

Ordinance No. 2497

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SALISBURY (THE “COUNCIL”) TO AUTHORIZE AND EMPOWER CITY OF SALISBURY (THE “CITY”), FOR THE PUBLIC PURPOSE OF FINANCING, REIMBURSING OR REFINANCING COSTS OF A PROJECT THAT THE CITY GENERALLY REFERS TO AS “SEWER EXTENSION – MT. HERMON ROAD” AS PROVIDED HEREIN, TO ISSUE AND SELL FROM TIME TO TIME, UPON ITS FULL FAITH AND CREDIT, ONE OR MORE SERIES OF (1)(A) GENERAL OBLIGATION BONDS AND (B) GENERAL OBLIGATION BOND ANTICIPATION NOTES, EACH IN AN ORIGINAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000.00), AND (2) GENERAL OBLIGATION REFUNDING BONDS, PROVIDED THAT THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF ANY SERIES OF REFUNDING BONDS SHALL NOT EXCEED ONE HUNDRED THIRTY PERCENT (130%) OF THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS REFUNDED THEREFROM; DETERMINING THAT ANY SUCH SERIES OF BONDS BE SOLD TO THE MARYLAND WATER QUALITY FINANCING ADMINISTRATION (THE “ADMINISTRATION”) BY PRIVATE SALE, WITHOUT PUBLIC BIDDING; AUTHORIZING THE APPROVAL BY RESOLUTION OF ONE OR MORE LOAN AGREEMENTS WITH THE ADMINISTRATION AND, WITH RESPECT TO ANY SUCH LOAN AGREEMENT, ACKNOWLEDGING THE ADMINISTRATION’S RIGHTS THEREUNDER, MAKING A PLEDGE OF CERTAIN REVENUES RECEIVABLE FROM THE STATE OF MARYLAND, AND ACKNOWLEDGING CERTAIN PAYMENT RESPONSIBILITIES OF THE CITY; PROVIDING THAT THE COUNCIL BY RESOLUTION SHALL DETERMINE OR PROVIDE FOR CERTAIN DETAILS OF ANY SUCH SERIES OF GENERAL OBLIGATION BONDS, BOND ANTICIPATION NOTES OR REFUNDING BONDS (EACH, A “SERIES OF OBLIGATIONS” OR “OBLIGATIONS”), INCLUDING WITH RESPECT TO ANY DEBT SERVICE RESERVE ACCOUNT REQUIRED BY THE ADMINISTRATION; PLEDGING THE CITY’S FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER TO PAYMENT OF ANY SUCH OBLIGATIONS AND PROVIDING FOR THE IMPOSITION OF AD VALOREM TAXES UPON ALL REAL AND PERSONAL PROPERTY WITHIN THE CITY SUBJECT TO ASSESSMENT FOR UNLIMITED MUNICIPAL TAXATION TO PAY ANY SUCH OBLIGATIONS; IDENTIFYING OR PROVIDING FOR THE DETERMINATION OF THE SOURCES FROM WHICH DEBT SERVICE ON ANY SUCH SERIES OF OBLIGATIONS WILL BE PAYABLE IN THE FIRST INSTANCE; AUTHORIZING THE COUNCIL BY RESOLUTION TO PROVIDE FOR POST-CLOSING MODIFICATIONS AFFECTING ANY SERIES OF BONDS OR REFUNDING BONDS ISSUED TO THE ADMINISTRATION; PROVIDING THAT ANY OF THE OBLIGATIONS MAY BE CONSOLIDATED WITH ANY OTHER OBLIGATIONS AUTHORIZED BY THE COUNCIL, AND ISSUED AS A SINGLE SERIES OF OBLIGATIONS; AUTHORIZING AND DIRECTING OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL ACTION NECESSARY TO COMPLETE AND CLOSE THE ISSUANCE, SALE AND DELIVERY OF ANY SUCH SERIES OF OBLIGATIONS AND TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS ORDINANCE; PROVIDING THAT THIS TITLE SHALL BE DEEMED A STATEMENT OF THE SUBSTANCE OF THIS ORDINANCE FOR ALL

