

ORDINANCE NO. 2864

AN ORDINANCE OF THE COUNCIL (THE “COUNCIL”) OF THE CITY OF SALISBURY TO AUTHORIZE AND EMPOWER CITY OF SALISBURY (THE “CITY”) TO SELL AND ISSUE 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 THIRTEEN MILLION TWO HUNDRED TWELVE THOUSAND SEVEN HUNDRED FORTY-THREE DOLLARS (\$13,212,743), AND (2) GENERAL OBLIGATION REFUNDING BONDS, SUBJECT TO THE LIMITATIONS PROVIDED FOR HEREIN, THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING, REIMBURSING OR REFINANCING COSTS OF THE PUBLIC PURPOSE PROJECTS IDENTIFIED HEREIN AS STATION #16 HVAC REPLACEMENT, DOWNTOWN STREET SCAPING, TOWNSQUARE, TOWN SQUARE, RAIL TRAIL MASTER PLAN IMPLEMENTATION, APPARATUS REPLACEMENT - RESCUE 16, JOHNSON POND DAM IMPROVEMENTS, BEAGLIN PARK DAM IMPROVEMENTS, GOB EXTERIOR WATERPROOFING, ZOO FACILITY IMPROVEMENTS, NORTH PRONG PARK LAND ACQUISITION, STREET LIGHT ADDITIONS AND REPLACEMENT, AMPHITHEATER PEDESTRIAN BRIDGE, RESTORE PARK WELL FIELD, RESTORE PALEO WELL FIELD, WWTP ELECTRIC UPGRADES, PARK WELL FIELD RAW WATER MAIN & VALVE RPLC, GLEN AVENUE LIFT STATION, WWTP OUTFALL INSPECTION AND REPAIRS, SOUTHSIDE PUMP STATION FORCE MAIN, PARK WELL FIELD, PARK WELL 2, SOLID WASTE DISP, AND COSTS OF ISSUANCE; SPECIFYING THE MAXIMUM ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF THE BONDS OR BOND ANTICIPATION NOTES PROVIDED FOR HEREIN TO BE ALLOCATED TO EACH SUCH PROJECT, SUBJECT TO REALLOCATION BY THE CITY IN ACCORDANCE WITH APPLICABLE BUDGETARY PROCEDURES OR LAW; PROVIDING THAT THE COUNCIL BY RESOLUTION SHALL DETERMINE, APPROVE OR PROVIDE FOR VARIOUS MATTERS RELATING TO THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY, PAYMENT AND PREPAYMENT OR REDEMPTION OF AND FOR EACH SERIES OF THE BONDS, THE BOND ANTICIPATION NOTES AND THE REFUNDING BONDS (EACH A “SERIES OF THE OBLIGATIONS” OR THE “OBLIGATIONS”); PROVIDING FOR THE IMPOSITION OF AD

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VALOREM TAXES SUFFICIENT FOR, AND PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY TO, THE PAYMENT OF DEBT SERVICE ON EACH SERIES OF THE OBLIGATIONS; PROVIDING THAT DEBT SERVICE ON EACH SERIES OF THE OBLIGATIONS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; PROVIDING THAT CERTAIN ACTIONS MAY BE TAKEN OR PROVIDED FOR BY RESOLUTION IN CONNECTION WITH THE REISSUANCE OR MODIFICATION OF ANY OF THE OBLIGATIONS; PROVIDING THAT ANY OF THE OBLIGATIONS MAY BE CONSOLIDATED WITH OTHER OBLIGATIONS OF THE CITY AND ISSUED AS A SINGLE SERIES OF BONDS, BOND ANTICIPATION NOTES AND/OR REFUNDING BONDS; AUTHORIZING, DIRECTING AND EMPOWERING OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE CERTAIN ACTIONS IN CONNECTION WITH THE OBLIGATIONS; AUTHORIZING MODIFICATIONS OF THE OBLIGATIONS TO BE MADE BY RESOLUTION UNLESS ANOTHER ACTION IS REQUIRED; PROVIDING THAT THIS TITLE SHALL BE DEEMED A STATEMENT OF THE SUBSTANCE OF THIS ORDINANCE FOR ALL PURPOSES; PROVIDING THAT THE PROVISIONS OF THIS ORDINANCE SHALL BE LIBERALLY CONSTRUED; AND OTHERWISE GENERALLY RELATING TO THE SALE, ISSUANCE AND DELIVERY AND PAYMENT OF AND FOR THE OBLIGATIONS.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act, the Bond Anticipation Note Act and the Refunding Act identified below (the “City”), is authorized and empowered by Sections 19-301 through 19-309 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 sale and issuance of its general obligation bonds; and

WHEREAS, the City has determined to undertake the public purpose projects identified in Section 3(b) of this Ordinance; and

WHEREAS, the City has determined to authorize the sale and issuance from time to time of one or more series of its general obligation bonds in order to finance, reimburse or refinance all or a portion of the costs of any of the public purpose projects identified in Section 3 of this Ordinance; and

