

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND AUTHORIZING AND EMPOWERING CITY OF SALISBURY (THE "CITY") TO ISSUE AND SELL A GENERAL OBLIGATION INSTALLMENT BOND IN THE PRINCIPAL AMOUNT OF \$5,724,853.00, SUBJECT TO REDUCTION AS PROVIDED HEREIN, PURSUANT TO THE AUTHORITY OF SECTIONS 19-301 TO 19-309, INCLUSIVE, OF THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS REPLACED, SUPPLEMENTED OR AMENDED, SECTIONS SC7-45 AND SC7-46 OF THE CHARTER OF THE CITY OF SALISBURY, AS REPLACED, SUPPLEMENTED OR AMENDED, AND ORDINANCE NO. 2463, PASSED BY THE COUNCIL OF THE CITY ON NOVEMBER 13, 2017, APPROVED BY THE MAYOR OF THE CITY ON NOVEMBER 15, 2017 AND EFFECTIVE ON NOVEMBER 15, 2017, THE BOND TO BE DESIGNATED "CITY OF SALISBURY PUBLIC IMPROVEMENTS BOND OF 2017" (THE "BOND") AND THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING OR REIMBURSING COSTS OF THE PUBLIC PURPOSE PROJECTS IDENTIFIED HEREIN AS: (I) MDT UPGRADES/REPLACEMENTS, (II) STATION 16 REAR DRIVEWAY PAVING, (III) RADIO SYSTEM & DISPATCH EQUIPMENT/IMPROVEMENTS, (IV) RIVERSIDE CIRCLE, (V) SERVICE CENTER FACILITY – PHASE 1, (VI) SERVICE CENTER FACILITY – PHASE 2, (VII) URBAN GREENWAY – PHASE 1 – RIVERWALK SECTION, (VIII) URBAN GREENWAY – PHASE 2 – CARROLL STREET SECTION, (IX) BICYCLE MASTER PLAN PATHS INCLUDING 1ST HALF OF RAIL TRAIL, (X) MAINTENANCE DUMP TRUCKS, (XI) RECYCLE TRUCKS, (XII) STREET SCAPING: DIVISION, CIRCLE, AND CAMDEN, (XIII) PARKING GARAGE ROOF WATERPROOF MEMBRANE, (XIV) NEW PARKING METERS FOR DOWNTOWN AND (XV) PARKING GARAGE UPGRADED SECURITY CAMERAS, SUBJECT TO THE FURTHER PROVISIONS OF THIS RESOLUTION; PRESCRIBING THE FORM AND TENOR OF THE BOND AND THE TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE THEREOF BY PRIVATE (NEGOTIATED) SALE WITHOUT ADVERTISEMENT OR SOLICITATION OF COMPETITIVE BIDS TO BRANCH BANKING AND TRUST COMPANY; PRESCRIBING THE TERMS AND CONDITIONS OF THE BOND AND OTHER DETAILS INCIDENT TO THE ISSUANCE, SALE AND DELIVERY OF THE BOND AND AUTHORIZING THE MAYOR, ON BEHALF OF THE CITY, WITH THE ADVICE OF CERTAIN IDENTIFIED OFFICIALS, TO DETERMINE TO REDUCE OR ELIMINATE THE AMOUNT OF BOND PROCEEDS TO BE APPLIED TO ANY SUCH PROJECT, TO DETERMINE THE FINAL PRINCIPAL AMOUNT OF THE BOND AND TO ADJUST THE AMORTIZATION SCHEDULE THEREFOR; PROVIDING FOR THE DISBURSEMENT AND INVESTMENT OF THE PROCEEDS OF THE BOND; PROVIDING FOR THE IMPOSITION OF AD VALOREM TAXES SUFFICIENT FOR, AND PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY TO, THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BOND; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON THE BOND ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; MAKING OR PROVIDING FOR THE MAKING OF CERTAIN REPRESENTATIONS, COVENANTS AND DESIGNATIONS RELATING TO THE TAX-EXEMPT STATUS OF INTEREST PAYABLE ON THE BOND; PROVIDING THAT THE PROVISIONS OF THIS

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RESOLUTION SHALL BE LIBERALLY CONSTRUED; AND GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE BOND.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling 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 Ordinance No. 2463, passed by the Council of the City (the “Council”) on November 13, 2017, approved by the Mayor of the City (the “Mayor”) on November 15, 2017 and effective on November 15, 2017 (the “Ordinance”), the City authorized the issuance and sale from time to time, upon its full faith and credit, of one or more series of general obligation bonds in an aggregate principal amount not to exceed Five Million Seven Hundred Twenty-four Thousand Eight Hundred Fifty-three Dollars (\$5,724,853.00) (the “Authorized Bonds”); and

WHEREAS, the Ordinance provides that the proceeds of the sale of the Authorized Bonds are to be used and applied for the public purpose of financing, reimbursing or refinancing the costs of certain projects identified in Section 3(b) of the Ordinance (the “Authorized Projects”); and

WHEREAS, the Ordinance further provides that the Authorized Bonds may be issued from time to time in one or more series and that any such series may be issued as one or more bonds and that any bond may be issued in installment form; and

WHEREAS, the City has determined that it is in a position to proceed with a sale of the Authorized Bonds and desires to sell a series of the Authorized Bonds in the maximum principal amount authorized by the Ordinance, subject to reduction as provided herein, and in the form of a single general obligation installment bond; and

WHEREAS, as authorized by Section SC7-46 of the Charter, and based on the recommendation of Davenport & Company LLC, the financial advisor to the City, that current market conditions warrant a sale of the Authorized Bonds by private (negotiated) sale without advertisement or solicitation of competitive bids due to the ability in the current municipal capital market to achieve favorable interest rates through a direct purchase transaction, the ability to time the market, the ability to negotiate with potential purchasers and the lower costs of issuance typically associated with a direct purchase transaction as compared to a negotiated underwriting or a public sale at competitive bid, Davenport & Company LLC with the participation of the Director of Finance of the City (the “Director of Finance”) and bond counsel to the City, provided for the distribution to banking institutions and other institutional investors in the general vicinity of the City and in the Baltimore-Washington, D.C. regional area of a request for proposals dated October 30,