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PURPOSES; PROVIDING THAT THE PROVISIONS OF THIS ORDINANCE SHALL BE LIBERALLY CONSTRUED; AND OTHERWISE GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR ANY SUCH SERIES OF OBLIGATIONS.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland and a municipality within the meaning of the MWQFA 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, 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, the City has determined to undertake a project it refers to generally as “Sewer Extension – Mt. Hermon Road” that involves extending municipal sewer service to certain properties that are currently on septic systems, including providing grinder pump stations, acquiring and installing force mains and undertaking related activities (collectively, the “Project”) and, in connection with such undertaking, to acquire or pay for, as applicable, land or necessary property rights; related site improvements and utilities; related architectural, planning, design, engineering, surveying, bidding, document development, bidding, permitting, acquisition, construction, improvement, installation, modification, demolition, removal, renovation, reconstruction, rehabilitation, expansion, extension, equipping, inspection, construction administration, construction management and related costs; related financial, administrative and legal expenses; and costs of activities related to any of the foregoing; and has determined to borrow money for the public purpose of financing, reimbursing or refinancing all or a portion of the costs of any components of such activities, together with, to the extent determined by the Council of the City (the “Council”) by resolution, costs of issuance relating to any such borrowing (collectively, “Costs of the Project”), by issuing one or more series of its general obligation bonds; and

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

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

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Maryland Water Quality Revolving Loan Fund (the “SRF Fund”) to be maintained and administered by the Administration; and

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

WHEREAS, the City is a “local government” within the meaning of the MWQFA Act, and the Project is a “wastewater facility” project within the meaning of the MWQFA Act; and

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

WHEREAS, pursuant to the authority of the Enabling Act, the MWQFA Act and the Charter, the City has determined to borrow money from the Administration for the public purpose of financing, reimbursing or refinancing Costs of the Project or such components of the Project as the Administration shall permit; and

WHEREAS, as of the date of introduction of this Ordinance, the Administration has advised that it currently anticipates making the City two loans for Project purposes: (i) one loan in the approximate original principal amount of \$81,975.00, such loan to be evidenced by the issuance by the City to the Administration of a single taxable general obligation installment bond, and (ii) one loan in the approximate original principal amount of \$27,325.00, such loan to be evidenced by the issuance by the City to the Administration of a taxable general obligation bond that is subject to forgiveness by the Administration; provided that, the final structure of any such financing (including the final original principal amount of any bond) and the tax status of the interest payable on any such general obligation bond issued by the City to the Administration shall be determined by resolution; and

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

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

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WHEREAS, prior to issuing any such series of bonds to the Administration, the City may need to obtain interim financing in order to finance or reimburse Costs of the Project on a timely basis through the issuance of one or more series of its general obligation bond anticipation notes pursuant to the authority of Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Bond Anticipation Note Act”), and the Charter; and

WHEREAS, subsequent to the issuance to the Administration of any series of bonds provided for herein, the City may desire to currently refund or advance refund all or a portion of such series of bonds pursuant to the authority of Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Refunding Act”); and

WHEREAS, the City has determined to pledge its full faith and credit and unlimited taxing power to the prompt payment of debt service on any such series of bonds, bond anticipation notes or refunding bonds contemplated hereby; and

WHEREAS, the City expects to pay the principal of, and interest on, as applicable, any such bonds, bond anticipation notes or refunding bonds in the first instance from revenues received by the City in connection with the operation of wastewater system serving the City, including fees for use of or connection to such system and, to the extent required by the purchaser of any such series of obligations, from revenues received by the City in connection with the operation of the water system serving the City (referred to herein as the “water supply system”), including fees for use of or connection to such system, all to the extent lawfully available for such purpose, and any other dedicated source of revenues agreed to by the City and the applicable purchaser of such series of obligations; and

WHEREAS, in connection with the issuance of any series of bonds contemplated by this Ordinance (and any series of refunding bonds contemplated hereby that are issued to the Administration), the Administration may require the City to establish, fund and maintain for a period of time acceptable to the Administration a debt service reserve account in a manner that satisfies the Administration’s debt service coverage requirements; and

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

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

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

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(b) References in this Ordinance to any official by title shall be deemed to refer (i) to any official authorized under the Charter, the code of ordinances of the City (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 or interim 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 to such deputy, associate 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) References in this Ordinance to the “principal amount” of any of the Bonds, the BANs, the Refunding Bonds or the Obligations (each as defined herein) shall be construed to mean the par amount of such Bonds, BANs, Refunding Bonds or Obligations, as applicable.