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WHEREAS, prior to issuing one or more series of the general obligation bonds authorized hereby, the City may need to obtain interim financing in order to finance, reimburse or refinance applicable project costs on a timely basis through the sale and issuance from time to time of general obligation bond anticipation notes in one or more series as authorized by Sections 19-211 through 19-223 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Bond Anticipation Note Act”); and

WHEREAS, subsequent to the issuance of any general obligation bonds provided for herein, the City may desire to currently refund or advance refund all or a portion of such bonds through the sale and issuance from time to time of one or more series of its general obligation refunding bonds as authorized by 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 general obligation bonds, bond anticipation notes or refunding bonds authorized hereby; and

WHEREAS, the City shall issue any general obligation 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 of the City (the “Council”) pursuant to the authority of the Enabling Act, the Bond Anticipation Note Act, the Refunding Act, other applicable law, Sections SC7-45 and SC7-46 of the Charter and this Ordinance, as applicable.

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

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

(b) References in this Ordinance to any official by title shall be deemed to refer (i) to any official authorized under the Charter, 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, the City Code or other applicable law or authority, 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 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. References in this Ordinance to the “proceeds” of any of the Bonds, the BANs, the Refunding Bonds or the Obligations shall be construed to mean par amount, net original issue premium realized upon sale and/or investment earnings. References in this Ordinance to “investment earnings” shall be construed to include interest income.

(d) References in this Ordinance to City officials shall be construed to include references to City employees, to the extent applicable.

SECTION 2. BE IT FURTHER ENACTED AND ORDAINED that pursuant to the authority of the Enabling Act, Sections SC7-45 and SC7-46 of the Charter and any other applicable law, the City hereby determines to borrow money and incur indebtedness from time to time for the public purpose of financing, reimbursing or refinancing costs (as defined in Section 3(b) hereof) of any of the Projects identified in Section 3(b) hereof.

SECTION 3. BE IT FURTHER ENACTED AND ORDAINED that:

(a) To evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the City, acting pursuant to the authority of the Enabling Act, Sections SC7-45 and SC7-46 of the Charter and any other applicable law, hereby determines to authorize the sale and issuance from time to time, in one or more series, upon its full faith and credit, of its general obligation bonds in an original aggregate principal amount not to exceed Thirteen Million Two Hundred Twelve Thousand Seven Hundred Forty-Three Dollars (\$13,212,743) (each, a “series of the Bonds” and, collectively, the “Bonds”). Any series of the Bonds may be issued as one or more bonds and any such bond may be issued in installment form and/or draw-down form.

(b) With respect to the projects listed below, the word “costs” as used in Section 2 hereof shall include, as applicable, costs of the following activities and expenses: land and right-of-way acquisition and development; acquisition of other property rights; site and utility improvements, including, without limitation, grading, landscaping, paving and repaving, sidewalk, curb, gutter, storm water, water and sewer improvements, street lights, traffic control improvements, other amenities, and related or similar activities and expenses; demolition, razing and removal and related or similar activities and expenses; acquisition, construction, expansion, reconstruction, replacement, renovation, rehabilitation, upgrading, improvement, installation, furnishing and equipping activities and expenses, and related or similar activities and expenses; planning, design, testing, study, feasibility, surveying, architectural, engineering, document development, bidding, permitting, inspection, construction management, financial, administrative and legal expenses, and related or similar activities and expenses; contingencies; 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

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or contribution to the financing, reimbursement or refinancing of the costs of any such project (collectively, "Costs of the Projects"). The maximum original aggregate principal amount of the Bonds (or the BANs, as identified in Section 6 hereof) to be appropriated or applied to the Costs of the Projects (exclusive of any net original issue premium realized upon sale or investment earnings that may be applied for such purposes) shall be allocated among the following public purpose projects in the maximum principal amount set forth opposite each, except as otherwise herein provided:

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	<u>Project Name</u>	<u>Maximum Principal Amount</u>
1.	Station #16 HVAC Replacement (1)	\$ 130,000
2.	Downtown Street Scaping (1)	775,000
3.	TownSquare (1)	900,000
4.	Town Square (2)	200,000
5.	Rail Trail Master Plan Implementation (1)	700,000
6.	Apparatus Replacement – Rescue 16 (3)	1,625,000
7.	Johnson Pond Dam Improvements (3)	1,550,000
8.	Beaglin Park Dam Improvements (4)	100,000
9.	GOB Exterior Waterproofing (4)	175,000
10.	Zoo Facility Improvements (4)	350,000
11.	North Prong Park Land Acquisition (4)	100,000
12.	Street Light Additions and Replacement (4)	105,000
13.	Amphitheater Pedestrian Bridge (4)	125,000
14.	Restore Park Well Field (3)	175,000
15.	Restore Paleo Well Field (3)	217,000
16.	WWTP Electric Upgrades (3)	1,060,493
17.	Park Well Field Raw Water Main & Valve Rplc (3)	875,000
18.	Glen Avenue Lift Station (3)	750,000
19.	WWTP Outfall Inspection and Repairs (3)	500,000
20.	Southside Pump Station Force Main (3)	495,000
21.	Park Well Field (4)	550,000
22.	Park Well 2 (4)	350,000
23.	Solid Waste Disp (4)	810,250
24.	Southside Pump Station Force Main (5)	295,000
25.	Costs of Issuance (4)	<u>300,000</u>
TOTAL		<u>\$13,212,743</u>

¹ Project was approved for bond funding in fiscal year 2024 by the fiscal year 2023 budget ordinance (Ordinance No. 2721).

