



City of Annapolis

Signature Copy

Ordinance: O-51-15

160 Duke Of Gloucester
Street
Annapolis, MD 21401

File Number: O-51-15

Issuance of Water and Sewer Revenue Bonds - For the purpose of authorizing and empowering the City of Annapolis (the "City") to issue and sell two or more series of its water and sewer revenue bonds in the aggregate principal amount not to exceed Forty-Four Million Five Hundred Thousand Dollars (\$44,500,000) (the "Bonds"), pursuant to Article VII, Section 12 of the Charter of the City of Annapolis, as amended; providing that the Bonds shall be limited obligations of the City payable solely from revenues of the City's water system and sewer system and shall not be general obligations of the City; providing that the Bonds shall be issued and sold for the public purposes of (a) financing costs of certain water and sewer capital projects of the City as provided in this Ordinance, (b) refinancing portions of certain outstanding general obligation bonds of the City which were issued to finance or refinance existing water and sewer facilities of the City, as provided in this Ordinance, (c) providing working capital for the City's water and sewer systems, (d) funding a debt service reserve fund or other reserve fund for the Bonds, (e) paying the costs of any bond insurance or other credit enhancement, and (f) paying costs of issuance of the Bonds and other related costs; providing that for the general obligation bonds of the City which were issued to finance costs of water and sewer projects which will not be refinanced with proceeds of the Bonds shall be secured by the revenues of the City's water system and sewer system, but that the lien on such revenues securing such remaining-outstanding general obligation bonds (which are secured by the full faith and credit of the City) shall be subordinate to the lien securing the Bonds and other revenue bonds issued in the future on parity with the Bonds; generally describing the public purposes to be served and the financing transaction to be accomplished; specifying and determining various matters in connection therewith; authorizing the Mayor of the City by executive order to specify, prescribe, determine, provide for or approve certain matters, details, forms, documents or procedures appropriate to the authorization, sale, security, issuance, delivery, or payment of or for the Bonds; and generally providing for and determining various matters relating to the issuance, sale and delivery of the Bonds.

**CITY COUNCIL OF THE
City of Annapolis**

Ordinance 51-15

Introduced by: Mayor Pantelides

Referred to
Finance Committee
Economic Matters Committee

AN ORDINANCE concerning

Issuance of Water and Sewer Revenue Bonds

the purpose of authorizing and empowering the City of Annapolis (the "City") to issue and sell two or more series of its water and sewer revenue bonds in the aggregate principal amount not to exceed Forty-Four Million Five Hundred Thousand Dollars (\$44,500,000) (the "Bonds"), pursuant to Article VII, Section 12 of the Charter of the City of Annapolis, as amended; providing that the Bonds shall be limited obligations of the City payable solely from revenues of the City's water system and sewer system and shall not be general obligations of the City; providing that the Bonds shall be issued and sold for the public purposes of (a) financing costs of certain water and sewer capital projects of the City as provided in this Ordinance, (b) refinancing portions of certain outstanding general obligation bonds of the City which were issued to finance or refinance existing water and sewer facilities of the City, as provided in this Ordinance, (c) providing working capital for the City's water and sewer systems, (d) funding a debt service reserve fund or other reserve fund for the Bonds, (e) paying the costs of any bond insurance or other credit enhancement, and (f) paying costs of issuance of the Bonds and other related costs; providing that for the general obligation bonds of the City which were issued to finance costs of water and sewer projects which will not be refinanced with proceeds of the Bonds shall be secured by the revenues of the City's water system and sewer system, but that the lien on such revenues securing such remaining-outstanding general obligation bonds (which are secured by the full faith and credit of the City) shall be subordinate to the lien securing the Bonds and other revenue bonds issued in the future on parity with the Bonds; generally describing the public purposes to be served and the financing transaction to be accomplished; specifying and determining various matters in connection therewith; authorizing the Mayor of the City by executive order to specify, prescribe, determine, provide for or approve certain matters, details, forms, documents or procedures appropriate to the authorization, sale, security, issuance, delivery, or payment of or for the Bonds; and generally providing for and determining various matters relating to the issuance, sale and delivery of the Bonds.