(d) References in this Ordinance to the Project are intended to include any modifications or amendments to components of the Project as provided for in City budgetary materials or made by other appropriate actions and that are acceptable to the Administration to the extent such modifications or amendments impact Obligations issued to the Administration.

(e) References in this Ordinance to the Enabling Act, the MWQFA Act, the Bond Anticipation Note Act, the Refunding Act and the Charter shall also be construed to refer to any other applicable law not specifically identified herein, if applicable.

(f) The Administration generally refers to the Project by the following name: “Salisbury Sewer Extension – Mt. Hermon Road.”

SECTION 2. BE IT FURTHER ORDAINED that pursuant to the authority of the Enabling Act, the MWQFA Act and the Charter, the City hereby determines to borrow money and incur indebtedness for the public purpose of financing, reimbursing or refinancing any one or more components of Costs of the Project, all to the extent permitted by the Administration. The total Costs of the Project not otherwise payable from other sources is not expected to exceed One Hundred Twenty Thousand Dollars (\$120,000.00). In the event the City issues any BANs (as defined in Section 11 hereof), proceeds of any Bonds (as defined in Section 3 hereof) may also be applied to prepay or pay principal of, premium and/or interest on such BANs, and any such expenditure shall be considered an expenditure for Costs of the Projects.

SECTION 3. BE IT FURTHER ORDAINED that to evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the City, acting pursuant to the authority of the Enabling Act, the MWQFA Act and the Charter, hereby determines to issue and sell from time to time, upon its full faith and credit, one or more series of its general obligation bonds in an original aggregate principal amount not to exceed One Hundred Twenty Thousand Dollars (\$120,000.00) (each, a “series of the Bonds”, individually, a “Bond”, and, collectively, the “Bonds”). Each Bond

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shall be designated “City of Salisbury Water Quality Bond” and by series or by such other designation or designations as the Administration may require and as the Council shall determine by resolution. Each such series may consist of one or more bonds and any bond may be issued in installment form and/or draw-down form.

SECTION 4. BE IT FURTHER ORDAINED that pursuant to the authority of the Enabling Act, the MWQFA Act and the Charter, the City will sell each series of the Bonds to the Administration by private sale, without public bidding, due, in part, to the ability to issue any series of the Bonds as draw-down obligations, the ability to negotiate certain terms with the Administration, the beneficial formulas by which the Administration establishes interest rates payable on obligations purchased by the Administration, the lower costs of interest typically incurred with a private sale to the Administration as compared to a public sale at competitive bid or a negotiated underwriting and, to the extent any series of the Bonds is subject to forgiveness by the Administration, such forgiveness feature.

SECTION 5. BE IT FURTHER ORDAINED that the proceeds of each series of the Bonds shall be used and applied by the City exclusively and solely for the public purposes described in Section 2 of this Ordinance, unless, with the approval of the Administration, a supplemental ordinance is enacted by the Council to provide for the use and application of such proceeds for some other proper public purpose authorized by the MWQFA Act.

SECTION 6. BE IT FURTHER ORDAINED that:

(a) As required by the MWQFA Act, the City is hereby authorized to enter into one or more loan agreements with the Administration (each, a “Loan Agreement” and collectively, the “Loan Agreements”) in connection with any series of the Bonds. The final or substantially final form of each Loan Agreement shall be approved by the Council by resolution and the execution and delivery of each Loan Agreement shall be authorized by the Council by resolution.

(b) The City hereby acknowledges that the provisions of Article IV of each Loan Agreement (Events of Default and Remedies) allow for, among other remedies, all payments on the applicable series of the Bonds to be declared immediately due and payable upon the occurrence of an event of default as provided for in such Loan Agreement.