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2017 for the purchase of such bond in the maximum original principal amount of up to \$5,724,853.00, and to be issued on a tax-exempt basis, in order to determine the purchaser likely to offer the most beneficial interest rate and satisfactory other terms and, thereby, to obtain for the City, as nearly as possible, the best possible results for the sale of such bond without conducting a public sale by the solicitation of competitive bids; and

WHEREAS, nine proposals were received in response to such request for proposals, and the financial advisor to the City and the Director of Finance recommend that Branch Banking and Trust Company be selected as the purchaser of the bond because Branch Banking and Trust Company offered to purchase the bond at one of the lowest offered interest rates, will allow the City to prepay the bond in whole on any date at par during the second half of the bond's term, did not require that the interest rate be increased in certain scenarios as required by the other responding banks, and did not impose certain terms and conditions proposed by other responding banks; 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 the Authorized Bonds in the form of a single general obligation installment bond with annual principal installments in accordance with, and pursuant to, the authority contained in the Enabling Act, the Charter and the Ordinance, and upon the terms and conditions set forth in this Resolution, the proceeds of which general obligation installment bond are to be used and applied as herein set forth; and

WHEREAS, the maximum \$5,724,853.00 aggregate principal amount of the bond provided for herein shall not cause the City to exceed the debt limit provided for in Charter Section SC7-48.

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

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

(b) References in this Resolution to any official by title shall be deemed to refer (i) to any official authorized under the Charter, 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.

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(c) References in this Resolution to “principal amount” shall be construed to mean par amount.

SECTION 2. BE IT FURTHER RESOLVED that:

(a) Pursuant to the authority of the Enabling Act, the Charter and the Ordinance, and subject to the provisions of Section 3 hereof, 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 investment earnings that may be applied for such purposes):

	<u>Project Name</u>	<u>Maximum Principal Amount</u>
1.	MDT Upgrades/Replacements	\$150,000
2.	Station 16 Rear Driveway Paving	40,000
3.	Radio System & Dispatch Equipment/Improvements	898,253
4.	Riverside Circle	1,326,000
5.	Service Center Facility – Phase 1	550,000
6.	Service Center Facility – Phase 2	200,000
7.	Urban Greenway – Phase 1 – Riverwalk Section	307,200
8.	Urban Greenway – Phase 2 – Carroll Street Section	100,000
9.	Bicycle Master Plan Paths Including 1 st Half of Rail Trail	761,500
10.	Maintenance Dump Trucks	160,000
11.	Recycle Trucks	150,000
12.	Street Scaping: Division, Circle, and Camden	750,000
13.	Parking Garage Roof Waterproof Membrane	97,500
14.	New Parking Meters for Downtown	179,400
15.	Parking Garage Upgraded Security Cameras	<u>55,000</u>
	TOTAL	<u>\$5,724,853</u>

The projects identified in items 1-15 above are collectively referred to herein as the “Projects” and individually as a “Project”.

(b) With respect to the Projects listed in subsection (a) above, the word “costs” shall include, as applicable, land and right-of-way acquisition and development; acquisition of other property rights; 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, feasibility, surveying, bidding, permitting, inspection, construction management, financial, administrative and legal expenses, and related or similar activities and

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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 (collectively, "Costs of the Projects").

(c) Notwithstanding the provisions of subsection (a) above, in the event the Mayor, with the assistance of the City Administrator of the City (the "City Administrator") and the Director of Finance, determines prior to the issuance and delivery of the Bond identified in Section 3 below that other moneys are available or are substantially likely to be available to pay any portion of the Costs of the 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 Bond identified in Section 3 hereof to be applied to any of the Costs of the Projects identified in subsection (a) above (exclusive of any investment earnings that may be applied for such purpose). Any such reduction or elimination in the maximum principal amount of proceeds of the Bond to be applied to any Costs of the Projects (exclusive of 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 13 hereof. The Mayor is also hereby authorized, but not required, to execute an order providing for such reduction or elimination. In any such event, the final original principal amount of the Bond will be reduced from \$5,724,853.00 in accordance with the provisions of Section 3 hereof.

(d) Proceeds of the Bond are hereby appropriated and allocated to pay Costs of the Projects in the maximum principal amount specified for each Project in subsection (a) above (exclusive of any investment earnings that may be applied for such purposes), subject to adjustments as to such amounts as provided for in subsection (c) above; provided that, the City, without notice to or the consent of the registered owner of the Bond, may reallocate the maximum principal amount of the Bond to be spent among the Projects identified in such subsection (a), as adjusted as provided in subsection (c), in compliance with applicable City budgetary procedures or applicable law, including, to the extent applicable, by resolution. Further, it is the intention of the Council that proceeds of the Bond provided for in Section 3 of this Resolution may be spent on any applicable Costs of the Projects, notwithstanding the descriptive names used for such Projects in the table in subsection (a) above, including, without limitation, changes in scopes of the Projects identified above effected through applicable budgetary procedures or applicable law.

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 Charter and the Ordinance, hereby determines to issue and sell, upon its full faith and credit, its general obligation installment bond in the original principal amount of Five Million Seven Hundred Twenty-four Thousand Eight Hundred Fifty-three Dollars (\$5,724,853.00) or, in the event it is determined in accordance with the provisions of Section 2(c) of this Resolution prior to issuance of the Bond that the City does not need to issue the maximum principal amount provided for any of the Projects identified in Section 2(a) of this Resolution, the Bond shall be issued in such lesser original principal amount as the Mayor shall determine with the assistance of the financial advisor to the

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City, the City Administrator and the Director of Finance. Such bond shall be designated the “City of Salisbury Public Improvements Bond of 2017” (the “Bond”).

(b) In the event the Mayor, with the advice of the financial advisor to the City, the City Administrator and the Director of Finance, determines in accordance with Section 2(c) of this Resolution that the City does not need to issue the maximum original principal amount provided for any of the Projects identified in Section 2(a) of this Resolution, the Mayor, on behalf of the City, is hereby authorized and empowered to approve the final lesser original principal amount of the Bond, such approval to be evidenced conclusively by the Mayor’s execution and delivery of the Bond reflecting such lesser principal amount in accordance with Sections 6 and 8 hereof.