² Project was approved for additional bond funding in fiscal year 2024 by amendments to the fiscal year 2023 budget ordinance through Ordinance No. 2774.

³ Project was approved for bond funding in the fiscal year 2024 budget ordinance (Ordinance No. 2802).

⁴ Project is scheduled to be approved for bond funding during fiscal year 2024 by amendments to the fiscal year 2024 budget ordinance.

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⁵ Project is scheduled to be approved for additional bond funding by amendments to the fiscal year 2024 budget ordinance.

The projects, including costs of issuance, identified in items 1-25 above are collectively referred to herein as the “Projects.” The Projects described in items 1-25 above are identified by approximately the same names as such Projects are identified in City budgets and related materials. By inclusion in the table above, the City hereby appropriates up to the maximum principal amount of any issued Bonds (or any issued BANs, as applicable) for application to the Costs of the Projects as provided for in such table, subject to the further provisions of this Ordinance. The City, without notice to or the consent of any registered owners of any issued Bonds (or the registered owners of any issued BANs, as applicable), may allocate and reallocate the maximum principal amount of any issued Bonds (and of any issued BANs, as applicable) (exclusive of any net original issue premium realized upon sale or investment earnings that may be applied for such purposes) to be spent on Costs of the Projects among any of the Projects in compliance with applicable budgetary procedures or applicable law, including, to the extent applicable, by resolution. Further, it is the intention of the Council that the principal amount of any issued Bonds (or of any issued BANs, as applicable) may be spent on any applicable Costs of the Projects, notwithstanding the descriptive names used for the Projects in the table above, including, without limitation, costs related to changes in the scopes of and/or names of the Projects effected through applicable budgetary procedures or applicable law.

(c) It is the intention of the Council that, without having to amend this Ordinance, unless an amendment is necessary to modify the definition of “Costs of the Projects,” and without notice to or the consent of the owners of any issued Bonds (or the owners of any issued BANs provided for in Section 6 hereof, as applicable), the principal amount of any issued Bonds (or of any issued BANs, as applicable) may be spent on any applicable Costs of the Projects, notwithstanding the descriptive name used for the Projects in the table above, including, without limitation, costs related to changes in the scope of and/or name of any Project effected through applicable budgetary procedures or applicable law.

(d) The Council, by enactment of a supplemental ordinance, and without notice to or consent of the owners of any issued Bonds (or the owners of any issued BANs, as applicable), may reallocate any portion of the principal amount thereof to be spent on Costs of the Projects (as such definition may be amended by supplemental ordinance) of one or more additional projects identified in such supplemental ordinance and, in such event, (i) references in this Ordinance to the “Projects” shall be deemed to include the Projects identified in subsection (b) above and all such additional projects (unless any original or additional project is removed entirely from the definition of the Projects by a supplemental ordinance), and (ii) references in this Ordinance to “Costs of the Projects” shall be deemed to include any modifications to such definition, as applicable. After any such reallocation is made by supplemental ordinance, the Council, without notice to or the consent of the owners of any issued Bonds (or the owners of any issued BANs, as applicable), may reallocate the maximum principal amount of any issued Bonds (and of any issued BANs, as applicable) to be spent

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on Costs of the Projects among all such authorized projects in compliance with applicable budgetary procedures or applicable law.

(e) In the event the City issues any series of the BANs pursuant to Section 6 of this Ordinance, proceeds of the Bonds of any series in anticipation of which such series of the BANs were issued may also be applied to prepay or pay principal, premium and/or interest on such series of the BANs as well as costs of issuance thereof in accordance with the provisions of the Bond Anticipation Note Act, and such application shall be deemed the payment of Costs of the Projects for purposes of this Ordinance.

(f) Subject to the provisions of subsections (d) and (e) above, by resolution or as otherwise allowed by applicable law, and without notice to or the consent of any registered owners of any issued Bonds (or of any issued BANs, as applicable), the Council may determine or provide for the determination of, and subsequently reallocate, how any unexpended par amount of any series of the Bonds (or any series of the BANs, as applicable), net original issue premium realized upon sale and/or any investment earnings shall be expended, which may include, without limitation, on Costs of the Projects (including costs of issuance), to prepay or pay principal, premium and/or interest on a series of the BANs, and/or on debt service payable or prepayable on any such series of the Bonds or of the BANs, as applicable, to the extent not prohibited by applicable law.

