

1 **..Title**

2 **Issuance of General Obligation Refunding Bonds** – For the purpose of authorizing and
3 empowering the City of Annapolis (the “City”) to issue and sell, upon its full faith and credit,
4 general obligation bonds in the aggregate principal amount not to exceed Twenty-Five Million
5 Two Hundred Five Thousand Dollars (\$25,205,000), pursuant to Sections 19-207 and 19-301
6 through 19-309, inclusive, of the Local Government Article of the Annotated Code of
7 Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Annapolis, as
8 amended, to be designated as the “Public Improvements Refunding Bonds, 2015 Series”, and
9 said bonds to be issued and sold for the public purpose of refunding all or a portion of certain
10 outstanding general obligation bonds of the City, as provided in this Ordinance; prescribing the
11 form and tenor of said bonds; determining the method of sale of said bonds and other matters
12 relating to the issuance and sale thereof; providing for the disbursement of the proceeds of said
13 bonds; covenanting to levy and collect all taxes necessary to provide for the payment of the
14 principal of and interest on said bonds; and generally providing for and determining various
15 matters relating to the issuance, sale and delivery of all said bonds.

16 **..Body**

17
18 **CITY COUNCIL OF THE**
19 **City of Annapolis**

20
21 **Ordinance 17-15**

22
23 **Introduced by: Mayor Pantelides**

24
25 **Referred to**
26 **Finance**

27
28
29 **AN ORDINANCE** concerning

30 **Issuance of General Obligation Refunding Bonds**

31 **FOR** the purpose of authorizing and empowering the City of Annapolis (the “City”) to issue
32 and sell, upon its full faith and credit, general obligation bonds in the aggregate
33 principal amount not to exceed Twenty-Five Million Two Hundred Five Thousand
34 Dollars (\$25,205,000), pursuant to Sections 19-207 and 19-301 through 19-309,
35 inclusive, of the Local Government Article of the Annotated Code of Maryland, as
36 amended, and Article VII, Section 11 of the Charter of the City of Annapolis, as
37 amended, to be designated as the “Public Improvements Refunding Bonds, 2015
38 Series”, and said bonds to be issued and sold for the public purpose of refunding all or a
39 portion of certain outstanding general obligation bonds of the City, as provided in this
40 Ordinance; prescribing the form and tenor of said bonds; determining the method of
41 sale of said bonds and other matters relating to the issuance and sale thereof; providing
42 for the disbursement of the proceeds of said bonds; covenanting to levy and collect all
43 taxes necessary to provide for the payment of the principal of and interest on said
44 bonds; and generally providing for and determining various matters relating to the
45 issuance, sale and delivery of all said bonds.

1 Public Improvements Bonds, 2007 Series, Public Improvements Bonds, 2009 Series, and such
2 other general obligation bonds designated by the Mayor of Annapolis (the “Mayor”) pursuant to
3 an executive order (collectively, the “Refunded Bonds”) and pay the costs of issuing such bonds.

4 The Refunding Act authorizes the City to issue bonds for the purpose of refunding
5 outstanding bonds issued by the City in order to (i) realize debt service savings on either a direct
6 comparison or present value basis, or (ii) restructure debt that (1) in the aggregate effects such a
7 reduction in the cost of debt service or (2) is determined to be in the best interests of the City, to
8 be consistent with the City’s long-term financial plan, and to realize a financial objective
9 including improving the relationship of debt service to a source of payment such as taxes,
10 assessments or other charges.

11 The City has determined that it is in the best interest of the City to refund the Refunded
12 Bonds in order to realize savings to the City in the aggregate cost of debt service.

13 The Charter contains no limitations upon the rate at which ad valorem taxes may be
14 levied by the City for the payment of the principal of and interest on said indebtedness.

15 Since the adoption of Article XI-E as an amendment of the Constitution of Maryland, the
16 General Assembly of Maryland has passed no law proposing a limitation upon the rate at which
17 taxes may be levied by the City, or a limitation upon the amount of bonded indebtedness which
18 may be incurred by the City different from that set forth in the Charter.

19 **NOW THEREFORE, BE IT ESTABLISHED AND ORDAINED BY THE**
20 **ANNAPOLIS CITY COUNCIL, that**

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

23 SECTION 2. It is in the best interest of the City to borrow money and incur
24 indebtedness and the City is authorized and empowered to issue and sell, upon its full faith and
25 credit its general obligation, fully-registered bonds in the aggregate principal amount not to
26 exceed Twenty-Five Million Two Hundred Five Thousand Dollars (\$25,205,000), to be known
27 as the “Public Improvements Refunding Bonds, 2015 Series” (the “Bonds”) or such other
28 designation as deemed appropriate by the Mayor or the City Manager of Annapolis (the “City
29 Manager”), for the purposes of refunding all or a portion of the Refunded Bonds and paying the
30 costs of issuing such Bonds.