SECTION 4. BE IT FURTHER RESOLVED that:

(a) The Bond shall be dated the date of its delivery and shall be issued in the form of a single, fully-registered installment bond, without coupons attached. The Bond shall mature, subject to prior prepayment *in whole only* as provided for in Section 5 of this Resolution, on June 1, 2032. Subject to the remaining provisions of this subsection (a), principal of the Bond shall be payable in fifteen (15) annual installments on June 1 of each year, commencing June 1, 2018 and ending on June 1, 2032, subject to prior prepayment in whole as provided for in Section 5 of this Resolution, as follows:

<u>Date</u>	<u>Principal Installment</u>	<u>Date</u>	<u>Principal Installment</u>
06/01/2018	\$192,096.72	06/01/2026	\$398,134.92
06/01/2019	334,708.42	06/01/2027	408,128.10
06/01/2020	343,109.60	06/01/2028	418,372.12
06/01/2021	351,721.65	06/01/2029	428,873.26
06/01/2022	360,549.86	06/01/2030	439,637.98
06/01/2023	369,599.66	06/01/2031	450,672.89
06/01/2024	378,876.62	06/01/2032	461,984.78
06/01/2025	388,386.42		

The foregoing principal amortization schedule was prepared by the financial advisor to the City and assumes that the Bond will be issued and delivered on December 13, 2017 in the original principal amount of Five Million Seven Hundred Twenty-four Thousand Eight Hundred Fifty-three Dollars (\$5,724,853.00) and that the Bond will bear interest at the rate of 2.51% as provided for in Branch Banking and Trust Company’s proposal. The Mayor, on behalf of the City, with the advice of the financial advisor to the City, the City Administrator and the Director of Finance, prior to the issuance and delivery of the Bond, is hereby authorized and empowered to make revisions to such principal amortization schedule (i) to reflect any reduction of the final original principal amount of the Bond as contemplated in Sections 2 and 3 hereof, (ii) to reflect a different date of issuance of the Bond, (iii) to reflect a revised amortization schedule as agreed to by Branch Banking and Trust Company, and/or (iv) to correct typographical or calculation errors, such revised amortization schedule to be prepared by the financial advisor to the City or Branch Banking and Trust Company and reflected in the executed and delivered Bond, and the Mayor’s approval thereof to be evidenced

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conclusively by his execution and delivery of the Bond reflecting such revised amortization schedule as provided for in Sections 6 and 8 hereof. Any revised amortization schedule shall be structured on a roughly level debt service basis unless the Mayor, the City Administrator and the Director of Finance, with the advice of the financial advisor to the City, determine another structure would be more advantageous to the City and Branch Banking and Trust Company agrees.

(b) The Bond shall bear interest from its date of delivery at the rate per annum of two and fifty-one hundredths of one percent (2.51%).

(c) Interest on the Bond shall be payable on June 1 and December 1 in each year until maturity or prior prepayment in whole, commencing on June 1, 2018; provided that, the last installment of interest shall be paid on the date that principal of the Bond is retired or prepaid in whole. The Bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the date of its delivery. Interest shall be computed on a 30/360 day count basis. For purposes of calculating the interest due on the Bond, unpaid outstanding principal on any date shall be an amount equal to the original principal amount of the Bond, less any principal installment paid in accordance with the final amortization schedule for the Bond.

(d) The registered owner of the Bond shall provide written notice to the Director of Finance of the interest and, if applicable, principal due on the Bond on each interest payment date at least ten (10) days prior to such interest payment date, or such fewer number of days as is acceptable to the Director of Finance, but failure to deliver such notice shall not affect the amount of, or the City's obligation to pay, principal or interest due on the Bond. The date and amount of each principal installment payment made by the City on the Bond shall be noted by the registered owner of the Bond on its books and records, which notation when made will be presumed correct absent manifest error. The registered owner's failure to make appropriate notation of any such principal installment payment shall not limit or otherwise affect the City's obligations hereunder.

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

(f) Principal of and interest on the Bond shall be payable in lawful money of the United States of America. The principal of the Bond, at maturity or upon prior prepayment in whole, shall be payable by check or draft at the office of the Director of Finance in Salisbury, Maryland, unless the Director of Finance and the registered owner of the Bond agree on a different place or manner of payment. Principal of the Bond, prior to maturity or prior prepayment in whole, and interest on the Bond will be payable by check or draft mailed to the registered owner thereof at the address designated by the registered owner in writing to the Director of Finance unless the Director of Finance and the registered owner agree on a different manner of payment. The Director of Finance,

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on behalf of the City, is hereby authorized and empowered to make the agreements provided for in this Section 4(f).

(g) The provisions of this Section 4 are subject to the provisions of Section 10(b) of this Resolution.

SECTION 5. BE IT FURTHER RESOLVED that:

(a) The Bond shall be subject to prepayment prior to maturity at the option of the City *in whole only* on the date corresponding to the date that is the midpoint of the Bond term and on any date thereafter, at a prepayment price of the par amount of the Bond outstanding, plus accrued interest on the outstanding par amount of the Bond to the date fixed for prepayment.

(b) Notice of its exercise to prepay the Bond in whole shall be given by the City at least ten (10) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner of the Bond) by mailing or otherwise giving to such registered owner a notice fixing the prepayment date. Any such notice may be conditional.

(c) The provisions of this Section 5 are subject to the provisions of Section 10(b) of this Resolution.

SECTION 6. BE IT FURTHER RESOLVED that the Bond shall be executed in the name of the City and on its behalf by the Mayor. The corporate seal of the City shall be affixed to the Bond and attested by the signature of the City Clerk of the City (the "City Clerk"). In the event any official of the City whose signature appears on the Bond shall cease to be such official prior to the delivery of the Bond, or, in the event any such official whose signature appears on the Bond shall have become such after the date of issue thereof, the Bond shall nevertheless be a valid and binding obligation of the City in accordance with its terms.