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

SECTION 8. BE IT FURTHER ORDAINED that:

(a) Pursuant to the authority of the Enabling Act, the Charter and this Ordinance, the Council, prior to the issuance, sale and delivery of any series of the Bonds, shall adopt a resolution or resolutions specifying, prescribing, determining or providing for the determination of, or approving

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or providing for the approval of, such matters, details, forms (including, without limitation, the form of the Bonds of such series), documents or procedures as may be required by the Enabling Act, the MWQFA Act, the Charter or this Ordinance or as the Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment or prepayment of or for such series of the Bonds. A resolution shall or may set forth, determine or provide for the determination of, or approve or provide for the approval of, among other matters, the designation of such series of the Bonds; the date of issuance of such series of the Bonds; the original aggregate principal amount of such series of the Bonds; the principal installment or installments of, or the method of determining the principal installment or installments payable on, such series of the Bonds; the rate or rates of interest, or the method of determining the rate or rates of interest, which may be fixed or variable, payable on such series of the Bonds (and which may include a rate of zero percent (0.0%)); provisions relating to the payment of any late fees or penalties with respect to such series of the Bonds; the components of the Costs of the Project on which such series of the Bonds will be expended, if limited in any way; provisions for the appropriation and disposal of such proceeds; provisions relating to the prepayment of such series of the Bonds; the procedures for the sale of such series of the Bonds to the Administration by private sale, without public bidding; provisions relating to the principal forgiveness of such series of the Bonds, if applicable; the identification of any dedicated sources of revenue required by the Administration pursuant to the MWQFA Act; and all other terms and conditions pursuant to which such series of the Bonds will be issued, sold and delivered. By resolution the Council may delegate to one or more City officials the authority to make any final determinations, approvals or decisions with respect to a series of the Bonds. Any resolution may specify, prescribe, determine or provide for the determination of, or approve or provide for the approval of, the details required by this Section 8 for more than one series of the Bonds.

(b) In the event the Administration requires that the City establish a debt service reserve account to be funded from non-Bonds proceeds in order to provide security for any series of the Bonds as a condition to the issuance of such series of the Bonds, provisions relating to the establishment, funding and maintenance of such debt service reserve account and the investment and application of moneys held in such debt service reserve account shall be determined, approved or provided for by resolution, and any such debt service reserve account may be identified in the applicable Loan Agreement as a dedicated source of revenues contemplated by the MWQFA Act.

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

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

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SECTION 11. BE IT FURTHER ORDAINED that:

(a) Pursuant to the authority of the Bond Anticipation Note Act and the Charter, the City may issue and sell from time to time, upon its full faith and credit, one or more series of its general obligation bond anticipation notes in an original aggregate principal amount not to exceed One Hundred Twenty Thousand Dollars (\$120,000.00) (each, a “series of the BANs” and, collectively, the “BANs”) prior to and in anticipation of the sale of any series of the Bonds in order to finance or reimburse Costs of the Project on an interim basis, including paying costs of issuance and capitalized interest on such series of the BANs within the limitations of the Bond Anticipation Note Act. Any such series of the BANs may consist of one or more notes and any note may be issued in installment form and/or draw-down form. Prior to the issuance, sale and delivery of any series of the BANs, the Council shall adopt a resolution or resolutions pursuant to the authority of the Bond Anticipation Note Act, the Charter and this Ordinance authorizing such series of the BANs and specifying, prescribing, determining or providing for the determination of, or approving or providing for the approval of, the same types of matters, details, forms, documents, procedures or determinations detailed in Section 8 hereof that may be made or addressed with respect to any series of the Bonds, to the extent applicable with respect to such series of the BANs, and as otherwise may be authorized or required by applicable law. By resolution the Council may delegate to one or more City officials the authority to make any final determinations, approvals or decisions with respect to a series of the BANs. Any resolution may specify, prescribe, determine or provide for the determination of, or approve or provide for the approval of, the details required or authorized by this Section 11 for more than one series of the BANs.