1 SECTION 3. The City hereby covenants that any Bonds issued hereunder shall
2 comply with all limitations of the Charter and that no Bonds shall be issued by the City if, by the
3 issuance thereof, the total bonded indebtedness of the City incurred, less the amount of sinking
4 funds established for the retirement thereof, would then exceed 10% of the assessed value of all
5 real and personal property in the City taxable for municipal purposes.

6 SECTION 4. The Bonds authorized by this Ordinance shall be dated the date of their
7 delivery, shall be fully-registered bonds without coupons in the denomination of Five Thousand
8 Dollars (\$5,000) each or any integral multiple thereof and shall bear interest at the interest rate or
9 rates fixed at the time of the awarding of the Bonds in accordance with an executive order of the
10 Mayor and the provisions of this Ordinance as hereinafter provided. Interest on the Bonds shall
11 be payable semiannually on the dates and in the years as may be determined by the Mayor in an
12 executive order. The Bonds shall mature, subject to the option of prior redemption, in annual
13 installments, including any mandatory sinking fund installments, in the years as shall be
14 determined by the Mayor pursuant to an executive order; provided however, that the final
15 maturity of the Bonds shall not exceed 30 years from the date of delivery of the Bonds. Each
16 Bond shall bear interest from the interest payment date next preceding the date on which it is
17 authenticated, unless authenticated upon an interest payment date, in which event it shall bear
18 interest from such interest payment date, or unless authenticated prior to the first interest
19 payment date, in which event it shall bear interest from the date of the Bonds; provided,
20 however, that if at the time of authentication of any bond interest is in default, such bond shall
21 bear interest from the date to which interest has been paid.

22 SECTION 5. Certain of the Bonds may be subject to redemption prior to maturity as
23 may be determined by the Mayor in an executive order. The Bonds so subject to redemption, if
24 any, the redemption dates and the redemption prices shall be specified in an executive order by
25 the Mayor.

26 The Bonds shall be redeemed only in integral multiples of \$5,000. If less than all of the
27 outstanding Bonds shall be called for optional redemption, the City shall choose the maturities of
28 the Bonds to be redeemed and the principal amount of each such maturity to be redeemed, in its
29 sole discretion; and if any such maturity consists of term Bonds, the City shall choose the
30 mandatory sinking fund redemption installments of such term Bonds to be reduced and the
31 amount of each such reduction, in its sole discretion. If less than all of the Bonds of any one

1 maturity are called for redemption, the particular bonds to be redeemed from such maturity shall
2 be selected by lot by the bond registrar for the Bonds (the "Bond Registrar") in such manner as
3 the Bond Registrar in its sole discretion may determine or under the procedures for book-entry
4 bonds if the Bonds are under a book-entry system.

5 When less than all of a Bond in a denomination in excess of \$5,000 shall be so redeemed,
6 then upon the surrender of such Bond, there shall be issued to the registered owner thereof,
7 without charges, for the unredeemed balance of the principal amount of such Bond, at the option
8 of such owner, Bonds in any of the authorized denominations, the aggregate face amount of such
9 Bonds not to exceed the unredeemed balance of the Bond so surrendered, and to bear the same
10 interest rate and to mature on the same date as said unredeemed balance.

11 If the City elects to redeem all or a portion of the Bonds outstanding, it shall give a
12 redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for
13 redemption to each registered owner appearing on the books kept by the Bond Registrar.
14 Notwithstanding the foregoing, so long as all of the Bonds are registered in the name of Cede &
15 Co., as nominee for the Depository Trust Company, New York, New York ("DTC"), such notice
16 shall be given by a secure means (e.g. legible facsimile transmission, registered or certified mail
17 or overnight express delivery) in a timely manner designed to assure that such notice is in DTC
18 possession no later than the close of business on such thirtieth day: provided, however, that the
19 failure to mail the redemption notice or any defect in the notice so mailed or in the mailing
20 thereof shall not affect the validity of the redemption proceedings. The redemption notice shall
21 state (i) whether the Bonds are to be redeemed in whole or in part and, if in part, the maturities
22 and numbers of the Bonds to be redeemed, (ii) the date fixed for redemption and the redemption
23 price or prices, (iii) that the Bonds to be redeemed shall be presented for redemption at the office
24 of the Bond Registrar, and (iv) that interest on the Bonds called for redemption shall cease to
25 accrue on the date fixed for redemption.

26 From and after the date fixed for redemption, if notice has been duly and properly given
27 and if funds sufficient for the payment of the redemption price of the Bonds called for
28 redemption plus accrued interest due thereon are available on such date, the Bonds so called for
29 redemption shall become due and payable at the redemption price or prices provided for
30 redemption of such Bonds on such date, interest on the Bonds shall cease to accrue and the
31 registered owners of the Bonds so called for redemption shall have no rights in respect thereof

1 except to receive payment of the redemption price plus accrued interest to the date fixed for
2 redemption. Upon presentation and surrender of a Bond called for redemption in compliance
3 with the redemption notice, the Bond Registrar shall pay the redemption price of such bond plus
4 accrued interest thereon to the date fixed for redemption. If bonds so called for redemption are
5 not paid upon presentation and surrender as described above, such bonds shall continue to bear
6 interest at the rates stated therein until paid.