SECTION 7. BE IT FURTHER RESOLVED that the Bond shall be transferable only upon the books kept for that purpose by the Director of Finance at Salisbury, Maryland, by the registered owner thereof in person or by the registered owner's attorney duly authorized in writing, upon surrender thereof, together with (i) a written instrument of transfer in a form satisfactory to the Director of Finance and duly executed by the registered owner or the registered owner's duly authorized attorney and (ii) a written covenant and agreement substantially in substance as described in Section 9(b) hereof duly executed by the transferee. Upon such transfer there shall be issued in the name of the transferee a new registered Bond of the same series in principal amount equal to the unpaid principal amount of the Bond surrendered, and with the same maturity date and installment payment dates and amounts (or then-remaining installment payment dates and amounts, as applicable) and bearing interest at the same rate. In each case the Director of Finance may require payment by the registered owner requesting the exchange or transfer of any tax, fee, governmental charge, shipping charges and insurance that may be required to be paid with respect thereto, but otherwise no charge shall be made to the registered owner for the transfer or exchange. Any such new Bond issued in transfer or exchange may be executed and sealed as provided in Section 6 hereof with respect to the

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original execution and delivery of the Bond, or as otherwise required by then-applicable law, and appropriate changes made by made to the form of the Bond delivered in transfer or exchange to account for the dated date of such new Bond and the then-outstanding principal amount of the Bond.

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 Bond, the Bond shall be issued substantially in the form attached hereto as Exhibit A and incorporated by reference herein. Appropriate variations and insertions may be made by the Mayor to such form to provide dates, numbers, amounts and other terms (including, without limitation, to reflect matters determined in accordance with Sections 2, 3, 4, 5 and 10 hereof), to reflect different or additional requirements of Branch Banking and Trust Company pursuant to its proposal to purchase the Bond, or to comply with the recommendations of legal counsel. In addition, the Mayor may make variations, insertions or deletions to such form to include provisions that are favorable to the City or to modify provisions that are less favorable to the City, as agreed upon by Branch Banking and Trust Company. All of the covenants contained in the form of the Bond as finally executed and delivered by the Mayor in accordance with the provisions of Section 6 hereof and this Section 8 are hereby adopted by the City as and for the form of obligation to be incurred by the City, and the covenants and conditions contained therein are hereby made binding upon the City, including the promise to pay therein contained. The execution and delivery of the final form of the Bond by the Mayor in accordance with the provisions of this Resolution shall be conclusive evidence of the approval by the Mayor of the final form of the Bond and of any variations, insertions, omissions, notations, legends or endorsements authorized by this Resolution. To the extent there are any inconsistencies between the provisions of the Bond, as executed and delivered in accordance with the provisions of this Section 8, and the provisions of this Resolution, the provisions of the Bond shall control.

SECTION 9. BE IT FURTHER RESOLVED that:

(a) The City hereby ratifies, confirms, approves and adopts as actions of the City all actions taken by the financial advisor to the City, the Director of Finance and bond counsel to the City, on behalf of the City, to identify the banking institution that offered the most beneficial terms for purchase of the Bond, including, without limitation, the preparation, execution, delivery and circulation by the financial advisor to the City of the request for proposals dated October 30, 2017 and further communications with respondents to the request for proposals in order to clarify terms of their proposals. The City hereby determines that it shall be in the best interests of the City to sell the Bond by private (negotiated) sale without advertisement or solicitation of competitive bids to Branch Banking and Trust Company, which submitted the most advantageous proposal to the City for the direct purchase of the Bond pursuant to such request for proposals, which sale on a negotiated basis is hereby deemed by the City to be in its best interest and in the interest of its citizens due to the ability in the current municipal capital market to achieve favorable interest rates through a private (negotiated) sale, the ability to time the market, the ability to negotiate with potential purchasers and the lower costs of issuance typically associated with a direct purchase of the Bond compared to a public sale at competitive bid or a negotiated underwriting, and the resulting attractive interest rate, favorable prepayment terms and satisfactory other terms. Therefore, and pursuant to the authority of the Enabling Act, the Charter

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and the Ordinance, the Bond shall be sold by private (negotiated) sale without advertisement or solicitation of competitive bids to Branch Banking and Trust Company (the "Bank"), for a price of par, with no payment of accrued interest. The Bond shall be registered in the name of the Bank or as otherwise specified by the Bank.

(b) The Bond shall be sold for investment purposes only and not for resale to the general public. Accordingly, as a condition to delivery of the Bond and prior to the issuance of the Bond, the Bank shall furnish to the City a certificate acceptable to bond counsel to the City generally to the effect that (i) the Bank has such knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, that it is capable of evaluating the risks and merits of the investment or loan represented by the purchase of the Bond; (ii) the Bank has made its own independent and satisfactory inquiry of the financial condition of the City, including inquiry into financial statements and other information relating to the financial condition of the City to which a reasonable investor or lender would attach significance in making investment decisions, and of any other matters deemed to be relevant to a reasonably informed decision to purchase the Bond; (iii) the Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City and the Bond, all so that as a reasonable investor or lender the Bank has been able to make a reasonably informed decision to purchase the Bond; (iv) the Bank is purchasing the Bond for investment or loan purposes only (and not as an "underwriter" or "Participating Underwriter" as defined in Securities and Exchange Commission Rule 15c2-12, as replaced, supplemented or amended) and is not purchasing for more than one account or with a view to distributing the Bond; (v) if the Bond is subsequently sold, transferred or disposed of, such sale, transfer or disposition will be made only in compliance with federal and state securities laws and any other applicable laws and upon the condition that the Bank or transferee covenant and agree to and with the City that the Bond is being purchased or otherwise acquired for investment or loan purposes only and without intention to sell or distribute the Bond to the general public; and (vi) the Bank understands and acknowledges that (A) the Bond (1) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (2) will not be listed on any stock or other securities exchange, (3) will carry no rating from any rating service, and (4) will not be readily marketable, and (B) no disclosure document is being prepared in connection with the issuance and sale of the Bond. Appropriate edits may be made to such certifications to reflect whether the Bank or any subsequent transferee is treating the Bond as a security or as a loan.

SECTION 10. BE IT FURTHER RESOLVED that:

(a) The Bond shall be suitably prepared in definitive form, executed and delivered to the Bank on such date as shall be mutually acceptable to the Director of Finance, the Bank and bond counsel to the City, contemporaneously with the receipt of the purchase price for the Bond; provided that, the Bond shall not be delivered on a date later than December 25, 2017 without the prior written consent of the Bank, which consent shall be granted or withheld in the sole discretion of the Bank. The Mayor and/or the City Administrator, on behalf of the City, are hereby authorized and empowered to negotiate, execute and deliver the proposal submitted by Branch Banking and Trust Company (or any other acknowledgment required by such proposing institution), and the

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Mayor, the City Administrator, the Director of Finance, the City Clerk and all other appropriate officials and employees of the City are expressly authorized, empowered and directed to take any and all action necessary to complete and close the issuance, sale and delivery of the Bond to the Bank, to negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith, including to reflect any requirements specified by the Bank in its proposal or as otherwise required pursuant to the Bank's proposal. The City acknowledges its obligation to compensate counsel to the Bank and to deliver audited financial statements as provided for in the Bank's proposal. The Mayor, the City Administrator, the Director of Finance and all other appropriate officials and employees of the City are further expressly authorized, empowered and directed to undertake any post-closing activities provided for in the Bond the Ordinance, this Resolution or the Bank's proposal that are within the scope of their respective authority.

