Street Lift Station – Phase II	2,690,000
11.	Belt Filter Press Rehabilitation	357,000
12.	Dump Truck	90,000
13.	Dump Truck WWTP	90,000
14.	Parking Garage Façade and Landscaping	200,000
15.	Aquatic Weed Harvester with Unloading Conveyor	129,000
	TOTAL	<u>\$4,751,500.00</u>

The projects identified in items 1-15 above are collectively referred to herein as the “New Money Projects” and individually as a “New Money Project”. The City, without notice to or the consent of any registered owners of the Bonds (as defined in Section 3 below) may reallocate the maximum principal amount of the Bonds to be spent among any of the New Money Projects in compliance with applicable budgetary procedures or applicable law, including, to the extent applicable, by resolution. Further, it is the intention of the Council that proceeds of the Bonds may be spent on any applicable costs (as defined as defined in subsection (b) below) relating to the New Money Projects identified in items 1-15 above, notwithstanding the descriptive names used for such New Money Projects in the table above, including, without limitation, changes in scopes of the New Money Projects identified above effected through applicable budgetary procedures or applicable law.

(b) With respect to the New Money Projects listed above, the word “costs” shall include, as applicable, land and right-of-way acquisition and development; site and utility improvements, including, without limitation, grading, landscaping, paving, sidewalk, curb, gutter, storm drain, water and sewer improvements, and related or similar activities and expenses; demolition, razing and removal; acquisition, construction, expansion, reconstruction, replacement, renovation, rehabilitation, improvement, installation, furnishing and equipping activities and expenses, and related or similar activities and expenses; planning, design, engineering, architectural,

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feasibility, bidding, inspection, construction management, surveying, permitting, financial and legal expenses, and related or similar activities and expenses; costs of issuance (which may include costs of bond insurance or other credit or liquidity enhancement); interest during construction and for a reasonable period thereafter (whether or not expressly so stated); and any such costs that may represent the City's share or contribution to the financing, reimbursement or refinancing of any such project.

(c) Notwithstanding the provisions of subsection (a) above, in the event the Mayor, with the assistance of the City Administrator and the Director of Internal Services, determines prior to the sale of the Bonds that other moneys are available or are substantially likely to be available to pay any portion of the costs of any one or more of the New Money Projects, or that a tax issue exists with respect to any of the New Money Projects, the Mayor is hereby authorized and empowered, on behalf of the City, to determine to reduce and/or eliminate the maximum principal amount of proceeds of the Bonds to be applied to the costs of any one or more of the New Money Projects identified in subsection (a) above (exclusive of any premium realized upon sale and any investment earnings that may be applied for such purpose). Any such reduction or elimination in the maximum principal amount of proceeds of the Bonds to be applied to costs of any such New Money Project (exclusive of any premium realized upon sale and any investment earnings that may be applied for such purpose), shall be evidenced conclusively by the Mayor's execution and delivery of the Section 148 Certificate provided for in Section 16 hereof. The Mayor is also hereby authorized, but not required, to execute an order providing for such reduction or elimination.

(d) Subject to the further provisions of this Section 2, pursuant to the authority of the Enabling Act, the Refunding Act, the Charter and the Refunding Ordinances, the City hereby determines to borrow money and incur indebtedness for the public purpose of (i) currently refunding all or a portion of the outstanding maturities of the 2007 Bond, the 2008 Bond, the 2009 Bond, the 2011B Bond, the 2012 Bond, the 2013 Bond, the 2014A Bond and the 2014B Bond identified on Exhibit A hereto (collectively, the "Potential Refunded Bonds") and, in connection therewith, paying interest on any such Potential Refunded Bonds to their respective prepayment dates, and, on the available prepayment dates, paying the principal of and accrued interest due on such callable Potential Refunded Bonds on such prepayment dates as reflected on Exhibit A hereto (subject to Section 17 of this Resolution), for the public purpose of realizing savings in the aggregate cost of debt service on a direct comparison or present value basis or, to the extent such debt service savings is not achievable with respect to any particular Potential Refunded Bonds, to achieve a debt restructuring that in the aggregate effects such a reduction in the cost of debt service or is in the best interests of the City, is consistent with the City's long-term financial plan, and realizes a financial objective of the City, as contemplated in the Refunding Act, and (ii) paying a portion of the related costs of issuance of the Bonds identified in Section 3 hereof. The financial advisor to the City prepared Exhibit A hereto. Exhibit A is intended to reflect the current outstanding principal amounts of the 2007 Bond, the 2008 Bond, the 2009 Bond, the 2011B Bond, the 2012 Bond, the 2013 Bond, the 2014A Bond and/or the 2014B Bond in whole. In the event it is determined prior to the sale of the Bonds that such Exhibit A does not accurately reflect the current outstanding principal amounts of the 2007 Bond, the 2008 Bond, the 2009 Bond, the 2011B Bond,

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the 2012 Bond, the 2013 Bond, the 2014A Bond and the 2014B Bond in whole, the official making the award of the Bonds pursuant to Section 9 hereof is hereby authorized and empowered on behalf of the City to include within the Potential Refunded Bonds considered for refunding in connection with the sale of the Bonds any missing principal amounts and/or principal installments of such outstanding Potential Refunded Bonds and, in such case, references in this Resolution to the Potential Refunded Bonds shall be construed to include any such missing principal amounts and/or principal installments.

(e) It is the current intention of the Council, subject to market conditions or considerations provided for in subsection (f) below, to refund all of the Potential Refunded Bonds identified on Exhibit A hereto and to prepay the Potential Refunded Bonds on their respective earliest available prepayment dates as identified on Exhibit A hereto, subject to the further provisions of this Section 2 and Section 17 hereof. Notwithstanding such expressed intention, in the event the Mayor, with the advice of the Director of Internal Services, bond counsel to the City and the financial advisor to the City, determines from time to time prior to the sale of the Bonds that sufficient savings cannot be achieved or the goals of the Refunding Act will not be met by refunding all or a portion of any maturity of the Potential Refunded Bonds identified on Exhibit A hereto, or tax considerations dictate that all or a portion of any maturity or maturities of the Potential Refunded Bonds should not be refunded, such official may adjust the aggregate principal amount of the Bonds provided for in Section 4 hereof upward or downward (and correspondingly adjust one or more of the principal amounts of the Bonds set forth in Section 4 hereof or provided for in Section 4 hereof upward or downward in order to reflect such overall upward or downward adjustment in the aggregate principal amount of the Bonds), and such adjustment shall be communicated in accordance with the provisions of the official Notice of Sale provided for in Section 9 hereof.

(f) In addition, in the event the Mayor, with the advice of the Director of Internal Services, bond counsel to the City and the financial advisor to the City, determines from time to time prior to the sale of the Bonds that sufficient savings cannot be achieved or the goals of the Refunding Act will not be met by refunding any of the Potential Refunded Bonds identified on Exhibit A hereto, or tax considerations dictate that none of the Potential Refunded Bonds identified on Exhibit A hereto should be refunded, such official, subject to the limitations provided for in Sections 3 and 4 hereof, may adjust the aggregate principal amount of the Bonds provided for in Section 4 hereof downward (and correspondingly adjust one or more of the principal amounts of the Bonds set forth in Section 4 hereof or provided for in Section 4 hereof upward or downward in order to reflect such overall downward adjustment in the aggregate principal amount of the Bonds) and the fact that no portion of the Bonds shall be applied to refunding any of the Potential Refunded Bonds identified on Exhibit A hereto, and such adjustment shall be communicated in accordance with the provisions of the official Notice of Sale provided for in Section 9 hereof. In such event, all provisions of this Resolution relating to the issuance of the Bonds for refunding purposes and the refunding, payment and/or prepayment of the Potential Refunded Bonds shall be construed to be inapplicable.

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(g) The final actual maturities or portions of maturities of the Potential Refunded Bonds identified on Exhibit A hereto to be refunded from proceeds of the Bonds, if any (the "Refunded Bonds"), shall be determined in conjunction with the award of the Bonds provided for in Section 9 hereof, by the execution and delivery by any authorized official making such award on behalf of the City of an order providing therefor.

SECTION 3. BE IT FURTHER RESOLVED that:

(a) To evidence the borrowing and indebtedness authorized in Section 2 of this Resolution, the City, acting pursuant to the authority of the Enabling Act, the Refunding Act, the Charter, Ordinance No. 2394 and/or the Refunding Ordinances, as applicable, hereby determines to issue and sell, upon its full faith and credit, a single series of its general obligation new money and refunding bonds in the maximum aggregate principal amount of Thirty Million Twenty-five Thousand Dollars (\$30,025,000.00), to be designated as "City of Salisbury Public Improvement and Refunding Bonds of 2016" (the "Bonds"); provided that, if none of the Potential Refunded Bonds are determined to be refunded in accordance with the provisions of Section 2 of this Resolution prior to or at the sale of the Bonds, the Bonds shall be known as the "City of Salisbury Public Improvement Bonds of 2016" and shall not be deemed to have been issued under authority of the Refunding Act or the Refunding Ordinances (by either such designation, the "Bonds" and individually a "Bond"). The proceeds of the sale of the Bonds shall be used and applied as provided in this Resolution.