(g) To the extent not prohibited by applicable law, the authorization of the sale and issuance of the Bonds and the BANs provided for in this Ordinance in order to finance, reimburse or refinance Costs of the Projects shall be construed to authorize the sale and issuance of any series of the Bonds or the BANs in any fiscal year later than fiscal year 2024 for such purpose in the event such authority is not fully used in fiscal year 2024, for whatever reason; provided that, no BANs shall be issued to finance, reimburse or refinance Costs of any Project once the authority to issue Bonds to finance, reimburse or refinance Costs of such Project has been used up to the maximum principal amount specified for such Project in the table in subsection (b) above.

SECTION 4. BE IT FURTHER ENACTED AND ORDAINED that the proceeds of the Bonds shall be used and applied by the City exclusively and solely for the public purposes described in Section 3 of this Ordinance, unless a supplemental ordinance is enacted by the Council to provide for the use and application of such proceeds for some other proper public purpose authorized by the Enabling Act, the Charter or other applicable law; provided that, no such supplemental ordinance shall be required if changes in the scope of or name of any Project are otherwise made as contemplated in Section 3(c) of this Ordinance.

SECTION 5. BE IT FURTHER ENACTED AND ORDAINED that pursuant to the authority of the Enabling Act, Sections SC7-45 and SC7-46 of the Charter, this Ordinance and any other applicable law, the Council, prior to the sale, issuance and delivery of each series of the Bonds, shall adopt a resolution or resolutions specifying, prescribing, determining, providing for or approving such matters, details, forms (including, without limitation, the form or substantially final form of the

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Bonds of such series), documents or procedures as may be required by the Enabling Act, Sections SC7-45 and SC7-46 of the Charter, other applicable law or this Ordinance or as the Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment, prepayment or redemption of or for such series of the Bonds, subject to the limitations of any applicable law. Any such resolution may, subject to the limitations of any applicable law, set forth, determine or provide for the determination of, provide for, or approve or provide for the approval of, among other matters, as applicable, the designation of such series of the Bonds; the date of issuance of such series of the Bonds; the original aggregate principal amount of such series of the Bonds; the denomination or denominations of such series of the Bonds; the maturity or maturities of such series of the Bonds, or the method of determining such maturity or maturities; the principal installment or installments (including, without limitation, serial maturities and/or mandatory sinking fund installments) payable on such series of the Bonds or the method of determining such principal installments; the rate or rates of interest, or the method of determining the rate or rates of interest, payable on such series of the Bonds, which may be fixed or variable; provisions for the payment of late fees, additional interest and/or penalties payable with respect to such series of the Bonds and/or adjustments to interest rates; the purchase price for such series of the Bonds (which may be at, above or below par value) or the method of determining the purchase price; provisions relating to the prepayment or redemption of such series of the Bonds at the City's option or by mandatory sinking fund payments; provisions allowing the registered owners of such series of the Bonds to put or cause the prepayment or redemption of the same at their option; the manner of selling such series of the Bonds, which may be by private (negotiated) sale without advertisement or solicitation of competitive bids (including in a negotiated underwriting or by direct purchase) or at public sale after publication or dissemination of the notice of sale (in any manner permitted by applicable law), and all matters in connection therewith, including any forms or substantially final forms of documents, agreements, certificates, instruments or notices authorized or required by applicable law; provisions for the execution of such series of the Bonds; whether any net original issue premium realized upon sale shall be applied to reduce the par amount of such series of the Bonds to be issued for the intended purposes; any limitations on the Costs of the Projects on which the proceeds of such series of the Bonds may be expended and further provisions for the appropriation, disposal and investment of such proceeds; the selection of any bond registrar, paying agent, investment bidding agent or other appropriate service providers in connection with such series of the Bonds; certifications, representations, determinations, designations or elections relating to the tax-exempt or taxable status of interest payable on such series of the Bonds; and all other terms and conditions pursuant to which such series of the Bonds will be issued, sold and delivered, including, without limitation, any other determinations to be made or provided for by resolution as required by Charter Section SC7-46.A. Among other matters, the Council by resolution may authorize, approve or otherwise provide for (i) payment of any commitment fee, breakage fee or other fee and any other costs (including other parties' legal costs and expenses) payable in connection with any series of the Bonds, (ii) the obtaining of credit enhancement or liquidity enhancement for any series of the Bonds (and the negotiation, approval, execution and delivery of any agreements or documents relating thereto), and (iii) any other agreements, documents, instruments or determinations necessary or desirable to enhance the marketability of or as security for any series of the Bonds, including, without limitation, any ratings, any official statement or similar disclosure document or

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any continuing disclosure undertaking required to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12. References in this Section 5 to providing for determinations by resolution shall be construed to permit the Council to delegate to one or more officials the authority to make or provide on behalf of the City any of the determinations, approvals or other decisions contemplated by this Section 5. Any resolution may specify, prescribe, determine or provide for the determination of, provide for, or approve or provide for the approval of, the matters identified in this Section 5 for more than one series of the Bonds.

