

RESOLUTION NO. 3381

A RESOLUTION OF THE COUNCIL OF CITY OF SALISBURY MAKING A DECLARATION OF OFFICIAL INTENT REGARDING CITY OF SALISBURY'S REASONABLE EXPECTATION TO REIMBURSE FROM PROCEEDS OF A FUTURE BORROWING PROJECT EXPENDITURES MADE IN CONNECTION WITH A PROJECT GENERALLY REFERRED TO AS "LEAD SERVICE LINE REPLACEMENT PHASE 1;" AND GENERALLY RELATING THERETO.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland (the "City"), is in the process of undertaking a project generally referred to as "Lead Service Line Replacement Phase 1" (the "Project"); and

WHEREAS, the City anticipates borrowing money for costs of the Project, such borrowing to be evidenced by one or more series of general obligation bonds or other evidences of indebtedness to be issued by the City (collectively, or individually by series, the "Bonds"); and

WHEREAS, the Maryland Water Infrastructure Financing Administration ("MWIFA") has preliminarily indicated that it can make two loans to the City for project purposes, one such loan to be evidenced by a general obligation bond issued to MWIFA the interest on which will be excludable from gross income for purposes of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and the other such loan to be evidenced by a general obligation bond issued to MWIFA that is subject to principal forgiveness and, therefore, will not be issued on a tax-exempt basis for purposes of the Code; and

WHEREAS, the general obligation bond issued by the City to MWIFA on a tax-exempt basis for purposes of Section 103 of the Code is expected to be issued in an original principal amount not to exceed \$441,787 and the general obligation bond issued by the City to MWIFA on a taxable basis for purposes of Section 103 of the Code is expected to be issued in an original principal amount not to exceed \$1,325,363; and

WHEREAS, in the event the City is not able to borrow from MWIFA all of the anticipated loan funds to finance, reimburse or refinance costs of the Project, the City reasonably anticipates that it will have to borrow money for costs of the Project from another available source, and that such borrowing will be evidenced by one or more Bonds issued by the City; and

WHEREAS, prior to issuing any Bonds to MWIFA or another lender or purchaser, it may be necessary to incur one or more borrowings in order to finance costs of the Project on an interim basis; and

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

WHEREAS, the City reasonably expects to spend City funds on costs of the Project prior to issuance of the Bonds to MWIFA (or to any other lender or purchaser in the event MWIFA is not able to provide all of the desired loan funding), and (i) to reimburse the City from proceeds of the Bonds for all or a portion of such moneys expended, and/or (ii) to use Bond proceeds to refinance all or a portion of any interim borrowing incurred or issued by the City that is applied to reimburse the City for all or a portion of such prior expenditures for costs of the Project; and

WHEREAS, Section 1.150-2 of the U.S. Treasury Regulations (the “Reimbursement Regulations”) provides that a local government funding “original expenditures” intended to be reimbursed from the proceeds of tax-exempt “obligations” must make a declaration of “official intent” in order to qualify such original expenditures for reimbursement from a “reimbursement bond,” all within the meaning of the Reimbursement Regulations; and

WHEREAS, the City is an “issuer” for purposes of the Reimbursement Regulations and the Council of the City wishes to adopt this Resolution for the purpose of evidencing the clear and official intent of the City to reimburse from tax-exempt reimbursement bond proceeds (meaning the Bonds or any interim financing incurred or issued in anticipation of the Bonds) original expenditures made in connection with the Project.

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

(a) The Recitals to this Resolution are deemed a substantive part of this Resolution and are incorporated by reference herein, and capitalized terms defined in the Recitals to this Resolution and not otherwise defined herein will have the meanings given to such terms in the Recitals hereto.

(b) The name used for the Project in this Resolution is the name by which the Project is generally identified in the applicable materials of the City. It is hereby expressly recognized that expenditures for the Project and/or issuance of any Bonds or of any interim financing incurred or issued in anticipation of any Bonds may occur in the current fiscal year or a subsequent fiscal year. References in this Resolution to the Project shall be deemed to (i) be to the Project as it may be referred to by a similar but not the exact same name in applicable City materials, including any City budget or City capital improvement plan, and (ii) include any changes in the scope of activities of the Project and/or the name of the Project made by the City in accordance with applicable law, including (without limitation) in future fiscal years. References in this Resolution to costs of the Project shall be deemed to be to expenditures that constitute capital expenditures and, to the extent applicable, (i) costs of issuance of any borrowing relating to the Project and (ii) capitalized interest.

SECTION 2. AND BE IT FURTHER RESOLVED that in accordance with the Reimbursement Regulations, the City hereby makes this declaration of its reasonable expectation to expend money on costs of the Project prior to the issuance of the Bonds (or any interim financing incurred or issued in anticipation of the Bonds) and to use proceeds of the tax-exempt Bonds (or of any such interim financing), which tax-exempt Bonds and/or interim financing will qualify as a “reimbursement bond” for purposes of the Reimbursement Regulations, to reimburse all or a

portion of such original expenditures made with respect to the Project. This Resolution is intended to be a declaration of official intent within the meaning of the Reimbursement Regulations.

SECTION 3. AND BE IT FURTHER RESOLVED that the maximum principal amount of the tax-exempt Bonds to be issued for the Project (and the maximum principal amount of any interim financing to be incurred or issued by the City in anticipation of the tax-exempt Bonds issued for the Project) is \$441,787.00 (in each such case).

SECTION 4. AND BE IT FURTHER RESOLVED that the provisions of this Resolution shall be liberally construed in order to effectuate the purposes of this Resolution.

SECTION 5. AND BE IT FURTHER RESOLVED that this Resolution 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 Resolution shall be treated as one and the same resolution.


SECTION 6. AND BE IT FURTHER RESOLVED that this Resolution shall become effective upon adoption by the Council and approval by the Mayor. Pursuant to Charter Section SC7-46A, this Resolution may not be petitioned to referendum.

THIS RESOLUTION was introduced and duly adopted at a meeting of the Council of the City of Salisbury held on the 24 day of February, 2025.

ATTEST:

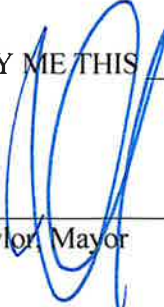


Julie A. English, City Clerk



D'Shawn M. Doughty, President
Salisbury City Council

APPROVED BY ME THIS 27 DAY OF February, 2025:



Randolph J. Taylor, Mayor