(b) Notwithstanding the provisions of subsection (a) above, the aggregate par amount of the Bonds issued for purposes of financing or reimbursing costs of the New Money Projects shall not exceed \$4,751,500.00, and the aggregate par amount of the Bonds issued for purposes of refunding the Refunded Bonds and financing or reimbursing allocable costs of issuance for such purpose shall not exceed the collective aggregate limitations provided for in the applicable Refunding Ordinances. In addition, in no event shall the aggregate par amount of the Bonds as issued exceed the debt limit provided for in Section SC7-48 of the Charter.

(c) Proceeds of the Bonds are hereby considered appropriated and allocated (i) to pay costs of the New Money Projects in the maximum principal amount specified for each New Money Project in Section 2(a) above (exclusive of any premium realized upon sale or investment earnings that may be applied for such purposes), subject to adjustments as to such amounts as provided for in this Resolution and (ii) to the refunding of the Refunded Bonds and the payment of allocable costs of issuance. In addition, the City is hereby authorized and empowered to apply to the refunding of the Refunded Bonds any unencumbered proceeds of the Refunded Bonds remaining unspent that are not otherwise reasonably expected to be applied to the purposes for which such Refunded Bonds were originally issued.

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SECTION 4. BE IT FURTHER RESOLVED that:

(a) Subject to the provisions of Section 9 hereof, the Bonds shall be sold in denominations of \$5,000 and integral multiples thereof, shall be dated the date of their delivery and shall be issued initially in book-entry only form as fully-registered bonds, without coupons attached, by issuing a single bond for each maturity registered in the name of Cede & Co., as partnership nominee for The Depository Trust Company, New York New York, or its successor (“DTC”); provided that, if DTC so requests, or a system of book-entry only registration is discontinued for the Bonds, replacement bonds shall be issued in denominations of \$5,000 and integral multiples thereof and shall be consecutively numbered in such manner as shall be determined by the Bond Registrar and Paying Agent (as defined in Section 11 of this Resolution).

(b) Subject to the further provisions of this Section 4 and the provisions of Section 9 hereof, the Bonds shall mature in annual serial maturities as designated by the successful bidder for the Bonds in accordance with the official Notice of Sale provided for in Section 9 hereof, subject to prior redemption at the option of the City as described in Section 5 hereof, as determined by the applicable City official provided for in Section 9 hereof upon the sale of the Bonds in accordance with the provisions of this Resolution. It has been recommended by the financial advisor to the City that the preliminary maturity schedule for the Bonds shall be for an aggregate principal amount of Twenty-four Million Four Hundred Eighty Thousand Dollars (\$24,480,000.00), as follows:

<u>Maturing (April 1)</u>	<u>Principal Amount</u>	<u>Maturing (April 1)</u>	<u>Principal Amount</u>
2017	\$1,005,000	2025	\$1,740,000
2018	2,055,000	2026	1,795,000
2019	2,220,000	2027	1,750,000
2020	2,345,000	2028	955,000
2021	2,440,000	2029	830,000
2022	2,370,000	2030	270,000
2023	2,440,000	2031	275,000
2024	1,990,000		

The aggregate principal amount of the Bonds and the aggregate principal amount of each maturity of the Bonds set forth above is subject to adjustment prior to sale as provided in Section 4(c) hereof and in the official Notice of Sale provided for in Section 9 hereof. In addition, the aggregate principal amount of the Bonds and the aggregate principal amount of each maturity of the Bonds is subject to adjustment following receipt of bids for the Bonds in accordance with the official Notice of Sale provided for in Section 9 hereof. Any such adjustments to the aggregate principal amount of the Bonds is subject to the maximum principal amount of the Bonds provided for in Section 3(b) of this Resolution. Any such adjustments to the amortization schedule for the Bonds may result in the elimination of any specified serial maturity dates.

(c) The Mayor or the City Administrator, 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

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hereby authorized from time to time prior to the sale of the Bonds to adjust the amortization schedule set forth in this Section 4 for the Bonds in order to (i) correct typographical or calculation errors, (ii) make adjustments to reflect then current market conditions, (iii) increase or decrease the aggregate principal amount of the Bonds as contemplated by Sections 2, 3 or 4 of this Resolution, and to correspondingly adjust one or more of the principal amounts of the serial maturities provided for in the foregoing amortization schedule upward or downward, in order, among other authorized purposes, to reduce the principal amount of the Bonds to be applied to the New Money Projects, take into consideration unspent proceeds of the Refunded Bonds available to be applied to the refunding of the Refunded Bonds as contemplated by Section 3(c) of this Resolution, maximize debt service savings and/or achieve specific debt restructuring goals with respect to the refunding of the Refunded Bonds, if any, or to balance the amortization of that portion of the debt service on the Bonds allocable to the New Money Projects and related costs with that portion of the debt service on the Bonds allocable for refunding purposes or to reflect any other determinations made in accordance with Sections 2, 3, 4 or 17 hereof, (iv) reflect that no portion of the outstanding principal amount of the 2007 Bond, the 2008 Bond, the 2009 Bond the 2011B Bond, the 2012 Bond, the 2013 Bond, the 2014A Bond or the 2014B Bond will be finally included among the Refunded Bonds, (v) reflect that no portion of any of the Potential Refunded Bonds will be refunded from proceeds of the Bonds (in which case the Bonds will be issued solely for purposes of financing or reimbursing costs of the New Money Projects), and/or (vi) address other financial considerations impacting the City or tax code considerations (including, without limitation, taking into account other debt service obligations of the City). Notwithstanding the foregoing, it is the intention of the Council that the amortization of the Bonds be structured to front load, to the maximum extent possible, within federal tax code limitations, debt service savings achieved with respect to the refunding of any of the Refunded Bonds. Any such adjustments contemplated by this Section 4(c) shall be communicated in accordance with the provisions of the official Notice of Sale provided for in Section 9 hereof.

(d) The Bonds shall bear interest at the rate or rates named by the successful bidder therefor in accordance with the terms of the official Notice of Sale provided for in Section 9 of this Resolution and as approved by the Mayor's or the City Administrator's execution and delivery of an order or orders upon award of the Bonds. Subject to the provisions of Section 9 hereof, interest on the Bonds shall be payable on April 1, 2017 and semi-annually thereafter on each October 1 and April 1 until maturity or prior redemption. Interest payments due on the Bonds shall be made to the registered owners thereof who are the registered owners of record as of the 15th day of the calendar month immediately preceding the month in which each interest payment date occurs. The Bonds shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from their dated date. Interest shall be computed on the basis of a 360-day year consisting of 12 30-day months.

(e) The principal or redemption price of the Bonds shall be payable at the office designated by the Bond Registrar and Paying Agent identified in Section 11 hereof. Interest on the Bonds shall be payable by check or draft of the Bond Registrar and Paying Agent mailed to the owners thereof; provided that, so long as the Bonds are registered in book-entry form under a book-

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entry only system maintained by DTC, any successor thereto or any replacement securities depository (the "Securities Depository"); payments of the principal or redemption price of and interest on the Bonds shall be made as required by the rules and regulations of such Securities Depository.

SECTION 5. BE IT FURTHER RESOLVED that:

(a) Subject to the provisions of Section 9 hereof, the Bonds maturing on or after April 1, 2027 shall be subject to redemption prior to maturity at the option of the City, as a whole or in part, on any date on or after April 1, 2026, in the order of maturity directed by the City, at a redemption price of the par amount to be redeemed, plus interest accrued to the date fixed for redemption, without penalty or premium.

(b) If fewer than all of the outstanding Bonds shall be called for optional redemption, the City shall choose the maturities to be redeemed and the principal amount of each such maturity in its sole discretion. If fewer than all of the Bonds of any one maturity shall be called for optional redemption, the particular Bonds or portions thereof to be redeemed from such maturity shall be selected by lot by the Bond Registrar and Paying Agent; provided that, so long as the Bonds are registered in the name of a Securities Depository or its nominee, such selection shall be made by such Securities Depository in accordance with its rules and regulations.

(c) When less than all of a Bond in a denomination in excess of \$5,000 is redeemed, then, upon surrender thereof, there shall be issued without charge to the registered owner thereof, for the unredeemed balance of the principal amount of such Bonds, at the option of such owner, Bonds in any of the authorized denominations specified by the registered owner. The aggregate face amount of Bonds so issued shall be equal to the unredeemed balance of the principal amount of the Bonds surrendered, and the Bonds issued shall bear interest at the same rate and shall mature on the same date as the unredeemed balance of the Bonds surrendered.