(b) The City hereby covenants (i) to pay from the proceeds of one or more series of the Bonds the principal of any series of the BANs actually issued, (ii) to the extent that interest on any series of the BANs is not paid from proceeds of the BANs, to pay the interest on such series of the BANs, and (iii) to issue the applicable series of the Bonds as soon as there is no longer a reason for deferring its issuance. This covenant shall not be construed to prevent the City from paying principal of and/or interest on any series of the BANs from sources of funds other than proceeds of the Bonds, to the extent such other proceeds are available for such purpose.

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

SECTION 12. BE IT FURTHER ORDAINED that:

(a) Pursuant to the authority of the Refunding Act and the Charter, the City is hereby authorized and empowered to issue and sell from time to time, upon its full faith and credit, one or more series of general obligation bonds (each, a “series of the Refunding Bonds” and, collectively, the “Refunding Bonds”) for the purpose of currently refunding or advance refunding any of the Bonds issued pursuant to the authority of this Ordinance then outstanding, including paying all or any portion of outstanding principal, prepayment premium and/or interest accrued or to accrue to the date of prepayment, purchase or maturity of the Bonds to be refunded, and paying costs and expenses in connection with the issuance, sale and delivery of such series of the

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Refunding Bonds, and, to the extent determined by the Council by resolution, interest on such series of the Refunding Bonds, for the public purpose of (A) reducing the total cost of debt service on a direct comparison or present value basis or (B) debt restructuring that is permitted by applicable law; provided that, the original aggregate principal amount of any such series of the Refunding Bonds may not exceed one hundred thirty percent (130%) of the aggregate principal amount of the Bonds refunded therefrom. Any such series of the Refunding Bonds may consist of one or more bonds and any bond may be issued in installment form and/or draw-down form. Prior to the issuance, sale and delivery of any series of the Refunding Bonds, the Council shall adopt a resolution or resolutions authorizing such series of the Refunding Bonds and specifying, prescribing, determining or providing for the determination of, or approving or providing for the approval of, such matters, details, forms, documents, procedures or determinations detailed in Section 8 hereof that may be made or addressed with respect to any series of the Bonds, to the extent applicable with respect to such series of the Refunding Bonds, and as otherwise may be authorized or required by applicable law. By resolution the Council may delegate to one or more City officials the authority to make any final determinations, approvals or decisions with respect to a series of the Refunding Bonds. Any resolution may specify, prescribe, determine or provide for the determination of, or approve or provide for the approval of, the details required or authorized by this Section 12 for more than one series of the Refunding Bonds.

(b) To the extent any series of the Refunding Bonds is sold to the Administration, the Council by resolution may specify, prescribe, determine or provide for the determination of, or approve or provide for the approval of, any determinations contemplated by this Ordinance that may be made with respect to any series of the Bonds, including, without limitation, entry into a new Loan Agreement or any modification to an existing Loan Agreement, as applicable, provisions for the potential forgiveness of any such series of the Refunding Bonds, a pledge of the City's right to receive revenues from the State in the nature referred to in Section 7 above, the obligation of the City to pay any administrative fees or ongoing fees and expenses in the nature of those referred to in Section 9 above, the identification of any source of dedicated revenues, and provisions for any debt service reserve account with respect to such series of the Refunding Bonds required by the Administration.

SECTION 13. BE IT FURTHER ORDAINED that the Council is hereby authorized, by resolution, to make any further determinations or approvals or provide for any matters or actions deemed necessary or desirable in connection with the issuance of any series of the BANs or the Refunding Bonds, including, without limitation, (i) any determination authorized by the Bond Anticipation Note Act or the Refunding Act, as applicable, (ii) to commit or provide for the commitment of the City to pay to the purchaser or purchasers of any series of the BANs or the Refunding Bonds (A) any commitment fee or similar fee and any legal costs in connection with such purchaser's or purchasers' agreement to purchase such series of the BANs or the Refunding Bonds and/or (B) any breakage compensation or other amount that may be determined to be due to such purchaser or purchasers in the event the City fails to deliver such series of the BANs or the Refunding Bonds and, in connection therewith, to approve or provide for the approval of, and the execution and delivery of, any agreement relating to such payment or payments (which such agreement may, but shall not be required to be, contained within any purchase or similar agreement for such series of the

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BANs or the Refunding Bonds), and (iii) to approve or provide for any offering documents, credit enhancement, liquidity enhancement, ratings, or continuing disclosure undertakings relating to such series of the BANs or the Refunding Bonds.