RECITALS

For convenience of reference, the City of Annapolis, a municipal body corporate and politic of the State of Maryland, is hereinafter referred to as the "City".

Section 12 of Article VII of the Charter of the City (the "Enabling Law") authorizes and empowers the City to borrow money (a) to finance or refinance undertakings for the accomplishment of any of the purposes, objects and powers of the City and, in connection therewith, to issue revenue bonds which shall be payable as to both principal and interest solely from, and secured solely by, a pledge of: (1) the revenues from or arising in connection with the capital project or projects, properties, facilities or other developments and improvements whose financing or refinancing is undertaken by issuance of such revenue bonds; (2) the revenues from or arising in connection with any contracts, agreements, mortgages, instruments, documents or securities purchased or otherwise acquired with such revenue bonds or the proceeds thereof; (3) the contracts, agreements, mortgages, instruments, documents or securities purchased or otherwise acquired with such revenue bonds or the proceeds thereof; (4) any other security approved by the City; or (5) any combination of (1), (2), (3) or (4); and (b) to evidence such borrowing by the

issuance and sale of its revenue bonds.

In the past, the City has financed and refinanced the capital costs of its water projects and its sewer projects with proceeds of its general obligation bonds and has generally paid the debt service on the portions of such general obligation bonds issued to finance such costs with moneys from the City's Water Enterprise Fund and the City's Sewer Enterprise Fund, as applicable. Such general obligation bonds have generally had a maturity schedule of approximately 20 years. The issues of outstanding general obligation bonds which financed and refinanced water and sewer capital projects and the principal amount of such general obligation bonds outstanding as of June 30, 2015 which are to be payable from transfers from the City's Water Enterprise Fund and the City's Sewer Enterprise Fund are listed in Exhibit A hereto (the "Outstanding Water and Sewer General Obligation Bonds").

The City has now determined (a) to issue two or more series of its revenue bonds pursuant to the Enabling Law (as more particularly described herein, the "Bonds") to (i) refinance portions of the City's Outstanding Water and Sewer General Obligation Bonds, (ii) finance the costs of the City's water and sewer capital projects listed and described in Exhibit B hereto (the "2015 Water and Sewer Capital Projects") in the amounts set forth therein, (iii) provide working capital for the City's water and sewer systems, (iv) fund a debt service reserve fund or other reserve fund for each series of the Bonds, (v) pay the costs of any bond insurance or other credit enhancement for the Bonds, and (vi) pay costs of issuance and other related costs. The specific Outstanding Water and Sewer General Obligation Bonds to be refunded shall be determined by the Mayor of the City (the "Mayor") by executive order.

The Outstanding Water and Sewer General Obligation Bonds which are not to be refinanced with the proceeds of the Bonds, if any, shall be determined by the Mayor by executive order, and such Outstanding Water and Sewer General Obligation Bonds (which shall continue to be secured by the full faith and credit of the City) (the "Unrefunded Water and Sewer General Obligation Bonds") shall be secured by a lien on the revenues of the City's water system and sewer system, but the lien securing such bonds shall be subordinate to the lien securing the Bonds and other revenue bonds issued in the future on parity with the Bonds.

The City anticipates that the interest on at least one series of the Bonds will be exempt from federal income taxation and that the interest on at least one other series of the Bonds will not be exempt from federal income taxation.

NOW, THEREFORE, BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL, that:

SECTION 1. All terms used herein which are defined In the Recitals hereof shall have the meanings given such terms therein.

SECTION 2. It is in the best interest of the City to borrow money and incur indebtedness secured directly by the revenues of its water system and its sewer system rather than by the full faith and credit of the City.