(d) When Bonds are to be redeemed, the City shall give or cause to be given to the registered owners of the Bonds to be redeemed in whole or in part a redemption notice by letter mailed first class, postage prepaid, at least thirty (30) days prior to the date fixed for redemption to the addresses of such registered owners appearing on the registration books kept by the Bond Registrar and Paying Agent; provided, however, that the failure to mail a redemption notice or any defect in a notice so mailed, or in the mailing thereof, shall not affect the validity of the redemption proceedings. The redemption notice shall identify the Bonds to be redeemed in whole or in part and shall state (i) whether such Bonds are to be redeemed in whole or in part and, if in part, the maturities, numbers, principal amounts, interest rates and CUSIP numbers of the Bonds to be redeemed, (ii) that the interest on the Bonds (or portions thereof) to be redeemed shall cease to accrue on the date fixed for redemption, (iii) the date fixed for redemption, (iv) the address of the office of the Bond Registrar and Paying Agent with a contact person and phone number, and (v) that the Bonds to be redeemed in whole or in part shall be presented for redemption and payment on the date fixed for redemption at the designated office of the Bond Registrar and Paying Agent. Such notice may state that it is conditioned upon receipt of

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sufficient funds to effect such redemption by the date fixed for redemption. Notwithstanding anything to the contrary contained in this subsection (d), so long as the Bonds to be redeemed are registered in book-entry only form with a Securities Depository, any redemption notice relating to such Bonds shall be given in the manner and at the time required by the rules and regulations of such Securities Depository.

(e) From and after the date fixed for redemption, if funds sufficient for the payment of the redemption price and accrued interest are available on such date, the Bonds or portions thereof designated for redemption shall cease to bear interest from and after such date. Upon presentation and surrender for redemption, the Bonds or portions thereof to be redeemed shall be paid by the Bond Registrar and Paying Agent at the redemption price, plus accrued interest to the date fixed for redemption. If they are not paid upon presentation, the Bonds or portions thereof designated for redemption shall continue to bear interest at the rate or rates stated therein until paid.

SECTION 6. BE IT FURTHER RESOLVED that the Bonds shall be executed in the name of the City and on its behalf by the Mayor, by manual or facsimile signature. The corporate seal of the City shall be affixed to the Bonds (manually or by facsimile) and attested by the signature of the City Clerk of the City (the "City Clerk"), by manual or facsimile signature. The Bonds shall be issued subject to registration as to principal and interest in the name of the owner or owners thereof on the books kept for registration and registration of transfer of the Bonds at the designated office of the Bond Registrar and Paying Agent. The Bonds shall be authenticated by the manual signature of an authorized officer of the Bond Registrar and Paying Agent. The Bonds shall not be valid for any purpose or constitute an obligation of the City unless so authenticated. In the event any official of the City whose signature appears on the Bonds shall cease to be such official prior to the delivery of the Bonds, or, in the event any such official whose signature appears on the Bonds shall have become such after the date of issue thereof, the Bonds shall nevertheless be valid and binding obligations of the City in accordance with their terms.

SECTION 7. BE IT FURTHER RESOLVED that:

(a) The Bonds shall be transferable only upon the registration books at the designated office of the Bond Registrar and Paying Agent and by the registered owner in person, or by his duly authorized attorney in writing, upon surrender thereof, together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar and Paying Agent and duly executed by the registered owner thereof in person, or by his attorney duly authorized in writing, but no Bonds will be transferred unless the Security Depository then in place determines to discontinue providing its services as a securities depository or directs that the Bonds be re-registered in a different name or denomination, or unless the Securities Depository then in place is removed.

(b) The Bonds may be transferred or exchanged at the designated office of the Bond Registrar and Paying Agent. Upon any such transfer or exchange, the City shall issue, and the Bond Registrar and Paying Agent shall authenticate and deliver, a new registered Bonds or Bonds in authorized denomination or denominations equal to the aggregate principal amount of the Bonds

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transferred or exchanged, of the same series, with the same maturity date, and bearing interest at the same rate. In each case, the Bond Registrar and Paying Agent may require payment by the registered owner requesting such transfer or exchange of any tax, fee or other governmental charge, shipping charges or 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 for such transfer or exchange.

(c) The Bond Registrar and Paying Agent shall not be required to transfer or exchange any Bonds after the mailing or giving of notice of call of such Bonds for redemption in whole or in part.

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 Bonds, the Bonds shall be issued in substantially the form attached hereto as Exhibit A and incorporated by reference herein. Appropriate variations and insertions may be made by the Mayor, with the advice of the City Administrator and the Director of Internal Services, to reflect determinations made in accordance with, among other Sections, Sections 2, 3, 4 and 9 of this Resolution, to identify the Ordinances serving as authority for issuance of the Bonds, to provide names, dates, numbers and amounts, to comply with recommendations of legal counsel, as required by any rating agency as a condition precedent to, or as otherwise related to, obtaining a rating of the Bonds from such rating agency, or to make other modifications not specifically provided for herein that do not materially alter the substance of the Bonds. All of the covenants contained in the form attached hereto as Exhibit A, as such form shall be finally completed for the Bonds and executed in accordance with this Section 8, are hereby adopted by the City as and for the form of obligations 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 Bonds by the Mayor in accordance with this Resolution shall be conclusive evidence of the approval by the Mayor (with the advice of the City Administrator and the Director of Internal Services) of the final form of the 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 Bonds, as executed and delivered in accordance with the provisions of this Section 8, and the provisions of this Resolution, the provisions of the Bonds shall control.

SECTION 9. BE IT FURTHER RESOLVED that:

(a) The City has determined that it shall be in the best interests of the City to sell the Bonds by the solicitation of competitive bids at public sale.

(b) Electronic bids shall be received until 11:00 a.m. prevailing Eastern time on the date fixed for sale (such time to be determined as provided by Parity®). Sale will be held on July 21, 2016 or such later date as may be designated by the Mayor on behalf of the City or, in his absence or disability, by the City Administrator or the Director of Internal Services, by communicating such decision in accordance with the further provisions of this Section 9. The Mayor or, in his absence or disability, the City Administrator or the Director of Internal Services,

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on behalf of the City, with the advice of the financial advisor to the City, is hereby authorized from time to time to postpone and reschedule the date of sale.

(c) Either the Mayor or the City Administrator, with the advice of the Director of Internal Services, the financial advisor to the City and bond counsel to the City, on behalf of the City, shall conduct the sale and shall sell the Bonds in the name of the City and on its behalf for cash at no less than par (and within any premium limitations provided for in the official Notice of Sale with respect to the Bonds) to the bidder whose bid is determined to be the best responsible bid received in compliance with the terms and conditions of the official Notice of Sale. Upon receipt of the bids for the Bonds, either of the Mayor or the City Administrator is hereby authorized and empowered to reject the bids for the Bonds if such official determines with the advice of the Director of Internal Services and the financial advisor to the City that such action is in the City's best interest. Either the Mayor or the City Administrator, with the advice of the Director of Internal Services, the financial advisor to the City and bond counsel to the City, is authorized to adjust the aggregate principal amount of the Bonds following receipt of bids, and the amortization schedule therefor, in accordance with Section 4 hereof and the official Notice of Sale and to determine which portion, if any, of the outstanding Potential Refunded Bonds shall be currently refunded from proceeds of the Bonds (and therefore constitute the Refunded Bonds). The sale of the Bonds shall be made upon order or orders of award signed by the Mayor or the City Administrator, and such order or orders shall identify which portions, if any, of the Potential Refunded Bonds are to be refunded in whole or in part. The award of, or rejection of all bids for, the Bonds may also be reflected on [BiDCOMP/Parity@/www.i-dealprospectus.com](mailto:BiDCOMP/Parity@www.i-dealprospectus.com). Any award of the Bonds shall be subject to receipt of the good faith deposit therefor in accordance with the provisions of the official Notice of Sale, and if such good faith deposit is not so received, the Mayor or the City Administrator shall have the right to withdraw the award; any such withdrawal of an award of the Bonds may also be reflected on [BiDCOMP/Parity@/www.i-dealprospectus.com](mailto:BiDCOMP/Parity@www.i-dealprospectus.com).

(d) As authorized by Section SC7-46 of the Charter, public notice of the sale was disseminated electronically through inclusion of the official Notice of Sale as Appendix C to the Preliminary Official Statement for the Bonds dated July 13, 2016 that was published on www.i-dealprospectus.com, and the Council hereby ratifies, confirms and approves such prior preparation and dissemination of the official Notice of Sale in such manner. The terms and conditions stated in the official Notice of Sale as so disseminated, as the same may be modified as provided in subsection (e) below, are made a part hereof and are hereby adopted and approved as the terms and conditions under which and the manner in which the Bonds shall be sold, issued and delivered at public sale.

(e) The Mayor or, in his absence or disability, the City Administrator or the Director of Internal Services, on behalf of the City, is hereby further authorized and empowered to make any determinations or to take any actions provided for in this Resolution or the official Notice of Sale subsequent to the date of dissemination of such official Notice of Sale, including (without limitation) modifying the bid specification parameters for the Bonds based on the

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recommendation of the City's financial advisor to reflect then-current municipal market conditions, determining to postpone and reschedule the date of sale and providing for notification of the postponement or rescheduling of the date of sale for the Bonds, adjusting the amortization schedule for the Bonds as contemplated by Section 4 of this Resolution, changing the dated date of the Bonds, or changing the date for delivery of the Bonds. Any actions taken by the Mayor, the City Administrator, or the Director of Internal Services in accordance with this Section 9, unless otherwise expressly provided herein, may be evidenced conclusively by the dissemination of such modifications prior to the sale by TM3 News Service or BiDCOMP/Parity@/www.i-dealprospectus.com; in addition, such official may, but shall not be required, to execute and deliver an order or orders providing for such modifications.