(b) Notwithstanding anything to the contrary contained in this Resolution, to the extent the provisions set forth in Sections 3, 4, 5 or 9 of this Resolution, or elsewhere in this Resolution, do not comport with the provisions specified by the Bank in its proposal, the Mayor, on behalf of the City, with the advice of the City Administrator, the Director of Finance, the financial advisor to the City and/or bond counsel to the City, as applicable, is hereby authorized and empowered to include in the final form of the Bond such provisions as modified as required by the Bank, the Mayor's approval of any such modifications to be evidenced conclusively by the Mayor's execution and delivery of the final form of the Bond containing such modifications in accordance with the provisions of Sections 6 and 8 of this Resolution, and to the extent of any discrepancy between the provisions of this Resolution and the final provisions of the Bond, the provisions so included in the executed Bond shall control. In addition, notwithstanding any other provisions of this Resolution, the Mayor, on behalf of the City, with the advice of the City Administrator, the Director of Finance, the financial advisor to the City and/or bond counsel to the City, as applicable, is hereby authorized and empowered to agree to terms relating to the Bond that (i) accurately reflect the provisions of the Bank's proposal to purchase the Bond, to the extent such terms are not reflected accurately herein, (ii) are more favorable to the City than the terms reflected in this Resolution and/or (iii) are not more favorable to the City but are not uncommon for municipal obligations in the nature of the Bond, any of which such other terms shall be reflected in the final form of the Bond executed and delivered by the Mayor in accordance with Sections 6 and 8 of this Resolution and/or in other applicable closing documents, certificates or instruments executed and directed by appropriate City officials pursuant to the authority of this Resolution, and, to the extent of any discrepancy among the provisions of this Resolution and the executed and delivered Bond and/or closing documents, certificates or instruments, the provisions of such executed Bond and/or closing documents, certificates and instruments shall control.

SECTION 11. BE IT FURTHER RESOLVED that the Director of Finance or, in his absence, one of the Assistant Directors of Finance, is hereby designated and authorized to receive payment on behalf of the City of the proceeds of the sale of the Bond contemporaneously with the delivery of the Bond. Any portion of the purchase price for the Bond may be disbursed by the Bank directly to third parties at the direction of the appropriate City official or officials, and any such disbursement to third parties at the direction of the appropriate City official or officials shall be deemed to constitute receipt of the proceeds of the Bond for purposes of this Section 11. Any

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proceeds of the Bond physically received by the City shall be deposited in the proper account or accounts of the City, may be invested within the limits prescribed by Maryland and federal law, and shall be used and applied exclusively to pay or reimburse the Costs of the Projects as described herein. If the proceeds received from the sale of the Bond exceed the amount needed for the public purposes hereinabove described, the amount of such unexpended excess shall be set apart in a separate fund or funds and applied to pay subsequent debt service payments on the Bond or to prepay the Bond in whole in accordance with Section 5 hereof (together with other available funds as necessary), unless a supplemental ordinance or resolution, as applicable, is passed to provide for the expenditure of such unexpended excess for some other valid purpose authorized by the Enabling Act, the Charter or other applicable law. Investment earnings on proceeds of the Bond, if any, held by the City may be applied to pay Costs of the Projects, to pay subsequent debt service payments on the Bond or to prepay the Bond in whole in accordance with Section 5 hereof (together with other available funds, as necessary), unless a supplemental ordinance or resolution, as applicable, is passed to provide for the expenditure of such earnings for some other valid purpose authorized by the Enabling Act, the Charter or other applicable law. Nothing in this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose.

SECTION 12. BE IT FURTHER RESOLVED that:

(a) That portion of the principal of and interest on the Bond allocated to the Costs of the Projects identified as “Parking Garage Roof Waterproof Membrane”, “New Parking Meters for Downtown” and “Parking Garage Upgraded Security Cameras” in Section 2(a) of this Resolution will be payable in the first instance from the Parking Authority Fund, to the extent moneys therein are available for such purpose. Notwithstanding the foregoing sentence, for the purpose of paying the principal of and interest on the Bond when due, the City shall 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 interest on the Bond due in each such fiscal year in which the Bond is outstanding, provided that, to the extent of any funds received or receivable as described in the first sentence of this Section 12(a) in any fiscal year, the taxes hereby required to be imposed may be reduced proportionately. If the proceeds from the taxes so imposed in any such fiscal year are inadequate for such payment, additional taxes shall be imposed in the succeeding fiscal year to make up such deficiency.

(b) The full faith and credit and unlimited taxing power of the City are hereby pledged to the payment of the principal of and interest on the Bond as and when they become due and payable and to the imposition of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Bond. The City hereby covenants and agrees with the registered owner, from time to time, of the Bond to impose the taxes hereinabove described and to take any further action that lawfully may be appropriate from time to time during the period that the Bond remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

(c) The foregoing provisions of this Section 12 shall not be construed so as to prohibit the City from paying the principal of and interest on any portion of the Bond from the proceeds of the sale of any other obligations of the City or from any other funds legally available for that

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purpose. Subject to the provisions of Sections 13 and 14 of this Resolution, the City may apply to the payment of the principal of or interest on the Bond any funds received by it from the State of Maryland or the United States of America, or any governmental agency or instrumentality, or from any other source, if the funds are granted, paid or are otherwise available to the City for the purpose of assisting the City in accomplishing the types of projects which the Bond is issued to finance or reimburse, 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.