SECTION 14. BE IT FURTHER ORDAINED that:

(a) The full faith and credit and unlimited taxing power of the City are hereby pledged to the prompt payment of the principal of and interest on each series of the Bonds, the BANs and the Refunding Bonds (each, a series of the “Obligations” and, collectively, the “Obligations”) as and when the same are payable and to the imposition of the taxes hereinbelow described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of each series of the Obligations. Subject to the further provisions of this Section 14, the City hereby covenants with the registered owners of each series of the Obligations to impose ad valorem taxes on all real and tangible personal property in the City that is subject to assessment for unlimited municipal taxation at a rate and in an amount sufficient to pay the principal of and the interest on the Obligations in each fiscal year in which any of the Obligations are outstanding and to take any further action that may be lawfully appropriate from time to time during the period that the Obligations of such series remain outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon. If the proceeds from the taxes so levied in any such fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency.

(b) Notwithstanding the provisions of subsection (a) of this Section 14, the principal of and interest on each series of the Obligations will be payable in the first instance from revenues received by the City in connection with the operation of the wastewater system serving the City, including charges for the use of or connection to such wastewater system and, to the extent required by the purchaser of such series of the Obligations, from revenues received by the City from the operation of the water supply system serving the City, including charges for the use of or connection to such water supply system, all to the extent such revenues are lawfully available for such purpose. (Any such identification of water supply system revenues as a source of payment for the applicable series of the Obligations shall be provided for in any resolution relating to a series of the Bonds, the BANs or the Refunding Bonds or a Loan Agreement, as applicable.) To the extent of any funds received or receivable as described in this subsection (b) in any fiscal year, the taxes required to be imposed in accordance with subsection (a) of this Section 14 may be reduced proportionately.

(c) The foregoing provisions shall not be construed so as to prohibit the City from paying the principal of and interest on any series of the Obligations from the proceeds of the sale of any other obligations of the City (including, without limitation, (i) with respect to any series of the BANs, from the proceeds of any series of the Bonds, and (ii) with respect to any series of the Bonds, from the proceeds of any series of the Refunding Bonds) or from any other funds legally available for that purpose. Within any applicable limitations of Maryland or federal law, the City may apply to the payment of the principal of or interest on any series of the Obligations any funds received by it from the State of Maryland or the United States of America, or any governmental agency or instrumentality, or from any other source, if the funds are granted or paid to the City for the purpose of assisting the

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City in accomplishing the type of project or projects for which such series of the Obligations are issued 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 imposed may be reduced proportionately.

(d) Any source of revenues referred to in this Section 14, and any additional source of revenues agreed to by the City and the Administration and provided for by resolution, if applicable, may be identified as a dedicated source of revenue contemplated by the MWQFA Act in any Loan Agreement entered into by the City with the Administration in connection with a series of the Obligations. Any such source of dedicated revenues may be identified as being subject to annual appropriation. Any applicable Loan Agreement exhibits may describe such dedicated revenues by references that are similar but not identical to any references contained in this Ordinance or in any resolution relating to such series of the Obligations. To the extent any additional sources of dedicated of revenue may be identified by resolution, to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be imposed may be reduced proportionately.

SECTION 15. BE IT FURTHER ORDAINED that in addition to the refunding authority provided for in Section 12 of this Ordinance, subsequent to the sale, issuance and delivery of any series of the Bonds or the Refunding Bonds to the Administration, the Council by resolution may specify, prescribe, determine or provide for the determination of, or approve or provide for the approval of any amendments or modifications to such series of the Bonds or the Refunding Bonds and/or the related Loan Agreement or Loan Agreements and any other documents, agreements, certificates or instruments executed and delivered in connection with the sale, issuance and delivery of such series of the Bonds, and/or provide for the execution and delivery of additional documents, agreements or instruments relating to such amendments or modifications (including, without limitation, any bond or bonds to be issued and exchanged for one or more of such series of the Bonds or the Refunding Bonds originally issued and delivered and any new or restated Loan Agreement).