(f) No publication of the official Notice of Sale or a summary thereof shall be required if any modifications to the official Notice of Sale contemplated or permitted by this Section 9 are made in accordance with the provisions of this Section 9 and such modifications are disseminated by TM3 News Service or BiDCOMP/Parity@/www.i-dealprospectus.com as provided in this Section 9. For purposes of clarification, the form of Notice of Sale as included in Appendix C to the Preliminary Official Statement, as the same may be further modified in accordance with the provisions of this Section 9, shall constitute the official Notice of Sale for purposes of this Resolution and the submission of bids for the Bonds.

(g) Notwithstanding anything to the contrary contained in this Resolution, in the event that the date of sale for the Bonds is postponed or rescheduled, or in the event all bids for the Bonds are rejected at a sale actually conducted and a new alternative sale date is established in accordance with the official Notice of Sale, the Mayor or, in his absence or disability, the City Administrator or the Director of Internal Services, on behalf of the City, with the advice of the financial advisor to the City and bond counsel to the City, is hereby authorized and empowered to change the dated date of the Bonds, the principal and interest payment dates for the Bonds, the optional redemption dates for the Bonds, and the amortization schedule for the Bonds accordingly, such changes to be disseminated by TM3 News Service or BiDCOMP/Parity@/www.i-dealprospectus.com as provided in this Section 9 and the official Notice of Sale and to be evidenced conclusively by such official's execution and delivery of an order or orders pursuant to the provisions of and within any limitations specified in this Resolution and the official Notice of Sale.

(h) References in this Section 9 to the absence or disability of the Mayor shall be construed to include the unavailability of the Mayor in the event a determination relating to the Bonds contemplated by this Section 9 is time-sensitive as advised by the financial advisor to the City or bond counsel to the City. In addition, to the extent both the Mayor and the City Administrator are absent, disabled or unavailable within the meaning of the prior sentence at the time a determination relating to the Bonds as contemplated by this Section 9 needs to be made, and no person is serving as Acting Mayor or Acting City Administrator in accordance with the Charter, the City Code or other applicable law or authority, the Director of Internal Services, on

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behalf of the City, is hereby authorized and empowered to exercise any of the powers or duties delegated to the Mayor or the City Administrator by the provisions of this Section 9.

SECTION 10. BE IT FURTHER RESOLVED that:

(a) The preparation and distribution of a Preliminary Official Statement of the City dated on or about July 13, 2016 in connection with the issuance and sale of the Bonds (the "Preliminary Official Statement"), on behalf of the City, and all actions taken by City officials, the financial advisor to the City and bond counsel to the City in connection with the preparation and distribution of such Preliminary Official Statement, are hereby ratified, confirmed and approved.

(b) The preparation and distribution of a final Official Statement relating to the Bonds (the "Official Statement"), substantially in the form of the Preliminary Official Statement, with such changes, corrections, additions and deletions not inconsistent with the provisions of the Enabling Act, the Refunding Act, the Charter, Ordinance No. 2394 or the Refunding Ordinances, as applicable, or this Resolution, to reflect matters determined in connection with the sale of the Bonds, or to comply with the recommendations of legal counsel or the financial advisor to the City, or as required by any rating agency as a condition precedent to, or as otherwise related to, obtaining a rating on the Bonds from any such rating agency, as the Mayor and the Director of Internal Services shall approve on behalf of the City, is hereby authorized and approved. The Mayor and the Director of Internal Services, with the advice of the financial advisor to the City and bond counsel to the City, are hereby authorized and directed to approve the final form of the Official Statement on behalf of the City, such approval to be evidenced conclusively by the Mayor's and the Director of Internal Services's execution and delivery of the Official Statement. The Official Statement shall be printed and/or posted electronically as the financial advisor to the City shall advise and/or as the successful bidder for the Bonds may require.

(c) The Mayor and the Director of Internal Services, with the advice of the financial advisor to the City and bond counsel to the City, are hereby authorized and directed to approve on behalf of the City the preparation of and distribution of any supplements or amendments to the Preliminary Official Statement or the Official Statement deemed necessary or desirable after the printing or posting of the same, such approval to be evidenced conclusively by the City Administrator's and the Director of Internal Services's execution and delivery of any such supplement or amendment.

(d) Any signature of the Mayor and the Director of Internal Services contemplated by this Section 10 may be made in typed facsimile rather than by manual signature.

SECTION 11. BE IT FURTHER RESOLVED that:

(a) Manufacturers and Traders Trust Company (or any affiliate, by whatever name known designated by Manufacturers and Traders Trust Company) is hereby appointed to serve as the Bond Registrar and Paying Agent for the Bonds (the "Bond Registrar and Paying Agent").

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The Mayor and the City Administrator are each hereby authorized to negotiate and to execute and deliver such written agreement with the Bond Registrar and Paying Agent as they shall deem to be necessary or appropriate. References to Manufacturers and Traders Trust Company as Bond Registrar and Paying Agent shall be construed to include any affiliate designated by such entity to serve in such capacity, as well as any successor to the corporate trust business of Manufacturers and Traders Trust Company or any such designated entity. The City may designate another entity as Bond Registrar and Paying Agent for the Bonds upon 30 days' prior written notice to the registered owners of the Bonds.

(b) Prior to each semi-annual interest payment date, the Director of Internal Services or other appropriate City official shall deposit with the Bond Registrar and Paying Agent, from the tax proceeds described in Section 15 below and from any other funds then legally available for such purpose, the amounts needed to pay the principal of and interest on the Bonds coming due on each such interest payment date. All moneys so deposited with the Bond Registrar and Paying Agent shall be deemed and treated by the Bond Registrar and Paying Agent as trust funds for the use and benefit of the registered owners from time to time of the Bonds. Any such trust funds held by the Bond Registrar and Paying Agent for the payment of particular Bonds for periods of more than three years from their maturities or such other periods as may be required by applicable law, because of the failure of the registered owners of such Bonds to present them for payment or because checks issued by the Bond Registrar and Paying Agent in payment of interest shall not have been cashed and no registered owner of a Bond shall have established a right to payment of interest within such period, shall be returned by the Bond Registrar and Paying Agent to the City and, thereafter, the registered owners of any such Bonds shall have claims only against the City for payment of the obligations held by them, and the Bond Registrar and Paying Agent shall be relieved of the trust hereby imposed.

SECTION 12. BE IT FURTHER RESOLVED that the Mayor, with the advice of the City Administrator, the Director of Internal Services and bond counsel to the City, shall approve, execute and deliver in the name and on behalf of the City a continuing disclosure undertaking for the benefit of the owners and beneficial owners of the Bonds in order to assist the bidders for the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The City shall covenant in the continuing disclosure undertaking that the City will provide to the repository or repositories required by Securities and Exchange Commission Rule 15c2-12, annual financial information and operating data and annual audited financial statements. The City shall further covenant in the continuing disclosure undertaking to provide notice of specified events to the repository or repositories required by Securities and Exchange Commission Rule 15c2-12. The continuing disclosure undertaking may provide that the place or places of delivery of such information shall be subject to change in accordance with the rules and pronouncements of the Securities and Exchange Commission or other appropriate authority and shall otherwise meet the requirements of Rule 15c2-12. All appropriate City officials and employees are hereby authorized and empowered to take all action necessary to comply with the provisions of the continuing disclosure undertaking executed and delivered in connection with the issuance of the Bonds.

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SECTION 13. BE IT FURTHER RESOLVED that as soon as may be practicable after the sale hereinabove provided for has been held, unless all bids for the Bonds are rejected in accordance with Section 9 hereof, the Bonds shall be suitably prepared in definitive form, executed and delivered to the successful bidder therefor upon receipt of the purchase price therefor, less the good faith deposit provided for in the official Notice of Sale. 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 award, sale and delivery of the Bonds to the successful bidder therefor, and to approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith, including, without limitation, with respect to each of the Mayor, the City Administrator or the Director of Internal Services, approving, executing and delivering any agreements required by DTC with respect to the book-entry system of registration of the Bonds or any rating agencies with respect to ratings on the Bonds, and the prior approval, execution and delivery by any such authorized officials of any such documents, certificates or instruments is hereby ratified, confirmed and approved.

SECTION 14. BE IT FURTHER RESOLVED that:

(a) The Director of Internal Services or, in his absence, one of the Assistant Directors of Internal Services are each hereby designated and authorized to receive payment on behalf of the City of the proceeds of the sale of the Bonds and to invest and/or hold uninvested in cash such proceeds. There may be deducted from the total gross proceeds of the sale of the Bonds the amount of the underwriter's discount payable to the successful bidder therefor and other expenses of sale of the Bonds, which deducted amounts shall be applied to such expenses of the sale. Any one or more appropriate officials, on behalf of the City, may direct the successful bidder for the Bonds to disburse proceeds of the Bonds on the City's behalf directly to any third party (including, without limitation, the registered owners of any of the Refunded Bonds). To the extent not so disbursed on behalf of the City, any proceeds of the Bonds received by the City shall be deposited in the proper account or accounts of the City, shall be invested within the limits prescribed by Maryland and federal law, and shall be used and applied exclusively for the purposes described herein. Within the limitations of the Internal Revenue Code of 1986, as amended (the "Code") and any other applicable law, any excess proceeds attributable to rounding amounts (because the Bonds must be issued in integral denominations of \$5,000), net issue reoffering premium received for the Bonds and any investment earnings on proceeds may be applied to pay debt service on the Bonds. Within the limitations of the Code, if the proceeds received from the sale of the Bonds exceed the amount needed for the public purposes hereinabove described, the amount of such unexpended excess shall be accounted for separately and applied to pay debt service on the Bonds, unless a supplemental resolution is adopted by the Council to provide for the expenditure of that excess for any purpose authorized by Ordinance No. 2394 and/or the applicable Refunding Ordinances, as applicable, or unless a supplemental ordinance or resolution, as applicable, is enacted by the Council to provide for the expenditure of that excess for some other valid purpose authorized by the Enabling Act, the

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Refunding Act and the Charter, as applicable. Nothing in this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose.