SECTION 6. BE IT FURTHER ENACTED AND ORDAINED that:

(a) Pursuant to the authority of the Bond Anticipation Note Act, Sections SC7-45 and SC7-46 of the Charter and any other applicable law, the City is hereby authorized and empowered to sell and issue, upon its full faith and credit, its general obligation bond anticipation notes in one or more series from time to time in an original aggregate principal amount not to exceed Thirteen Million Two Hundred Twelve Thousand Seven Hundred Forty-Three Dollars (\$13,212,743) (each, a “series of the BANs” and, collectively, the “BANs”), prior to and in anticipation of the sale of any series of the Bonds, for the public purpose of financing, reimbursing or refinancing Costs of the Projects on an interim basis. 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.

(b) Prior to the sale, issuance and delivery of each series of the BANs, the Council shall adopt a resolution or resolutions pursuant to the authority of the Bond Anticipation Note Act, Sections SC7-45 and SC7-46 of the Charter, any other applicable law and this Ordinance authorizing such series of the BANs and specifying, prescribing, determining or providing for the determination of, providing for, or approving or providing for the approval of, with respect to such series of the BANs, the same types of matters, details, forms, documents, procedures or determinations detailed in Section 5 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, including, without limitation, whether any net original issue premium realized upon sale shall be applied to reduce the par amount of such series of the BANs to be issued for the intended purposes. 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 any series of the BANs. Any resolution may specify, prescribe, determine or provide for the determination of, provide for, or approve or provide for the approval of, the details required or authorized by this Section 6 for more than one series of the BANs.

(c) 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 such BANs (within the limitations of applicable law), to pay the interest on such series of the BANs from the proceeds of one or more series of the Bonds, 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

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interest on any series of the BANs from sources of funds other than proceeds of the Bonds, to the extent such other funds are available for such purpose.

(d) 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, together with any amendments or modifications to or replacements of such series of the BANs and any related documentation.

SECTION 7. BE IT FURTHER ENACTED AND ORDAINED that:

(a) Pursuant to the authority of the Enabling Act, the Refunding Act, Sections SC7-45 and SC7-46 of the Charter and any other applicable law, the City is hereby authorized and empowered to sell and issue, upon its full faith and credit, its general obligation refunding bonds in one or more series from time to time (each, a “series of the Refunding Bonds” and, collectively, the “Refunding Bonds”), for the purpose of currently refunding or advance refunding in whole or in part any of the Bonds then outstanding, including paying all or any portion of the following: outstanding principal, any prepayment or redemption premium, and/or interest accrued or to accrue to the date or dates of prepayment, redemption, purchase or maturity of the Bonds to be refunded, paying costs and expenses in connection with the sale, issuance and delivery of such series of the Refunding Bonds (including, without limitation, legal and financial costs and costs of any credit enhancement or liquidity enhancement), and, to the extent determined or provided for by the Council by resolution, paying interest on such series of the Refunding Bonds, for the public purpose of (A) realizing savings to the City in the total cost of debt service on a direct comparison or present value basis, (B) debt restructuring that reduces the total cost of debt service, (C) debt restructuring that is determined to be in the best interests of the City, to be consistent with the City’s long-term financial plan, and to realize a financial objective of the City, including improving the relationship of debt service to any source of payment such as taxes, assessments or other charges, and/or (D) for any other purpose then authorized by the Refunding Act or other applicable law, and as determined or provided for by the Council by resolution; provided that, the original aggregate principal amount of any series of the Refunding Bonds shall 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.

(b) Prior to the sale, issuance and delivery of each series of the Refunding Bonds, the Council shall adopt a resolution or resolutions pursuant to the authority of the Refunding Act, Sections SC7-45 and SC7-46 of the Charter, any other applicable law and this Ordinance authorizing such series of the Refunding Bonds and specifying, prescribing, determining or providing for the determination of, providing for, or approving or providing for the approval of, with respect to such series of the Refunding Bonds, the same types of matters, details, forms, documents, procedures and determinations detailed in Section 5 hereof that may be made or addressed with respect to any series of the Bonds, to the extent applicable to such series of the

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Refunding Bonds, and as otherwise may be authorized or required by applicable law, including, without limitation, the purposes of the Refunding Act or other applicable law to be achieved by the issuance of such series of the Refunding Bonds, whether any net original issue premium realized upon sale shall be applied to reduce the par amount of such series of the Refunding Bonds to be issued for the intended purposes, the selection of any escrow agent, verification consultant, escrow bidding agent or other service provider, the determination of the Bonds to be refunded in whole or in part from such series of the Refunding Bonds, and any agreements, documents or other instruments necessary or desirable in connection with the refunding. 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 any series of the Refunding Bonds. Any resolution may specify, prescribe, determine or provide for the determination of, provide for, or approve or provide for the approval of, the details required or authorized by this Section 7 for more than one series of the Refunding Bonds.

(c) By resolution or as otherwise allowed by applicable law, and without notice to or the consent of the registered owners of any issued series of the Refunding Bonds, the Council may determine or provide for the determination of, and subsequently reallocate, how any unexpended par amount of such series of the Refunding Bonds, net original issue premium realized upon sale and/or investment earnings shall be expended, which may include, without limitation, on refunding the applicable Bonds, on costs of issuance of such series of the Refunding Bonds, and/or on debt service payable or prepayable on such series of the Refunding Bonds, to the extent not prohibited by applicable law.