SECTION 13. BE IT FURTHER RESOLVED that:

(a) (i) The Mayor and (ii) either (A) the City Administrator or (B) the Director of Finance are the officials of the City responsible for the issuance of the Bond 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 or (ii) the Director of Finance also shall be the officials of the City responsible for the execution and delivery (on the date of the issuance of the Bond) 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 deliver the Section 148 Certificate to counsel rendering an opinion on the validity and tax-exempt status of the Bond 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 Bond 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 Bond pursuant to Section 148 of the Code or the Treasury Regulations (collectively, the “Bond Proceeds”). The City covenants with the registered owner of the Bond 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 Bond 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 owner of the Bond 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 Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Treasury Regulations, and that it will comply with those provisions of Section 148 of the Code and the Treasury Regulations as may be applicable to the Bond on its date of delivery and which may subsequently lawfully be made applicable to the Bond as long as the Bond remains outstanding and unpaid.

(d) In connection with their execution and delivery of the Section 148 Certificate, the authorized officials identified in this Section 13 are hereby authorized and empowered, on behalf of the City, to make any designations, elections, determinations or filings on behalf of the City provided for in or permitted by the Code and the Treasury Regulations and to reflect the same in the Section 148 Certificate and/or the IRS Form 8038-G filed in connection with the issuance of the Bond 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.

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SECTION 14. BE IT FURTHER RESOLVED that the City specifically covenants that it will comply with the provisions of the Code and the Treasury Regulations applicable to the Bond, including, without limitation, compliance with provisions regarding the timing of the expenditure of the proceeds of the Bond, the use of such proceeds and the facilities financed 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 Bond or payments in lieu thereof. The City further covenants that it shall make such use of the proceeds of the Bond, 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 Bond. 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 Bond as may be necessary or appropriate.

SECTION 15. BE IT FURTHER RESOLVED that the City hereby designates the Bond as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code (relating to the exception from disallowance of the deduction for that portion of a financial institution’s interest expense which is allocable to tax-exempt interest) and, in connection therewith, represents and certifies that (i) the Bond is not a “private activity bond” within the meaning of Section 141 of the Code, (ii) the reasonably anticipated amount of tax-exempt obligations (excluding private activity bonds other than “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code) which will be issued by the City (and all on-behalf-of issuers or subordinate entities of the City) during calendar year 2017 does not exceed an amount in excess of Ten Million Dollars (\$10,000,000.00), and (iii) not more than Ten Million Dollars (\$10,000,000.00) of obligations issued by the City (and all on-behalf-of issuers or subordinate entities of the City) during calendar year 2017, including the Bond, have been designated or, except as permitted by the Code, will be designated, qualified tax-exempt obligations of the City.

SECTION 16. 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 17. 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.

[CONTINUED ON FOLLOWING PAGE]

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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 27th day of November, 2017.

ATTEST:


Diane K. Carter, Assistant City Clerk


John R. Heath, City Council President

APPROVED BY ME THIS 28th DAY OF NOVEMBER, 2017:


Jacob R. Day, Mayor

#200488;58111.037

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EXHIBIT A

(Form of Bond)

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

REGISTERED

No. R- _____ UNITED STATES OF AMERICA
STATE OF MARYLAND \$ _____
CITY OF SALISBURY

PUBLIC IMPROVEMENTS BOND OF 2017

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>
June 1, 2032	2.51%	_____, 2017

Registered Owner:

Principal Sum: _____ DOLLARS

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

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

City of Salisbury, a municipal corporation organized and existing under the Constitution and laws of the State of Maryland and a municipality within the meaning of the Enabling Act identified below (the “City”), hereby acknowledges itself indebted for value received and promises to pay to the registered owner shown above, or registered assignee or legal representative, the Principal Sum shown above, payable in fifteen (15) annual installments on June 1, commencing June 1, 2018, plus interest on the unpaid balance as set forth herein, subject to prior prepayment in whole only as hereinafter provided, as follows:

<u>Date</u>	<u>Principal Installment</u>	<u>Date</u>	<u>Principal Installment</u>
06/01/2018		06/01/2026	
06/01/2019		06/01/2027	
06/01/2020		06/01/2028	
06/01/2021		06/01/2029	
06/01/2022		06/01/2030	
06/01/2023		06/01/2031	
06/01/2024		06/01/2032	
06/01/2025			

This bond shall bear interest on the unpaid outstanding principal balance from the date of its delivery at a rate which is equal to two and fifty-one hundredths of one percent (2.51%) per annum.

Interest on this bond shall be payable on June 1 and December 1 in each year until maturity or prior prepayment in full, commencing on June 1, 2018. This bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the Original Issue Date.

Interest shall be computed on a 30/360 day count basis. For purposes of calculating the interest due on this bond, unpaid outstanding principal on any date shall be an amount equal to the original principal amount of this bond, less any principal installment paid as described above. The registered owner of this bond shall provide written notice to the Director of Finance of the City (the “Director of Finance”) of the interest and any principal due on this bond on each interest payment date at least ten (10) days prior to such interest payment date, or such fewer number of days as is acceptable to the Director of Finance, but failure to provide such notice shall not affect the amount of, or the City’s obligation to pay, principal or interest due on this bond.

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Principal of and interest on this bond shall be payable in lawful money of the United States of America. The principal of this bond, at maturity or upon prior prepayment in whole, shall be payable by check or draft at the office of the Director of Finance in Salisbury, Maryland, unless the Director of Finance and the registered owner agree on a different place or manner of payment. Principal of this bond, prior to maturity or prior prepayment in whole, and interest on this bond will be payable by check or draft mailed to the registered owner at the address designated by the registered owner in writing to the Director of Finance, unless the Director of Finance and the registered owner hereof agree on a different manner of payment. If a principal payment date or interest payment date falls on a Saturday, Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the registered owner of this bond is located are not required to be open, payment may be made on the next succeeding day that is not a Saturday, Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the registered owner of this bond is located are not required to be open, and no interest shall accrue on the amount owed as of such regularly scheduled payment date for the intervening period.

This bond is subject to prepayment *in whole only* at the option of the City on any date on or after _____, 2025, at a prepayment price of the par amount of this bond outstanding, plus accrued interest on such par amount to the date fixed for prepayment. Notice of the City's exercise of its option to prepay this bond in whole shall be given by the City at least ten (10) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner of this bond) by mailing or otherwise giving to such registered owner a notice fixing the prepayment date. Any notice of prepayment may be conditional.