(b) To the extent any proceeds of the Bonds to be applied for purposes of refunding any of the Refunded Bonds shall not be applied for such purpose within several days of the date of issuance and delivery of the Bonds, the Mayor, the City Administrator or the Director of Internal Services, or his designee, is hereby authorized to provide for the bidding for and/or file, as applicable, on behalf of the City any necessary investment agreements or any necessary subscriptions and any amendments thereto to purchase United States Treasury Obligations – State and Local Government Series, and/or any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the “Defeasance Obligations”), and to take any other action or to execute any further instrument on behalf of the City necessary to purchase such obligations, subject to the limitations contained in Section 16 hereof. To the extent that the “window” for United States Treasury Obligations – State and Local Government Series is closed, Davenport & Company LLC is hereby selected to serve as bidding agent for any other applicable Defeasance Obligations. In the event Davenport & Company LLC determines not to serve in such capacity for any reason, the Mayor or the City Administrator, on behalf of the City, is each hereby authorized and empowered, following consultation with the Director of Internal Services, the financial advisor to the City and bond counsel to the City, to select any other party or entity to serve as bidding agent with respect to any bidding conducted for the selection of the Defeasance Obligations.

(c) To the extent a determination is made in accordance with this Section 14 to invest a portion of the proceeds of the Bonds in Defeasance Obligations, Manufacturers and Traders Trust Company (or any affiliate, by whatever name known designated by Manufacturers and Traders Trust Company) is hereby appointed to serve as an escrow deposit agent with respect to all or a portion of the Refunded Bonds (the “Escrow Deposit Agent”). The Mayor and the City Administrator are each hereby authorized to negotiate and to execute and deliver such written agreement with the Escrow Deposit Agent as they shall deem to be necessary or appropriate. References to Manufacturers and Traders Trust Company as Escrow Deposit Agent shall be construed to include any affiliate designated by such entity to serve in such capacity, as well as any successor to the corporate trust business of Manufacturers and Traders Trust Company or any such designated entity. The City may designate another entity as Escrow Deposit Agent for the applicable Refunded Bonds upon 30 days’ prior written notice to the registered owners of the applicable Refunded Bonds.

(d) To the extent a determination is made in accordance with this Section 14 to invest a portion of the proceeds of the Bonds in Defeasance Obligations, The Arbitrage Group, Inc. or, to the extent The Arbitrage Group, Inc. is not available, any other nationally-recognized verification consultant recommended by the financial advisor to the City or bond counsel to the City, is hereby appointed to serve as a verification consultant (the “Verification Consultant”) with respect to all or a portion of the Refunded Bonds. The Mayor and the City Administrator

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are each hereby authorized to negotiate and to execute and deliver such written agreement with the Verification Consultant as they shall deem to be necessary or appropriate.

SECTION 15. BE IT FURTHER RESOLVED that for the purpose of paying the principal of and interest on the Bonds when due, the City shall levy or cause to be levied, for each and every fiscal year during which the Bonds may be outstanding, ad valorem taxes upon all real and tangible personal property in the City that is subject to assessment for unlimited municipal taxation in rate and amount sufficient to pay the principal of and interest on the Bonds 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. 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 Bonds as and when the same become due and are payable and to the levy and collection of the taxes hereinabove prescribed as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Bonds. The City hereby covenants with the registered owners of the Bonds to take any further action that may be lawfully appropriate from time to time during the period that the Bonds remain outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and interest due thereon. The foregoing provisions shall not be construed so as to prohibit the City from paying the principal of and interest on the Bonds from the proceeds of the sale of any other obligations of the City or from any other funds legally available for that purpose. Subject to any limitation provided for in the Code, the City may apply to the payment of the principal of or interest on the Bonds of 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 (including any other sources from which the City has been making debt service payments on any of the Refunded Bonds, as applicable), if such funds are granted or paid to the City for the purpose of assisting the City in accomplishing the type of project or projects which the Bonds are issued to finance or refinance or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately. To the extent available for such purpose, allocable portions of the debt service on the Bonds shall be payable in the first instance from the enterprise fund or funds in which water, sewer and parking revenues are accounted for.

SECTION 16. BE IT FURTHER RESOLVED that:

(a) (i) The Mayor and (ii) either (A) the City Administrator or (B) the Director of Internal Services are the officials of the City responsible for the issuance of the Bonds within the meaning of Section 1.148-2(b)(2) of the U.S. Treasury Regulations (the "Treasury Regulations"). The Mayor and either of (i) the City Administrator and (ii) 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 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 Treasury Regulations, and such officials are hereby authorized and directed to execute and

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deliver the Section 148 Certificate to counsel rendering an opinion on the validity and tax-exempt status of the Bonds on the date of the issuance thereof.

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

(d) The City specifically covenants that it will comply with the provisions of the Code applicable to the Bonds, including, without limitation, compliance with provisions regarding the timing of the expenditure of the proceeds of the Bonds, the use of such proceeds and the projects 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 Bonds or payments in lieu thereof. The City further covenants that it shall make such use of the proceeds of the 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 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 Bonds as may be necessary or appropriate.

(e) In connection with their execution and delivery of the Section 148 Certificate, the authorized officials identified in this Section 16 are hereby authorized and empowered, on behalf of the City, to make any designations, elections, determinations, allocations 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 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.

SECTION 17. BE IT FURTHER RESOLVED that:

(a) Conditional only upon the delivery of and payment for the Bonds, the Council hereby elects to prepay on any date between the date of delivery of the Bonds and a date no later

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than 90 days after the date of delivery of the Bonds, as determined in consultation with the Director of Internal Services, the financial advisor to the City and bond counsel to the City, the Refunded Bonds finally selected for refunding and prepayment in accordance with the provisions of this Resolution at the applicable prepayment prices provided for such bonds, and to pay interest when due on such refunded portions to and including the applicable date fixed for prepayment. Exhibit A to this Resolution assumes an issuance date for the Bonds of July 28, 2016 and lists the anticipated dates for prepayment of the Potential Refunded Bonds based on such anticipated issuance date. The actual selected date of prepayment for each issue of the actual Refunded Bonds shall be the earliest available date for such prepayment, taking into account the giving of any required notices of prepayment and any prepayment date or dates negotiated with the holders of such Refunded Bonds. The Mayor, the City Administrator, the Director of Internal Services, the financial advisor to the City or bond counsel to the City, on behalf of the City, is each hereby authorized and empowered, to negotiate with the holder or holders of any of the Potential Refunded Bonds a prepayment date different from that set forth in Exhibit A hereto, taking into account the considerations and limitations provided for in this Section 17. Any such different prepayment date shall be evidenced conclusively by the final numbers relating to the Bonds prepared by the financial advisor to the City.

(b) The prior giving of conditional notice of prepayment on behalf of the City with respect to one or more issues of the Potential Refunded Bonds is hereby ratified, confirmed and approved. Any one or more of the Mayor, the City Administrator and the Director of Internal Services is hereby authorized and empowered, on behalf of the City, to give any supplemental or new notice of any such prepayment in the name of the City prior to or after the date of issuance and delivery of the Bonds, as applicable, and any such notice may be conditional.

SECTION 18. BE IT FURTHER RESOLVED that the provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

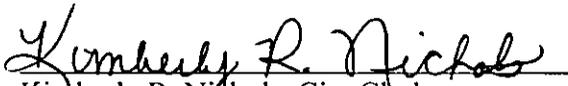
SECTION 19. BE IT FURTHER RESOLVED that this Resolution shall become effective upon adoption by the Council and approval by the Mayor. Pursuant to Charter Section SC7-46A, this Resolution may not be petitioned to referendum.

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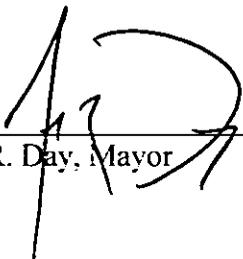
THIS RESOLUTION was introduced and duly adopted at a meeting of the Council of the City of Salisbury held on the 18th day of July, 2016.