SECTION 8. BE IT FURTHER ENACTED AND ORDAINED that:

(a) 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 each series of the Bonds, the BANs or the Refunding Bonds actually issued, as applicable (each, a “series of the Obligations” and, collectively, the “Obligations”), when due 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 8, the City hereby covenants with the registered owners of the Obligations of each series 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 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.

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(b) The foregoing provisions shall not be construed so as to prohibit the City from paying the principal of and interest on the Obligations of any series from the proceeds of the sale of any other obligations of the City or from any other funds legally available for that purpose (including, without limitation, with respect to any BANs, from the proceeds of any Bonds and, with respect to any Bonds, from the proceeds of any Refunding Bonds). Within the limitations of any applicable Maryland or federal law (including, without limitation, the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder), the City may apply to the payment of the principal of or interest on the Obligations of any series 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 City in accomplishing the components of Costs of the Projects which the Obligations of such series are issued to finance, reimburse or refinance or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be imposed may be reduced proportionately.

(c) Pursuant to the authority of Section SC7-46.A. of the Charter, by resolution the Council may provide that all or a portion of the debt service on the allocable portion of any series of the Obligations shall be payable in the first instance from specified revenues or other moneys identified in such resolution, to the extent available for such purpose.

SECTION 9. BE IT FURTHER ENACTED AND ORDAINED that by resolution, the Council may make any appropriate arrangements (including, without limitation, by authorizing one or more appropriate officials to make any elections, designations, determinations or filings on the City's behalf) in the event any right of the registered owner of an Obligation to put or cause the prepayment or redemption of such Obligation at its option, or any change in the interest rate of an Obligation, or any other modification to an Obligation could lead to a reissuance of such Obligation for purposes of the Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder.

SECTION 10. BE IT FURTHER ENACTED AND ORDAINED that by resolution, the Council may determine that any 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 and issued as a single series of bonds, bond anticipation notes and/or refunding bonds, as applicable.

SECTION 11. BE IT FURTHER ENACTED AND ORDAINED that by resolution the Council may make or authorize any modifications to (i) any series of the Obligations once issued, and (ii) any related documentation, agreements, certificates or instruments, unless under applicable law the proposed modifications require action by ordinance in addition to or in place of a resolution.

SECTION 12. BE IT FURTHER ENACTED AND ORDAINED that with respect to any series of the Obligations, the Council by resolution may delegate to one or more specified officials the authority to negotiate, approve, execute and deliver, as applicable, any documents, agreements,

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certificates or instruments relating to such Obligations or to take other actions with respect thereto. The following City officials: the Mayor, the City Administrator, the Director of Finance, the City Clerk and all other appropriate officials and employees of the City are hereby authorized, empowered and directed to (i) take any and all action necessary to complete and close the sale, issuance and delivery of the Bonds, the BANs and the Refunding Bonds, (ii) negotiate, approve, execute and deliver all documents, agreements, 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 ordinance amendatory of or supplemental to this Ordinance, any resolution adopted in furtherance of this Ordinance (including any amendatory or supplemental resolutions), and any documents, agreements, certificates or instruments executed and delivered in connection with any series of the Obligations, all to the extent any particular action is within the scope of such official's authority and such authorization has not otherwise been delegated to one or more specified City officials by ordinance or resolution.

SECTION 13. **BE IT FURTHER ENACTED AND ORDAINED** that nothing in this Ordinance shall be construed as preventing the City from applying other available moneys to any of the purposes for which any series of the Obligations is issued, in addition to proceeds of such Obligations.

SECTION 14. **BE IT FURTHER ENACTED AND ORDAINED** that in the event that, to the extent not prohibited by the Charter, at the time the City seal needs to be or may be impressed or affixed on any of the Obligations or any related documents, agreements, certificates, instruments the position of the City Clerk is vacant, or in the absence, disability or unavailability of any incumbent City Clerk, if no other City official has the authority to attest to the impression or affixing of the City seal under the Charter, the City Code or other applicable law or authority, such attestation may be made by any of the following in the following order of priority: any Assistant City Clerk, the City Administrator, any Deputy City Administrator, the Director of Finance or any other official designated by the Council by resolution, motion or other appropriate action; provided that, the same official may not both execute any such document or agreement on behalf of the City and attest to the impression or affixing of the City seal on the same, but any such official may both certify to the impression or affixing of the City seal on and make other certifications in any closing certificate.

SECTION 15. **BE IT FURTHER ENACTED AND ORDAINED** that this Ordinance may be executed (i) in counterparts and/or (ii) to the extent not prohibited by applicable law, by electronic, stamped or facsimile signature, and all executed counterparts of this Ordinance shall be treated as one and the same instrument.

SECTION 16. **BE IT FURTHER ENACTED AND 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.