This bond is the duly authorized bond of the City, aggregating \$_____.00 in original principal amount, dated the date of its delivery and designated "City of Salisbury Public Improvements Bond of 2017". 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 (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, and by virtue of due proceedings had and taken by the Council of the City (the "Council"), particularly Ordinance No. 2463, which was passed by the Council on November 13, 2017, approved by the Mayor of the City (the "Mayor") on November 15, 2017 and became effective on November 15, 2017 (the "Ordinance"), and Resolution No. _____, which was adopted by the Council on November __, 2017, approved by the Mayor on November __, 2017 and became effective on November __, 2017 (the "Resolution").

This bond is transferable only upon the books kept for that purpose at the office of the Director of Finance, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender hereof, together with (i) a written instrument of transfer in the form attached

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hereto and satisfactory to the Director of Finance and duly executed by the registered owner or his duly authorized attorney and (ii) a written covenant and agreement substantially in substance as described in Section 9(b) of the Resolution duly executed by the transferee.

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

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

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

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

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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 or impressed hereon, attested by the manual signature of the City Clerk, all as of the Original Issue Date set forth above.

(SEAL)

ATTEST:

CITY OF SALISBURY

By: _____
City Clerk

By: _____
Mayor

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(Form of Instrument of Transfer)

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

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

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

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

Dated: _____

Signature Guaranteed:

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

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

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**BULLET POINTS SUMMARY OF
2017 SALISBURY TAX-EXEMPT GO BOND RESOLUTION**

- Recitals indicate that pursuant to State law, the Charter and Ordinance No. 2463, the City authorized the issuance and sale from time to time of one or more series of general obligation bonds in an aggregate principal amount not to exceed \$5,724,853 in order to finance, reimburse or refinance costs of the 15 projects identified in the Ordinance (which are the same as the 15 projects identified in Section 2(a) of the Resolution).
- Recitals indicate that the City is ready to proceed with bond funding all of the projects identified in Ordinance No. 2463, and Davenport & Company LLC, financial advisor to the City, recommended that the current interest rate environment provides an opportunity to sell the authorized bonds as a single bond in a direct purchase transaction with a bank or financial institution. Davenport conducted a request for proposals on behalf of the City. Nine banks submitted proposals in response to the RFP.
- Section 2 – The City determines to borrow money to finance or reimburse costs of the projects identified therein (the “Projects”) in the maximum principal amount set forth opposite each Project in the table in subsection (a) (exclusive of any investment earnings), and proceeds (exclusive of any investment earnings) are appropriated for such purposes, provided that the City, without notice or consent to the registered owner of the Bond identified in Section 3, may reallocate the maximum principal amount of Bond proceeds to be spent on each Project in accordance with City budgetary procedures or applicable law. In addition, in the event it is determined prior to issuance and delivery of the Bond that other moneys are available or likely to be available for any of such Projects, the Mayor, with the advice of the City Administrator and the Director of Finance, is authorized to determine to reduce or eliminate the maximum principal amount of Bond proceeds allocated to any one or more of such Projects and correspondingly reduce the final original principal amount of the Bond. The categories of costs of the Projects are set forth in Section 2(b) and defined as the “Costs of the Projects”.
- Section 3 – The “City of Salisbury Public Improvements Bond of 2017” (the “Bond”) will be issued in the original principal amount of \$5,724,853 or such lesser original principal amount as the Mayor, with the advice of the City Administrator, the Director of Finance and the financial advisor, shall determine, in order to fund costs of the Projects.
- Section 4(a) – The Bond will be issued as a single general obligation installment bond with principal due each June 1 in the years 2018-2032, inclusive. The Bond will be payable pursuant to the principal amortization schedule set forth in Section 4(a) unless the Mayor, with the advice of the City Administrator, the Director of Finance and the financial advisor, determines to change the presumed delivery date of the Bond, it is determined that the maximum authorized amount is not needed for any Project, Branch Banking and Trust Company (which is purchasing the Bond) agrees to another amortization schedule, or typographical or calculation errors need to be corrected. Any modified amortization schedule will be on a roughly level debt service basis, unless City officials and the bank agree otherwise.
- Section 4(b) – Interest rate on the Bond will be 2.51% per annum.
- Section 4(c) – Interest on the Bond will be payable semiannually on June 1 and December 1, commencing June 1, 2018.

- Rest of Section 4 – Standard provisions re: the registered owner of the Bond giving notice of payments due (though failure to give same does not allow the City to excuse non-payment), payment dates not falling on business days, and method of payment. All of Section 4 remains subject to Section 10(b).
- Section 5 – Bond can be prepaid *in whole only* on any date on or after the date corresponding to the midpoint of the Bond term (which is likely sometime in February 2025) at the option of the City, at par plus accrued interest, with no premium or penalty, upon 10 days' advance notice to the registered owner of the Bond (or such fewer number of days' notice as is acceptable to the registered owner). Section 5 is subject to Section 10(b).
- Sections 6-8 – Standard provisions for execution, transfer and approval of final form of the Bond. Any transfer is subject to the transferee providing a certification substantially similar to that set forth in Section 9(b).
- Section 9 – The Council ratifies and confirms the circulation of the RFP to banks and subsequent communications with respondents to clarify the terms of proposals, and determines to sell the Bond to Branch Banking and Trust Company by private (negotiated) sale without advertisement or solicitation of competitive bids (note: even though Davenport circulated an RFP, that does not constitute a “public sale” for MD state law purposes), for a price of par, with no payment of accrued interest. The Bond to be sold for investment purposes only and Branch Banking and Trust Company is required to deliver a certification to bond counsel at closing; such certification may be modified to reflect whether Branch Banking and Trust Company or any subsequent transferee is treating the Bond as a security or as evidencing a loan.
- Section 10 - The Bond to be prepared and delivered on a date acceptable to the Director of Finance, Branch Banking and Trust Company (identified as the Bank) and bond counsel, but no later than December 25, 2017 without the consent of Branch Banking and Trust Company, and appropriate officials are authorized to take all action necessary to close the Bond, to reflect the Purchaser's requirements in closing documents, and to consummate the transactions contemplated by the Resolution. The City agrees to provide annual audited financial statements to the registered owner of the Bond and to pay the fees of the Bank's counsel. Section 10(b) specifically allows changes that reflect the terms of the Bank's proposal.
- Section 11 – The Director of Finance (or an Assistant Director) is authorized to receive Bond proceeds. The appropriate official or officials are authorized to direct application of Bond proceeds and provide for any investment. Unless the Council determines otherwise by ordinance or resolution, as applicable, (i) excess proceeds will be applied to pay debt service on the Bond or prepay the Bond in whole (together with other funds necessary for prepayment) and (ii) investment earnings will be applied to pay Project costs, debt service on the Bond or prepay the Bond in whole (together with other funds necessary for prepayment).
- Section 12 –The City pledges its full faith and credit and unlimited taxing power to payment of the Bond and agrees to impose ad valorem taxes sufficient to make such payments, provided that if other funds are lawfully available to make such payments, the taxes required to be levied shall be reduced proportionately. That portion of debt service allocable to the three Projects for parking purposes will be payable in the first instance

from the Parking Authority Fund, to the extent moneys therein are available for such purpose.