ATTEST:


Kimberly R. Nichols, City Clerk


City Council President or Vice President

APPROVED BY ME THIS 19th DAY OF July, 2016:


Jacob R. Day, Mayor

#188740:58111.036

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EXHIBIT A

IDENTIFICATION OF POTENTIAL REFUNDED BONDS*

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Public Improvements Bond of 2007					
BOND	4/1/2017	4.030%	\$247,500.00	10/1/2016	100.000
	4/1/2018	4.030%	247,500.00	10/1/2016	100.000
	4/1/2019	4.030%	247,500.00	10/1/2016	100.000
	4/1/2020	4.030%	247,500.00	10/1/2016	100.000
	4/1/2021	4.030%	247,500.00	10/1/2016	100.000
	4/1/2022	4.030%	247,500.00	10/1/2016	100.000
	4/1/2023	4.030%	247,500.00	10/1/2016	100.000
	4/1/2024	4.030%	247,500.00	10/1/2016	100.000
	4/1/2025	4.030%	247,500.00	10/1/2016	100.000
	4/1/2026	4.030%	247,500.00	10/1/2016	100.000
	4/1/2027	4.030%	247,500.00	10/1/2016	100.000
			\$2,722,500.00		
Public Improvements Bond of 2008					
BOND	2/1/2017	4.090%	\$190,000.00	8/1/2016	100.000
	2/1/2018	4.090%	195,000.00	8/1/2016	100.000
	2/1/2019	4.090%	200,000.00	8/1/2016	100.000
	2/1/2020	4.090%	230,000.00	8/1/2016	100.000
	2/1/2021	4.090%	240,000.00	8/1/2016	100.000
	2/1/2022	4.090%	260,000.00	8/1/2016	100.000
	2/1/2023	4.090%	275,000.00	8/1/2016	100.000
	2/1/2024	4.090%	125,000.00	8/1/2016	100.000
	2/1/2025	4.090%	130,000.00	8/1/2016	100.000
	2/1/2026	4.090%	135,000.00	8/1/2016	100.000
	2/1/2027	4.090%	140,000.00	8/1/2016	100.000
	2/1/2028	4.090%	145,000.00	8/1/2016	100.000
			\$2,265,000.00		
Public Improvements Bond of 2009					
BOND	11/1/2017	3.780%	\$173,333.33	7/28/2016	100.000
	11/1/2018	3.780%	173,333.33	7/28/2016	100.000
	11/1/2019	3.780%	173,333.33	7/28/2016	100.000
	11/1/2020	3.780%	173,333.33	7/28/2016	100.000
	11/1/2021	3.780%	87,779.36	7/28/2016	100.000
	11/1/2022	3.780%	33,349.33	7/28/2016	100.000
	11/1/2023	3.780%	33,349.33	7/28/2016	100.000
	11/1/2024	3.780%	33,349.34	7/28/2016	100.000
			\$881,160.68		

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Public Improvements Bond 2011B					
BOND	6/1/2017	2.390%	\$413,000.00	7/28/2016	100.000
	6/1/2018	2.390%	423,000.00	7/28/2016	100.000
	6/1/2019	2.390%	434,000.00	7/28/2016	100.000
	6/1/2020	2.390%	443,000.00	7/28/2016	100.000
	6/1/2021	2.390%	453,000.00	7/28/2016	100.000
	6/1/2022	2.390%	375,000.00	7/28/2016	100.000
	6/1/2023	2.390%	387,000.00	7/28/2016	100.000
			\$2,928,000.00		
Public Improvements Bond of 2012					
BOND	5/1/2017	2.520%	\$473,000.00	7/28/2016	100.000
	5/1/2018	2.520%	485,000.00	7/28/2016	100.000
	5/1/2019	2.520%	497,000.00	7/28/2016	100.000
	5/1/2020	2.520%	510,000.00	7/28/2016	100.000
	5/1/2021	2.520%	523,000.00	7/28/2016	100.000
	5/1/2022	2.520%	536,000.00	7/28/2016	100.000
	5/1/2023	2.520%	549,000.00	7/28/2016	100.000
	5/1/2024	2.520%	563,000.00	7/28/2016	100.000
	5/1/2025	2.520%	578,000.00	7/28/2016	100.000
	5/1/2026	2.520%	592,000.00	7/28/2016	100.000
	5/1/2027	2.520%	607,000.00	7/28/2016	100.000
			\$5,913,000.00		
Public Improvements Bond of 2013					
BOND	7/1/2017	2.960%	\$187,000.00	7/28/2016	100.000
	7/1/2018	2.960%	192,000.00	7/28/2016	100.000
	7/1/2019	2.960%	198,000.00	7/28/2016	100.000
	7/1/2020	2.960%	204,000.00	7/28/2016	100.000
	7/1/2021	2.960%	210,000.00	7/28/2016	100.000
	7/1/2022	2.960%	217,000.00	7/28/2016	100.000
	7/1/2023	2.960%	223,000.00	7/28/2016	100.000
	7/1/2024	2.960%	230,000.00	7/28/2016	100.000
	7/1/2025	2.960%	237,000.00	7/28/2016	100.000
	7/1/2026	2.960%	244,000.00	7/28/2016	100.000
	7/1/2027	2.960%	251,000.00	7/28/2016	100.000
	7/1/2028	2.960%	259,000.00	7/28/2016	100.000
			\$2,652,000.00		
Public Improvement Bonds, 2014A					
BOND	4/1/2017	2.850%	\$232,000.00	7/28/2016	100.000
	4/1/2018	2.850%	239,000.00	7/28/2016	100.000
	4/1/2019	2.850%	245,000.00	7/28/2016	100.000
	4/1/2020	2.850%	252,000.00	7/28/2016	100.000
	4/1/2021	2.850%	260,000.00	7/28/2016	100.000
	4/1/2022	2.850%	267,000.00	7/28/2016	100.000
	4/1/2023	2.850%	274,000.00	7/28/2016	100.000
	4/1/2024	2.850%	282,000.00	7/28/2016	100.000
	4/1/2025	2.850%	290,000.00	7/28/2016	100.000
	4/1/2026	2.850%	299,000.00	7/28/2016	100.000
	4/1/2027	2.850%	307,000.00	7/28/2016	100.000
	4/1/2028	2.850%	316,000.00	7/28/2016	100.000
	4/1/2029	2.850%	325,000.00	7/28/2016	100.000
			\$3,588,000.00		

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Public Improvement Bonds, 2014B	4/1/2017	2.530%	\$276,259.06	7/28/2016	100.000
BOND	4/1/2018	2.530%	288,209.91	7/28/2016	100.000
	4/1/2019	2.530%	293,211.62	7/28/2016	100.000
	4/1/2020	2.530%	305,111.12	7/28/2016	100.000
	4/1/2021	2.530%	308,237.43	7/28/2016	100.000
	4/1/2022	2.530%	314,891.84	7/28/2016	100.000
	4/1/2023	2.530%	325,324.10	7/28/2016	100.000
	4/1/2024	2.530%	333,475.68	7/28/2016	100.000
			\$2,444,720.76		

* The bonds listed above are all the Potential Refunded Bonds as determined by the financial advisor to the City. Subject to market conditions or other determinations made prior to or at the time of sale in accordance with the foregoing Resolution, the maturities, principal amounts and/or call dates of any Potential Refunded Bonds determined to be finally refunded may change and the City may determine to refund all, some or none of the Potential Refunded Bonds listed in this Exhibit A, including by determining to refund some of the bond maturities listed in this Exhibit A in part.

The bond issues referred to above are respectively defined in the foregoing Resolution as the 2007 Bond, the 2008 Bond, the 2009 Bond, the 2011B Bond, the 2012 Bond, the 2013 Bond, the 2014A Bond and the 2014B Bond.

shall be payable by check or draft of the Bond Registrar and Paying Agent mailed to the registered owner in whose name this bond is registered on the registration books maintained by the Bond Registrar and Paying Agent for the issue of bonds of which this bond is a part as of the close of business on the 15th day of the calendar month immediately preceding the month in which each interest payment date occurs (the "Regular Record Date"). Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered as of the close of business on a special record date to be fixed by the Bond Registrar and Paying Agent for the payment of such defaulted interest (the "Special Record Date"), notice whereof being given by letter mailed first class, postage prepaid, to the registered owner not less than ten (10) days prior to such Special Record Date, at the address of such registered owner appearing on the registration books maintained by the Bond Registrar and Paying Agent for the Bonds (as defined below). If a principal payment date or interest payment date falls on a Saturday, Sunday or a day on which the City or the Bond Registrar and Paying Agent is 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 or the Bond Registrar and Paying Agent is not required to be open, and no interest shall accrue for the intervening period.

IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR A PORTION OF THE PRINCIPAL SUM OR REDEMPTION PRICE HAS BEEN PAID. EACH PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF THIS BOND SHALL BE NOTED HEREON, BUT THE FAILURE OF THE REGISTERED OWNER OF THIS BOND TO NOTE SUCH PAYMENT SHALL NOT AFFECT THE VALID PAYMENT AND DISCHARGE OF SUCH OBLIGATION EFFECTED BY SUCH PAYMENT.