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SECTION 17. BE IT FURTHER ENACTED AND ORDAINED that the provisions of this Ordinance shall be liberally construed in order to effectuate the transactions contemplated by this Ordinance.


SECTION 18. BE IT FURTHER ENACTED AND ORDAINED that this Ordinance shall become effective following approval by the Mayor or subsequent passage by the Council in accordance with the provisions of Section SC2-12 of the Charter. Pursuant to Section SC2-16 of the Charter, this Ordinance shall not be subject to petition for referendum.

THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the 6th day of May, 2024, 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 X [as introduced] _____ [as amended] [CHECK APPLICABLE LINE] on the 13th day of May, 2024.

ATTEST:



Kimberly R. Nichols, City Clerk



D'Shawn M. Doughty, City Council President

APPROVED BY ME THIS 15th DAY OF MAY, 2024:



Randolph J. Taylor, Mayor

#235046;58111.046

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INTER

OFFICE

MEMO

Finance Department

To: Andy Kitzrow, City Administrator
From: Keith Cordrey, Director of Finance
Subject: Ordinance to Authorize the Sale and Issuance of General Obligation Bonds, Bond Anticipation Notes and Refunding Bonds
Date: May 14, 2024

Attached is an ordinance to authorize the City to sell and issue general obligation bonds, bond anticipation notes and refunding bonds.

Below is bullet points summary from Bond Counsel, Lindsey Rader of Funk & Bolton, P.A..

- Ordinance Recitals trace borrowing powers and the City’s authorization to borrow money to finance, reimburse or refinance costs of the public purpose projects identified in Section 3 through the issuance of general obligation bonds and, to the extent applicable, general obligation bond anticipation notes and/or general obligation refunding bonds.
- Section 1 - Provides that Recitals are an integral part of the Ordinance and terms defined therein and not otherwise defined in the Ordinance Sections shall have the meanings given to such terms in the Recitals, and any official referred to by title in the Ordinance shall include any person serving in the absence or disability of a titled official or in an acting or interim capacity and any person generally referred to by another title (titles used in the Ordinance conform to titles used in the Charter or the City Code). Clarifies how references to “principal amount,” “proceeds,” and officials should be construed.
- Sections 2 – The City determines to borrow money and incur indebtedness for the public purpose of financing, reimbursing or refinancing “costs” (as defined in Section 3(b)) of the Projects.

- Section 3 – The City is authorized to issue its general obligation bonds in one or more series from time to time in an original aggregate principal amount not to exceed \$13,212,743 (the “Bonds”). Section 3(b) defines “costs” (hereafter referred to as “Costs of the Projects”) and the “Projects.” Provides that the City may reallocate principal amounts among the Projects without notice to or consent of the holders of the Bonds or any BANs (as identified in Section 6) and that proceeds may be spent on any applicable Costs of the Projects notwithstanding the descriptive names of the Projects including, without limitation, costs related to changes in the scopes of and/or names of any of the Projects effected through applicable budgetary procedures or applicable law, including to the extent applicable, by resolution. Provides for the allocation and reallocation, without notice to or the consent of the holders of any Bonds or any BANs, of unexpended proceeds, net original issue premium realized upon sale and/or investment earnings among the original Projects or any additional projects authorized by supplemental ordinance, as well as for certain other purposes. In the event the City issues any BANs, application of Bond proceeds to pay or prepay principal, premium and/or interest on the BANs as well as costs of issuance of the BANs will be deemed application for Costs of the Projects. Addresses additional considerations regarding application of the proceeds of the authorized Bonds (and, to the extent applicable, the authorized BANs).
- Section 4 – Proceeds of the Bonds will be used solely for the public purposes described in Section 3 of the Ordinance unless the Council enacts a supplemental ordinance, subject to Section 3(c); specifies circumstances in which a supplemental ordinance is not required.
- Section 5 - Prior to issuing any series of the Bonds, the Council shall adopt one or more resolutions fixing, determining, approving or providing for all details relating to such series. Section 5 sets forth the types of determinations to be made by resolution. Section 5 authorizes the Council to delegate to one or more officials authority to make any determinations with respect to a series of the Bonds.
- Section 6 - The City is authorized to issue and sell from time to time one or more series of general obligation bond anticipation notes (“BANs”) in an original aggregate principal amount not to exceed \$13,212,743 in order to finance, reimburse or refinance Costs of the Projects on an interim basis, plus costs of issuance of the BANs. Details regarding each series of BANs will be determined or provided for by resolution of the Council, and any such resolution shall make or provide for the same types of determinations provided for in Section 5 with respect to the Bonds, to the extent applicable to the BANs. By resolution the Council may delegate to one or more officials the authority to make any determinations with respect to a series of the BANs. The City covenants to pay from the Bonds the principal of any issued BANs, to issue Bonds to refinance any issued BANs as soon as the reason for deferring issuance of such Bonds abates, and to pay

interest on any issued BANs. The Ordinance provides that the Council may provide by resolution for renewal of any BANs at maturity with or without resale and for any modifications to the BANs and related documentation.