SECTION 16. BE IT FURTHER ORDAINED that by resolution, the Council may determine that any series of the Bonds, the BANs or the Refunding Bonds may be consolidated with any bonds, bond anticipation notes and/or refunding bonds authorized by the Council, as applicable, and issued as a single series of obligations.

SECTION 17. BE IT FURTHER ORDAINED that the following officials of the City: the Mayor, the President of the Council, the Vice President of the Council, the City Administrator, the Director of Finance, the Assistant Director of Finance Operations, the City Clerk, and all other appropriate officials and employees of the City, are hereby authorized and directed to (i) take any and all action necessary to complete and close the sale, issuance and delivery of any of the Bonds, the BANs and the Refunding Bonds, (ii) negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection with any such sale, issuance and delivery, and (iii) carry out the transactions contemplated by this Ordinance, any resolution adopted in furtherance of this Ordinance and any such documents, certificates or instruments executed and delivered in connection with a series of the Obligations.

Underlining : Indicates material added by amendment after introduction
~~Strike through~~ : Indicates material deleted by amendment after introduction

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

SECTION 19. BE IT FURTHER ORDAINED that the provisions of this Ordinance shall be liberally construed in order to effectuate the transactions authorized or contemplated by this Ordinance.

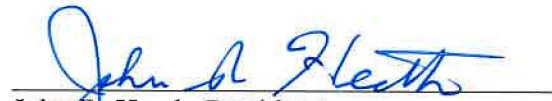
SECTION 20. BE IT FURTHER ORDAINED that this Ordinance shall become effective following approval by the Mayor or subsequent passage by the Council in accordance with the provisions of Section SC2-12 of the Charter. Pursuant to Charter Section SC2-16, this Ordinance shall not be subject to petition to referendum.

THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the 23rd day of July, 2018, and thereafter, a statement of the substance of this Ordinance having been posted or published as required by law, was finally passed by the Council ✓ [as introduced] _____ [as amended] [CHECK APPLICABLE LINE] on the 13th day of August, 2018.

ATTEST:

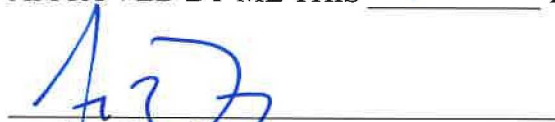


Kimberly R. Nichols, City Clerk



John R. Heath, President
Salisbury City Council

APPROVED BY ME THIS 16th DAY OF AUGUST, 2018:




Jacob R. Day, Mayor

#204848;58111.038

Underlining : Indicates material added by amendment after introduction
~~Strike-through~~ : Indicates material deleted by amendment after introduction



City of
Salisbury
Jacob R. Day, Mayor

To: Julia Glanz, City Administrator
From: Amanda Pollack, P.E., Director of Infrastructure and Development 
Date: July 10, 2018
Re: Ordinances – MWQFA loans for Mt. Hermon Road Sewer Extension and City Service Center ESD

The City of Salisbury has been awarded two (2) Maryland Department of the Environment (MDE) Maryland Water Quality Financing Administration (MWQFA) loans. The two projects are the Sewer Extension on Mt. Hermon Road and the City Service Center Comprehensive Environmental Site Design. The Sewer Extension on Mt. Hermon Road will extend sewer to two parcels in the City Limits that are currently on septic systems. The City Service Center ESD project will provide construction funding for stormwater improvements and Best Management Practices that were designed with a grant from the Chesapeake Bay Regulatory and Accountability Program.

Two separate ordinances are attached, one for each project. The details of the MWQFA loans and the City's bonds will be determined by resolution of the Council; the ordinance is a "parameters" ordinance in that it authorizes a "not-to-exceed" amount to be borrowed and provides general authority for the borrowing, with all the details to be fixed by resolution.

The Ordinances authorize the issuance of general obligation bonds in an original aggregate principal amount not to exceed \$120,000 for the Sewer Extension – Mt. Hermon Road project and \$500,000 for the City Service Center Comprehensive Environmental Site Design project.

Unless you or the Mayor has further questions, please forward this to City Council.