- Sections 13 and 14—The City makes standard representations and covenants relating to the tax-exempt status of the Bond. The Mayor, together with either the City Administrator or the Director of Finance, is authorized to sign a tax certificate and take certain actions relating to the tax-exempt status of the Bond.
- Section 15 – The City designates the Bond as a “qualified tax-exempt obligation” for purposes of the federal tax code (commonly referred to as a “bank-qualified bond”) and represents that it, its subordinate entities and its on-behalf-of issuers do not reasonably anticipate issuing more than \$10,000,000 of tax-exempt obligations for their own purposes or qualified 501(c)(3) bonds in calendar year 2017. (Note—a calendar year, not a fiscal year test.)
- Section 16 – The provisions of the Resolution shall be liberally construed in order to effectuate the transactions contemplated by the Resolution
- Section 17 – The Resolution shall be effective upon adoption by the Council and approval by the Mayor.
- Exhibit A – Form of Bond, which the Mayor is authorized to complete/modify before delivering pursuant to Sections 6 and 8 of the Resolution.

INTER

OFFICE

MEMO

Finance Department

To: Julia Glanz, City Administrator
From: Keith Cordrey, Director of Finance 
Subject: Resolution to Authorize the Issuance and Sale of General Obligation Bonds
Date: November 21, 2017

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.

- Recitals indicate that pursuant to State law, the Charter and Ordinance No. 2463, the City authorized the issuance and sale from time to time of one or more series of general obligation bonds in an aggregate principal amount not to exceed \$5,724,853 in order to finance, reimburse or refinance costs of the 15 projects identified in the Ordinance (which are the same as the 15 projects identified in Section 2(a) of the Resolution).
- Recitals indicate that the City is ready to proceed with bond funding all of the projects identified in Ordinance No. 2463, and Davenport & Company LLC, financial advisor to the City, recommended that the current interest rate environment provides an opportunity to sell the authorized bonds as a single bond in a direct purchase transaction with a bank or financial institution. Davenport conducted a request for proposals on behalf of the City. Nine banks submitted proposals in response to the RFP.
- Section 2 – The City determines to borrow money to finance or reimburse costs of the projects identified therein (the “Projects”) in the maximum principal amount set forth opposite each Project in the table in subsection (a) (exclusive of any investment earnings), and proceeds (exclusive of any investment earnings) are appropriated for such purposes, provided that the City, without notice or consent to the registered owner of the Bond identified in Section 3, may reallocate the maximum principal amount of Bond proceeds to be spent on each Project in accordance with City budgetary procedures or applicable law. In addition, in the event it is determined prior to issuance and delivery of the Bond that other moneys are available or likely to be available for any of such Projects, the Mayor, with the advice of the City Administrator and the Director of Finance, is authorized to determine to reduce or eliminate the maximum principal amount of Bond proceeds allocated to any one or more of such Projects and correspondingly reduce the final original principal amount of the Bond. The categories

- Section 10 - The Bond to be prepared and delivered on a date acceptable to the Director of Finance, Branch Banking and Trust Company (identified as the Bank) and bond counsel, but no later than December 25, 2017 without the consent of Branch Banking and Trust Company, and appropriate officials are authorized to take all action necessary to close the Bond, to reflect the Purchaser's requirements in closing documents, and to consummate the transactions contemplated by the Resolution. The City agrees to provide annual audited financial statements to the registered owner of the Bond and to pay the fees of the Bank's counsel. Section 10(b) specifically allows changes that reflect the terms of the Bank's proposal.
- Section 11 – The Director of Finance (or an Assistant Director) is authorized to receive Bond proceeds. The appropriate official or officials are authorized to direct application of Bond proceeds and provide for any investment. Unless the Council determines otherwise by ordinance or resolution, as applicable, (i) excess proceeds will be applied to pay debt service on the Bond or prepay the Bond in whole (together with other funds necessary for prepayment) and (ii) investment earnings will be applied to pay Project costs, debt service on the Bond or prepay the Bond in whole (together with other funds necessary for prepayment).
- Section 12 –The City pledges its full faith and credit and unlimited taxing power to payment of the Bond and agrees to impose ad valorem taxes sufficient to make such payments, provided that if other funds are lawfully available to make such payments, the taxes required to be levied shall be reduced proportionately. That portion of debt service allocable to the three Projects for parking purposes will be payable in the first instance from the Parking Authority Fund, to the extent moneys therein are available for such purpose.
- Sections 13 and 14—The City makes standard representations and covenants relating to the tax-exempt status of the Bond. The Mayor, together with either the City Administrator or the Director of Finance, is authorized to sign a tax certificate and take certain actions relating to the tax-exempt status of the Bond.
- Section 15 – The City designates the Bond as a “qualified tax-exempt obligation” for purposes of the federal tax code (commonly referred to as a “bank-qualified bond”) and represents that it, its subordinate entities and its on-behalf-of issuers do not reasonably anticipate issuing more than \$10,000,000 of tax-exempt obligations for their own purposes or qualified 501(c)(3) bonds in calendar year 2017. (Note—a calendar year, not a fiscal year test.)
- Section 16 – The provisions of the Resolution shall be liberally construed in order to effectuate the transactions contemplated by the Resolution
- Section 17 – The Resolution shall be effective upon adoption by the Council and approval by the Mayor.
- Exhibit A – Form of Bond, which the Mayor is authorized to complete/modify before delivering pursuant to Sections 6 and 8 of the Resolution.

If you do not have any questions, please forward this to Council for their consideration.