Such revenue bonds are to be issued for the purpose of (a) allowing the City to finance and

refinance improvements to its water and sewer systems over a period of time which is closer to the useful life of the assets financed, (b) refunding portions of the Outstanding Water and Sewer General Obligation Bonds (such portions to be determined by the Mayor in an executive order) to produce annual cash-flow savings in fiscal years 2016 to 2028, and (c) generally financing the costs of the water and sewer systems as an enterprise. In addition, it is in the best interest of the City to finance some working capital (in an amount to be determined by the Mayor in an executive order) for the City's water and sewer systems in order to assist in the City's transition from general obligation bonds to revenue bonds for the financing of its water and sewer systems.

SECTION 3. The City is authorized and empowered to issue and sell two or more series of its tax-exempt and/or taxable revenue bonds in the aggregate principal amount not to exceed Forty-Four Million Five Hundred Thousand Dollars (\$44,500,000) (the "Bonds"), subject to the provisions of this Ordinance. The Bonds shall be designated as "Water and Sewer System Revenue Bonds" and shall have such additional designation as deemed appropriate by the Mayor.

The net proceeds of the Bonds shall be applied for the following purposes: (a) financing the costs of the 2015 Water and Sewer Capital Projects (provided that the costs of such projects to be financed shall not exceed \$5,000,000); (b) refinancing and refunding a portion of the City's Outstanding Water and Sewer General Obligation Bonds; provided that the particular maturities or portions of maturities of the Outstanding Water and Sewer General Obligation Bonds to be refinanced and refunded shall be determined by the Mayor in an executive order (the "Refunded Water and Sewer General Obligation Bonds"); (c) providing working capital for the City's water and sewer systems, (d) financing a deposit to a debt service reserve fund or other reserve fund for the Bonds in such amount as the Mayor shall determine in an executive order; (e) paying the costs of any bond insurance or other credit enhancement; and (f) paying all or a portion of the costs of issuance of the Bonds and other related costs.

The costs of the 2015 Water and Sewer Projects shall include (without limitation) the costs of the planning, construction, reconstruction, demolition, improvement, refurbishing, renovation, restoration, extension, alteration, installation, repair, acquisition, conversion and modernization of structures; the acquisition of structures and sites for structures; the acquisition of rights of way for roads; architectural and engineering services, including preparation of plans, drawings and specifications; development and restoration of grounds; and all customary and necessary furnishings and fixed permanent equipment for structures.

SECTION 4. The Unrefunded Water and Sewer General Obligations Bonds shall be determined by the Mayor by executive order, and such general obligation bonds shall be secured by the revenues of the City's water system and sewer system, but the lien on securing such bonds shall be subordinate to the lien securing the Bonds and other revenue bonds issued in the future on parity with the Bonds.

SECTION 5. The City hereby covenants that any Bonds issued hereunder shall satisfy all requirements of and comply with all limitations in the Enabling Law.

SECTION 6. The Bonds shall mature, subject to the option of prior redemption, in installments, including any mandatory sinking fund installments, on such dates and in such amounts as shall be determined by the Mayor pursuant to an executive order; provided however,

that the final maturity of the Bonds shall not exceed 30 years from the date of delivery of the Bonds. Certain of the Bonds may be subject to redemption prior to maturity as may be determined by the Mayor in an executive order. The Bonds so subject to redemption, if any, the redemption dates and the redemption prices shall be specified in an executive order by the Mayor.

SECTION 7. The Bonds shall be executed in the name of the City and on its behalf by the Mayor. The signature of the Mayor shall be imprinted on the Bonds manually or by facsimile, and a facsimile of the corporate seal of The City shall also be imprinted or impressed thereon and attested by the manual or facsimile signature of the City Clerk of The City (the "City Clerk"), all in accordance with and pursuant to the authority of the Maryland Uniform Facsimile Signature of Public Officials Act, being Sections 2-301 through 2-306 of the State Finance and Procurement Article of the Annotated Code of Maryland.