This bond is the duly authorized bond of the City, and is one of a series of bonds aggregating \$_____ in principal amount, dated _____, 2016 and designated "City of Salisbury Public Improvement and Refunding Bonds of 2016" (the "Bonds"). This bond is issued pursuant to and in full conformity with the provisions of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Enabling Act"), Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Refunding Act"), and Sections SC7-45 and SC7-46 of the Charter of 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 [REFERENCES TO ORDINANCES TO BE INSERTED IN THE FINAL FORM OF THE BONDS], and Resolution No. ____, which was adopted by the Council on _____, 2016, approved by the Mayor on _____, 2016 and became effective on _____, 2016 (the "Resolution").

The Bonds mature and are payable on April 1 in the following years and amounts and bear interest at the following rates per annum *[to be completed following the sale]*:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Bonds that mature on and after April 1, 2027 shall be subject to redemption prior to maturity at the option of the City, as a whole or in part, on any date on or after April 1, 2026, in the order of maturity directed by the City, at a redemption price of the par amount of the Bonds (or portions thereof) to be redeemed, plus interest accrued to the date fixed for redemption, without penalty or premium.

If fewer than all of the outstanding Bonds shall be called for optional redemption, the City shall choose the maturities to be redeemed and the principal amount of each such maturity in its sole discretion. If fewer than all of the Bonds of any one maturity shall be called for optional redemption, the particular Bonds or portions of Bonds to be redeemed from such maturity shall be selected by lot by the Bond Registrar and Paying Agent.

When less than all of a Bond in a denomination in excess of \$5,000 is redeemed, then, upon surrender thereof, there shall be issued without charge to the registered owner thereof, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, Bonds of the same series in any of the authorized denominations specified by the registered owner. The aggregate face amount of Bonds so issued shall be equal to the unredeemed balance of the principal amount of the Bond surrendered, and the Bonds issued shall be of the same series, shall bear interest at the same rate and shall mature on the same date as the unredeemed balance of the Bond surrendered.

When any Bonds are to be redeemed, the City shall cause a redemption notice to be given to the registered owners of the Bonds to be redeemed in whole or in part by letter mailed first class, postage prepaid, at least thirty (30) days prior to the date fixed for redemption to the addresses of such registered owners appearing on the registration books kept by the Bond Registrar and Paying Agent; provided, however, that the failure to mail a redemption notice or any defect in a notice so mailed, or in the mailing thereof, shall not affect the validity of the redemption proceedings. The redemption notice shall identify the series of the Bonds and shall state (i) whether the Bonds are to be redeemed in whole or in part and, if in part, the maturities, numbers, principal amounts, interest rates and CUSIP numbers of the Bonds to be redeemed, (ii) that the interest on the Bonds (or portions thereof) to be redeemed shall cease to accrue on the date fixed for redemption, (iii) the date fixed for redemption, (iv) the address of the office of the Bond Registrar and Paying Agent with a contact person and phone number, and (v) that the Bonds to be redeemed in whole or in part shall be presented for redemption and payment on the date fixed for redemption at the designated office of the Bond Registrar and Paying Agent. Such

notice may state that it is conditioned upon receipt of sufficient funds to effect such redemption by the date fixed for redemption. From and after the date fixed for redemption, if funds sufficient for the payment of the redemption price of and accrued interest are available on such date, the Bonds or portions thereof to be redeemed shall cease to bear interest. Upon presentation and surrender for redemption, the Bonds or portions thereof to be redeemed shall be paid by the Bond Registrar and Paying Agent at the redemption price plus accrued interest. If they are not paid upon presentation, the Bonds or portions thereof designated for redemption shall continue to bear interest at the rate stated therein until paid.

This bond is transferable only upon the registration books kept at the designated office of the Bond Registrar and Paying Agent, by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer in the form attached hereto and satisfactory to the Bond Registrar and Paying Agent and duly executed by the registered owner or his duly authorized attorney.

This bond may be transferred or exchanged at the designated office of the Bond Registrar and Paying Agent. Upon any such transfer or exchange, the City shall issue, and the Bond Registrar and Paying Agent shall authenticate and deliver, a new registered bond or bonds in authorized denominations equal to the aggregate principal amount of the bond so transferred or exchanged, of the same series, with the same maturity and bearing interest at the same rate. In each case, the Bond Registrar and Paying Agent 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 Bond Registrar and Paying Agent shall not be required to transfer or exchange this bond after the mailing or giving of notice calling this bond or any portion hereof for redemption.

The City and the Bond Registrar and Paying Agent 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 or redemption price hereof and interest due hereon and for all other purposes.

This bond is initially issued in book-entry only form and registered under a book-entry only system maintained by The Depository Trust Company, New York, New York ("DTC"). Notwithstanding anything to the contrary contained in this bond, for so long as this bond is registered in book-entry form under a book-entry only system maintained by DTC, any successor thereto, or any replacement securities depository, payments of the principal or redemption price of and interest on this bond, the selection of all or any portion of this bond to be redeemed, and any notice required herein shall be made or given as provided by the rules and regulations of such securities depository, and all references to the registered owner of this bond shall mean such securities depository or its partnership nominee. During such period, the City and the Bond Registrar and Paying Agent will recognize such securities depository or its partnership nominee as the owner of this bond for all purposes.

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.

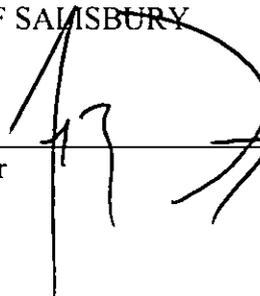
It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened or to be performed precedent to and in the issuance of this bond, does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland, [REFERENCE TO ORDINANCES TO BE INSERTED] 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 Original Issue Date set forth above.

ATTEST:


City Clerk

CITY OF SALISBURY

By: 
Mayor

CERTIFICATE OF AUTHENTICATION

This bond is one of the registered bonds of City of Salisbury designated "City of Salisbury Public Improvement and Refunding Bonds of 2016".

as Bond Registrar and Paying Agent

By: _____
Authorized Officer

Date of Authentication: _____

(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 _____

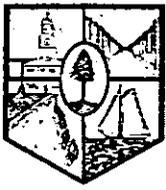
attorney to transfer the within bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signatures must be guaranteed by a
member or participant of a signature
guaranty program.

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.

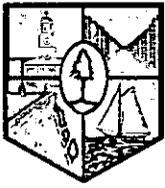


To: Tom Stevenson, City Administrator
From: Julia Glanz, Asst. City Administrator
Subject: Resolution to Authorize the Issuance and Sale of General Obligation Bonds
Date: July 14, 2016

Attached is a resolution to authorize the issuance and sale of General Obligation Bonds. Below is a summary from Bond Counsel, Lindsey Rader of Funk & Bolton.

Key Differences between December 2015 Bond and the 2016 Bonds

- 2015 Bond was privately placed with a bank after the City and its financial advisor conducted a request for proposals to determine the bank that would offer the City the most advantageous terms. Although that involved an RFP process, it qualified as a private sale for State law purposes. 2016 Bonds are being sold by public sale at competitive bid due to the potential sheer size of the issue and to ensure that the final interest rates will be fixed and not subject to any kind of adjustment (2015 Bond interest rate is subject to adjustment if that bond is determined to be taxable). The conventional wisdom is that with a larger issue size, a public sale at competitive bid results in lower interest rates than a private placement would.
- With a public sale at competitive bid, a particular date and time is selected to hold the sale. At the sale, interested bidders (underwriting firms, such as M&T Securities, Morgan Stanley, Janney Montgomery Scott, etc.) submit bids to purchase the 2016 Bonds over an electronic platform (in this case, BidComp/Parity/www.i-deal-prospectus.com). Each bid contains the interest rates at which the bidder will purchase the 2016 Bonds and the premium, if any, over the par amount of the 2016 Bonds (the face amount) that the bidder will pay. The successful bidder is compensated for its purchase of the 2016 Bonds from the net premium at which it sells the 2016 Bonds to investors (this is known as an “underwriter’s discount”). The City will pay debt service on the 2016 Bonds based on the stated interest rates bid by the successful bidder.
- For a competitive sale at public bid, the City (i) pursuant to SEC Rule 15c2-12 commits to provide annual ongoing disclosure of its audited financial statements, certain other financial information or operating data and notices of the occurrence of certain events (e.g., bond redemptions, rating changes, etc.), and (ii) needs to prepare and circulate to potential underwriting firms that will bid to purchase the bonds and investors in the bonds a disclosure document known as an Official Statement. The continuing disclosure information is currently required to be posted on an electronic website overseen by the Municipal Securities Rulemaking Board that is known as “EMMA” (Electronic Municipal Market Access). The Official Statement is circulated to potential bidders and investors in preliminary form prior to the date of sale and contains information regarding how the 2016

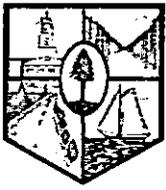


Bonds are structured, an overview of City elected and appointed officials, information regarding services provided by the City, the City's finances (including pension, OPEB, revenue and expenditure statements, tax levies and collections, and outstanding debt), and demographic and economic information. The form of Notice of Sale outlining the structure and parameters for potential bidders is Appendix C to the Preliminary Official Statement. After the sale, a final form of Official Statement is prepared and circulated disclosing the final terms of the 2016 Bonds. The City has not sold bonds by public sale at competitive bid since some time in the mid-1990s.