- Section 7 - The City is authorized to issue and sell from time to time one or more series of general obligation bonds in order to currently refund or advance refund any Bonds issued pursuant to the Ordinance, including by paying issuance costs and funded interest, provided that the original aggregate principal amount of any series of refunding bonds may not exceed 130% of the aggregate principal amount of the bonds refunded therefrom (the "Refunding Bonds"). Details regarding each series of Refunding Bonds will be determined or provided for by resolution of the Council, and any such resolution shall make or provide for the same types of determinations provided for in Section 5 with respect to the Bonds, to the extent applicable to the Refunding Bonds, and other determinations required by applicable law. Provides for the allocation and reallocation, without notice to or the consent of the holders of the Refunding Bonds, of unexpended proceeds, net original issue premium realized upon sale and/or investment earnings. By resolution the Council may delegate to one or more officials the authority to make any determinations with respect to a series of the Refunding Bonds.
- Section 8 – The City pledges its full faith and credit and unlimited taxing power to the payment of any issued Bonds, BANs or Refunding Bonds ("Obligations"); to the extent other moneys are available for such purpose, the City may apply such other moneys to pay debt service on such Obligations as long as such application does not violate federal tax code limitations or other applicable law. In addition, the Council by resolution may provide that all or a portion of debt service on any series of the Obligations may be payable in the first instance from other sources(s).
- Section 9 – By resolution the Council may make appropriate arrangements in the event any put option, change in interest rate or modification of any issued Obligation could lead to a reissuance of the same for federal tax code purposes.
- Section 10 - By resolution the Council may determine that any series of the Obligations may be consolidated with any other bonds, bond anticipation notes or refunding bonds of the City, as applicable, and issued as a single series.
- Section 11 – By resolution the Council may authorize any modifications to a series of the Obligations once issued and related documentation unless under applicable law the proposed modifications require action by ordinance in addition to or in place of a resolution.

- Section 12 – Appropriate officials are authorized to take all action necessary to complete and close the sale and delivery of each series of the Obligations and to consummate the transactions contemplated by such issues.
- Section 13 – Nothing in the Ordinance should be construed as preventing the City from applying other moneys to any of the purposes for which a series of the Obligations is issued.
- Section 14 – Addresses attestation as to the City seal if the City Clerk is not available.
- Section 15 – Allows for the Ordinance to be executed in counterparts and/or to the extent not prohibited by applicable law, by electronic, stamped or facsimile signature.
- Section 16 – Title is a statement of the substance of the Ordinance for publication and all other purposes.
- Section 17 – Provisions of the Ordinance shall be liberally construed.
- Section 18 - Ordinance will be effective following approval by the Mayor or subsequent passage by the Council over the Mayor’s veto in accordance with Charter Section SC2-12.

Notes:

(1) Even though it is currently expected (without having gone through the tax due diligence process) that the City will issue all the authorized Bonds at one time, as a single series, the Bonds are authorized to be issued in one or more series from time to time at a stated not-to-exceed original aggregate principal amount in case the City decides to undertake the contemplated borrowing in stages or in case both tax-exempt and taxable series need to be issued.

(2) Pursuant to the Charter, the Council may determine a method of sale by resolution. The contemplated Bonds, due to the current expectation that they will be issued at one time and their aggregate issue size, are expected to be sold by a public sale at competitive bid. Forms of sale other than a public sale at competitive bid include: (i) a negotiated underwriting with one or more underwriters chosen by the City, (ii) a direct purchase transaction with a single bank where the City just approaches/negotiates with one bank to provide the financing or (iii) a direct purchase transaction where an RFP process is used to identify the bank that will purchase the applicable series of the obligations.

(3) BAN issuance authority is contained in the Ordinance in case interest rates have moved up at the time the City is ready to pursue financing for the Projects and the City decides to incur a short-term borrowing in order to finance, reimburse or refinance Costs of the Projects on an interim basis. If BANs are issued, the expectation is that Bonds will be issued at a later date to pay/prepay the BANs at or prior to maturity.

(4) The reason the maximum principal amount of each series of Refunding Bonds is expressed as a percentage of the outstanding principal amount of the Bonds being refunded is because refunding bonds are usually sized to cover not only outstanding principal of the bonds being refunded but also accrued interest, any prepayment or redemption premium and costs of issuance of the refunding bonds. Also, refunding authority is included in the Ordinance because if the market moves in the right direction at a later date that makes it advantageous for the City to refund any of the Bonds, the City can move quickly because it can determine or provide for the details of the Refunding Bonds by resolution rather than having to first authorize the Refunding Bonds by ordinance at that time. A “current refunding” means that all refunded Bonds are paid off (at maturity or by earlier prepayment/redemption) no more than 90 days after the date the Refunding Bonds are issued. An “advance refunding” means that all or some of the refunded Bonds are paid off (at maturity or by earlier prepayment/redemption) more than 90 days after the date the Refunding Bonds are issued. Under current law, any Refunding Bonds issued to effect an advance refunding must be issued on a taxable basis.