In the event any official whose signature shall appear on the Bonds shall cease to be such official prior to the delivery of the Bonds, or in the event any such official whose signature shall appear on the Bonds shall have become such after the date of issue thereof, the Bonds shall nevertheless be valid and legally binding obligations of the City in accordance with their terms.

SECTION 8. The Mayor, the City Administrator of the City, the Finance Director of the City and the City Council are hereby authorized and empowered to do all such acts and things and to execute, acknowledge, seal and deliver such bonds and certificates, as the Mayor may determine to be necessary to carry out and comply with the provisions of this Ordinance, subject to the limitations set forth in the Enabling Act and any limitations set forth in this Ordinance. If any officer whose signature appears on any of the aforesaid documents ceases to be such officer before the delivery of the Bonds or any of the other aforesaid documents, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

SECTION 9. The Bonds of any series authorized by this Ordinance shall be sold at private (negotiated) sale to one or more underwriters or other financial institutions at such price and upon such terms and conditions as the Mayor shall determine in an executive order. However, if the Mayor deems it to be in the best interest of the City to sell the Bonds of any series at public sale, the Bonds of such series shall be sold at public sale in such manner and upon such terms as the Mayor deems to be in the best interest of the City.

SECTION 10. Prior to the issuance, sale and delivery of the Bonds of any series, the Mayor, by executive order, shall approve the issuance of the Bonds and:

(1) shall prescribe the form, tenor, terms and conditions of and security for the Bonds of such series;

(2) shall prescribe the principal amount, rate or rates of interest, method of determining the rate or rates of interest, denomination or denominations, date, maturity or maturities (within the limits provided by the Enabling Law and this Ordinance), and the time and place or places of payment of the Bonds of such series, the terms and conditions and details under which the Bonds of such series may be called for redemption prior to their stated maturity or maturities, and all other terms and conditions thereof;

(3) shall determine (A) which of the Outstanding Water and Sewer General Obligation Bonds shall be refunded and be the Refunded Water and Sewer General Obligation Bonds and (B) which of the Outstanding Water and Sewer General Obligation Bonds shall remain outstanding and be the Unrefunded Water and Sewer General Obligation Bonds;

(4) shall determine the method, and shall approve the terms, of the sale of the Bonds of such series, as provided in Section 6 of this Ordinance and, if applicable, may execute and deliver a contract or contracts for the purchase and sale or placement of the Bonds (or any portion thereof) in form and content satisfactory to the Mayor;

(5) shall approve the form and contents of, and execute and deliver a trust indenture and (where applicable) such other documents, including (without limitation) supplemental indentures, escrow deposit agreements, continuing disclosure agreements, tax certificates and compliance agreements and other agreements to which the City is a party and which may be necessary or desirable to effectuate the issuance, sale and delivery of the Bonds of such series and the refunding of the Refunded Water and Sewer General Obligation Bonds;

(6) shall appoint a trustee for the trust indenture and may, if necessary, approve an escrow agent, a verification agent, a bond registrar and a paying agent or agents for the Bonds of such series;

(7) may prepare and distribute, in conjunction with the prospective underwriters for the Bonds, both a preliminary and a final official statement, offering memorandum or other similar document in connection with the sale and issuance of the Bonds of any series, if determined to be necessary or desirable in connection with the sale or placement of the Bonds of such series, provided, however, that any such preliminary official statement, offering memorandum or other similar document shall be clearly marked to indicate that it is subject to completion and amendment;

(8) shall determine the time of execution, issuance, sale and delivery of the Bonds and prescribe any and all other details of the Bonds;

(9) may provide for the issuance and sale (subject to the passage at the time of any appropriate ordinance authorizing the same) of one or more series of additional revenue bonds (which may be on parity with, or subordinate to, the Bonds) and one or more series of refunding revenue bonds;