- Because the 2016 Bonds are being issued to fund new projects and refund up to eight separate outstanding bond issues, the size and amortization structure of the 2016 Bond issue remains subject to adjustment for various reasons outlined in the Resolution until close to the time of the sale and even after bids are received. Once the apparent successful bidder is determined, Davenport & Company LLC will likely adjust the final size and amortization schedule for the 2016 Bonds, taking into account the overall premium bid by the successful bidder, in order to ensure that the City does not end up with more 2016 Bond proceeds than it needs for the purposes for which those bonds are issued. The successful bidder is the one that bids with interest rates that result in the lowest true interest cost to the City and whose bid otherwise meets any bid spec parameters stated in the Notice of Sale (e.g., that the difference between the highest and lowest interest rates cannot exceed 3%, that no interest rate exceeds a certain maximum, that the bidder bids at least 100% of par, etc.) Davenport & Co. will run all the necessary calculations to determine the lowest true interest cost and successful bidder.
- Because the 2016 Bonds are being publicly offered, those bonds will be rated by Moody's and S&P.

Summary of 2016 Bond Resolution:

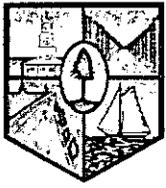
- Recitals provide that the City will issue a series of general obligation new money/refunding bonds in order to (i) finance or reimburse costs of the projects authorized by Ord. No. 2394 and (ii) currently refund in whole or in part the outstanding City general obligation bonds identified therein as the: 2007 Bond, 2008 Bond, 2009 Bond, 2011B Bond, 2012 Bond, 2013 Bond, 2014A Bond and/or 2014B Bond (collectively, the "Potential Refunded Bonds"), and pay issuance costs pursuant to applicable law and identify existing bond authorization ordinances that allow for the refunding. The Potential Refunded Bonds are identified on Exhibit A to the Resolution.
- While the stated intention is to issue 2016 Bonds to fund all of the projects identified in Ord. No. 2394 and currently refund all of the outstanding Potential Refunded Bonds, prior to the sale, the Mayor, with the advice of the City Administrator and the Director of Internal Services, may determine (i) if other moneys become available for the new money projects to reduce the amount issued to pay for such projects, and (ii) to prepay less than the entire outstanding principal amount of any of the Potential Refunded Bonds or not to prepay any series of Potential Refunded Bonds. Subject to any limitation as to prepayment of such Potential Bonds (e.g., the 2007 Bond and the 2008 Bond may only be prepaid in whole by their terms), certain of the Potential Refunded Bonds may be prepaid in part. (Notes: (i) any refunding will be a current refunding because any of the Potential Refunded Bonds actually selected for refunding will be paid off



MEMORANDUM

within 90 days of closing, and (ii) the City's financial advisor will be monitoring market conditions prior to the sale and will make any necessary recommendations about "pulling" out Potential Refunded Bonds if debt service savings opportunities for such bonds diminish. In addition, tax code considerations may dictate that we "pull" one or more series of the Potential Refunded Bonds from the final bond structure.)

- The bonds will be designated "City of Salisbury Public Improvement and Refunding Bonds of 2016" (the "2016 Bonds") and issued in an aggregate principal amount not to exceed \$30,025,000. (Note: The current expectation is that the issue size will be approximately \$24,480,000 or less. We need to authorize a high maximum just in case market conditions move prior to the sale—Davenport & Co. estimated that very high maximum to cover any eventuality.) Authority to apply any unspent proceeds of the Potential Refunded Bonds that are not otherwise encumbered or expected to be spent on the projects for which such bonds were authorized is contained in the Resolution, which could reduce the final amount of the 2016 Bonds actually needed to be issued for refunding purposes. The final par amount of the 2016 Bonds must not violate (i) the debt limit in Charter Section SC7-48 or (ii) limits on the amounts of refunding bonds that may be issued under existing bond authorization ordinances. Any adjustments to the 2016 Bond amortization should take into account the City's desire to "front load" debt service savings with regard to the refunding component, subject to federal tax code limitations. As a "just in case" scenario, the Resolution contemplates that in the event the market moves the wrong way and the City goes ahead with the public sale for just the new money projects, the 2016 Bonds will be designated as the "City of Salisbury Public Improvement Bonds of 2016". (Note: what is much more likely if the market moves the wrong way prior to sale is that the sale will be postponed.)
- Bonds shall be sold in \$5,000 denominations and integral multiples thereof, be registered in book-entry form under the book-entry only registration system maintained by The Depository Trust Company ("DTC") (this means that 2016 Bond purchasers will not receive physical bond certificates evidencing their purchases), and mature on April 1 in the years 2017-2031, inclusive, by serial maturities in the amounts indicated in Section 4(b), subject to adjustment. The amortization schedule set forth in Section 4(b) assumes an issue size of \$24,480,000 and is subject to adjustment pre- and post-sale for the reasons specified in Section 4(c), including to eliminate any maturity dates. (Reasons for pre-sale adjustments include changes in market conditions or a determination that it no longer makes sense to refund any particular Potential Refunded Bonds in whole or in part, either due to tax code considerations or diminished savings opportunities due to market shifts. Post-sale adjustments are authorized because bidders will bid the par amount plus a premium and we do not want the City to end up with more 2016 Bond proceeds than it needs for purposes of the issue.)
- Interest will be payable each April 1 and October 1, commencing April 1, 2017.
- The 2016 Bonds that mature on and after April 1, 2027 are subject to redemption at the option of the City in whole or in part on any date on and after April 1, 2026, at a price of the par amount to be redeemed, plus interest accrued to the redemption date, without premium or penalty. The mechanics for redemption of the 2016 Bonds are set forth in the Resolution.
- Resolution contains standard provisions for execution, registration and transfer of Bonds. The Mayor will execute the 2016 Bonds and the City Clerk will attest to the seal on the 2016 Bonds. The substantially final form of the 2016 Bonds is set forth in Exhibit B and completion of such form is authorized.
- Resolution provides that it is in best interest of City to sell the 2016 Bonds by public sale at competitive bid to the successful bidder determined in accordance with the official Notice of Sale, the form of which is Appendix C to the Preliminary Official Statement. Prior electronic



dissemination of the Notice of Sale is ratified, confirmed and approved. Sale is currently scheduled for July 21, 2016 and will be conducted through an online electronic platform known as BidComp/Parity/www.i-dealprospectus.com. As applicable, the Mayor or the City Administrator, with the advice of the Director of Internal Services and the City's financial advisor and bond counsel, is authorized to make changes to the Notice of Sale (which will be communicated electronically), including determining to postpone the sale date and reschedule if the market moves the wrong way. If sale is postponed, the dated date, maturity dates and redemption dates for the 2016 Bonds may be changed. Either the Mayor or the City Administrator may make the award of the 2016 Bonds and determine which of the Potential Refunded Bonds will actually be refunded (which are then known as the "Refunded Bonds"), which will be done by order.

- Preparation, delivery and approval of the Preliminary Official Statement, the Official Statement and any supplements thereto is provided for. Prior dissemination of the Preliminary Official Statement is ratified, confirmed and approved.
- Manufacturers and Traders Trust Company is selected as Bond Registrar and Paying Agent (the City will make debt service payments to M&TTC, and M&TTC will transmit those payments to bond holders through DTC).
- Because certain of the Potential Refunded Bonds are not subject to prepayment within several days of the 2016 Bond closing (currently scheduled for July 28), the Resolution authorizes use of M&TTC as escrow deposit agent in the event it is determined that a portion of the proceeds of the 2016 Bonds should be set aside and invested in certain U.S. Treasury securities, and authority for making such investments (including using a bidding agent if necessary) is set forth in the Resolution. In addition, if such an escrow is used, authority for a verification consultant (which will verify that the yield on the escrowed securities does not exceed the yield on the 2016 Bonds and that such escrowed securities, together with any cash held uninvested, will be sufficient to pay the Refunded Bonds that are subject to such escrow). (Note: the reasons for containing such authorization in the Resolution relate to federal tax code considerations.)
- Preparation, execution and delivery of a continuing disclosure undertaking per SEC Rule 15c2-12 is provided for.
- Deposit, appropriation and application of the 2016 Bond proceeds is provided for.
- The City's full faith and credit and unlimited taxing power are pledged to payment of debt service on the 2016 Bonds, provided that, City may use other revenues available for such purpose, subject to any federal tax code limitations.
- The Mayor plus either (i) the City Administrator or (ii) the Director of Internal Services are identified as the officials to deliver the tax certificate; the Resolution provides for certain covenants relating to the tax-exempt status of the 2016 Bonds.
- Conditioned upon delivery of the 2016 Bonds, the City elect to prepay those portions of the Potential Refunded Bonds selected as the Refunded Bonds within a time period that will result in a current refunding, taking into consideration the date of closing and allowable prepayment dates. Any of the Mayor, the City Administrator or the Director of Internal Services may give notice of any date selected for prepayment, and any such notice may be given on a conditional basis. The prior giving of certain conditional notices of prepayment (in order to accommodate the expected closing date of July 28 and so that certain of the Potential Refunded Bonds may be prepaid on or shortly after that closing date), is ratified, confirmed and approved.
- The Resolution shall be liberally construed in order to effectuate the contemplated transactions.