(10) may provide for the funding of reserves for the Bonds of such series, the investment of proceeds of the Bonds and other funds held under any trust indenture, escrow deposit agreement or other agreement, and for the payment of interest on the Bonds of such series in such amounts and for such period as the Mayor deems reasonable;

(11) may enter into arrangements with a bank or other appropriate institution to facilitate the purchase, repurchase, sale, transfer or payment of Bonds, including (without limitation) the use of bond insurance, general or standby letters of credit, revolving credit facilities, repurchase agreements or other similar arrangements; and

(12) may specify, prescribe, determine, provide for or approve such other matters, details, forms, documents or procedures and do any and all things necessary, proper or expedient in connection with the authorization, sale, security, issuance, delivery or payment of or for the Bonds of such series and in order to accomplish the legislative policy of the Enabling Law and the public purposes of this Ordinance, subject to the limitations set forth in the Enabling Law and any limitations prescribed by this Ordinance.

The Mayor is hereby authorized to prescribe procedures to facilitate the prompt determination and approval of one or more of the matters set forth above. Such procedures may include telephonic approval and subsequent written confirmation by facsimile transmission or otherwise of one or more of such matters by a designated officer of the City within guidelines or parameters prescribed by the Mayor.

Executive orders issued pursuant to this Ordinance shall be deemed to be of an administrative nature and shall be effective upon the effective date specified therein.

SECTION 11. The Council acknowledges receipt of a copy of a preliminary official statement for the Bonds prior to its final consideration of this Ordinance and hereby ratifies and approves the distribution of such preliminary official statement.

SECTION 12. Before or after the issuance, sale and delivery of the Bonds of any series, regardless of the date on which such Bonds are issued, the Mayor is hereby authorized and empowered, by executive order or otherwise, to supplement the executive order provided for by Section 10 of this Ordinance and thereby approve on behalf of the City any amendments or supplements to or substitutes for the forms and provisions of the Bonds, the trust indenture, any supplemental indenture and all other documents executed and delivered on behalf of the City in connection with the issuance, sale and delivery of the Bonds pursuant to the provisions of such documents, provided that (1) each such supplemental executive order or orders and each amendment, supplement or substitute to such document shall be in accordance with the provisions of the Act, this Ordinance, and the documents executed and delivered in connection with the Bonds and then in effect and (2) all of the foregoing shall be subject to any approval by the City Council as may be required pursuant to federal tax law.

SECTION 13. That the provisions of this Ordinance are severable, and if any provision, sentence, clause, section or part hereof is held to be illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Ordinance or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Ordinance would have been passed if such illegal, invalid or unconstitutional provision, sentence, clause, section or part had not been included herein, and if the person or circumstances to which this Ordinance or any part hereof is inapplicable had been specifically exempted herefrom.

SECTION 14. This Ordinance shall take effect from the date of its approval by the Mayor, on or following the date of its final adoption and, thereafter, within not more than three calendar days of such approval, notice of the adoption of this Ordinance shall be duly given by publication of the title hereof at least once in "The Capital," or another newspaper published and of general

circulation in the City.

EXPLANATION

CAPITAL LETTERS indicate matter added to existing law.

[brackets] indicate matter stricken from existing law.

Underlining indicates amendments.

ADOPTED this 7th day of December, 2015.

Aye: 8 Mayor Pantelides, Alderman Budge, Alderman Paone,
Alderman Pindell Charles, Alderman Finlayson, Alderman
Kirby, Alderman Pfeiffer and Alderman Arnett

Absent: 1 Alderman Littmann

THE ANNAPOLIS
CITY COUNCIL Michael J. Pantelides
Michael J. Pantelides

Date 12-10-2015

ATTEST Regina C. Watkins-Eldridge, MMC
Regina C. Watkins-Eldridge, MMC
Hillary Rastovich,

Date 12/10/15