7 **SECTION 6.** The Bonds shall be executed in the name of the City and on its behalf by
8 the Mayor. The signature of the Mayor shall be imprinted on the Bonds manually or by
9 facsimile and a facsimile of the corporate seal of Annapolis shall also be imprinted thereon,
10 attested by the manual or facsimile signature of the City Clerk of Annapolis (the “City Clerk”),
11 all in accordance with and pursuant to the authority of the Maryland Uniform Facsimile
12 Signature of Public Officials Act, being Sections 2-301 through 2-306 of the State Finance and
13 Procurement Article of the Annotated Code of Maryland.

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

19 All Bonds shall be issued as fully-registered bonds without coupons and shall be
20 registered in the name or names of the owner or owners thereof on books kept for such purpose
21 at the principal office of the Bond Registrar. The Bonds initially will be issued in book-entry
22 form without any physical distribution of certificates made to the public. DTC will act as
23 securities depository for the Bonds, and the Bonds will be registered in the name of DTC’s
24 partnership nominee, Cede & Co. The City reserves the right to terminate maintenance of the
25 Bonds in a book-entry only system and to issue fully certificated bonds. The Mayor or his
26 designee is hereby authorized to appoint a financial institution to act as the Bond Registrar and as
27 paying agent (the “Paying Agent”) for the Bonds, unless the Mayor determines after consulting
28 with the financial advisor to the City (the “Financial Advisor”) that the City shall act as the Bond
29 Registrar or the Paying Agent or both. Payment of the principal of and interest on the Bonds
30 shall be made to the person appearing on the registration books maintained by the Bond
31 Registrar as the registered owner thereof, such principal to be payable at the principal office of

1 the Paying Agent upon presentation and surrender of such bonds as the same become due and
2 payable, and such interest to be payable by check mailed by the Paying Agent to the persons in
3 whose names the bonds are registered on the regular record date which shall be the fifteenth day
4 of the month immediately preceding each regular interest payment date or such other date
5 specified in the bond (the "Regular Record Date") at the registered owner's address as shown on
6 the registration books maintained by the Bond Registrar.

7 SECTION 7. Any interest on any Bonds which is payable but is not punctually paid
8 or provision for the payment of which has not been made ("Defaulted Interest") shall forthwith
9 cease to be payable to the registered owner of such Bonds on the relevant Regular Record Date
10 solely by virtue of such registered owner having been such registered owner; and such Defaulted
11 Interest may be paid by the City, at its election in each case, as provided in paragraph (1) or (2)
12 below:

13 (1) The City may elect to make payment of any Defaulted Interest on the Bonds to
14 the persons in whose names such Bonds are registered at the close of business on a record date
15 for the payment of such Defaulted Interest (the "Special Record Date"), which shall be fixed in
16 the following manner: The City shall notify the Paying Agent in writing of the amount of
17 Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment
18 (which date shall be such as will enable the Paying Agent to comply with the next sentence
19 hereof), and at the same time the City shall deposit or cause to be deposited with the Paying
20 Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such
21 Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit
22 prior to the date of the proposed payment, such money when deposited to be held in trust for the
23 benefit of the persons entitled to such Defaulted Interest as provided in this paragraph.
24 Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted
25 Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed
26 payment after the receipt by the Paying Agent of the notice of the proposed payment. The
27 Paying Agent shall promptly notify the City of such Special Record Date and, in the name of the
28 City, shall cause notice of the proposed payment of such Defaulted Interest and the Special
29 Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at his
30 address as it appears in the registration books maintained by the Bond Registrar not less than 10
31 days prior to such Special Record Date. The Paying Agent may, in its discretion, in the name of

1 the City, cause a similar notice to be published at least once in a newspaper of general circulation
2 in Annapolis, Maryland, but such publication shall not be a condition precedent to the
3 establishment of such Special Record Date. Notice of the proposed payment of such Defaulted
4 Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted
5 Interest shall be paid to the registered owners of the Bonds as of the close of business on such
6 Special Record Date.

7 (2) The City may make payment of any Defaulted Interest in any other lawful manner
8 not inconsistent with the requirements of any securities exchange on which the Bonds may be
9 listed, and upon such notice as may be required by such exchange, if, after notice given by the
10 City to the Paying Agent of the proposed payment pursuant to this paragraph, such payment shall
11 be deemed practicable, and approved in writing, by the Paying Agent.

12 SECTION 8. Except as provided hereinafter or in other ordinances of the City adopted
13 prior to the issuance and delivery of the Bonds, all Bonds shall be substantially in the following
14 form, with appropriate insertions as therein indicated and such other modifications as shall be
15 approved by the Mayor, which form and all of the covenants therein contained are hereby
16 adopted by Annapolis as and for the form of obligation to be incurred by Annapolis, and said
17 covenants and conditions are hereby made binding upon Annapolis. including the promise to pay
18 therein contained:

1 No. R- \$ _____

2
3

4 UNITED STATES OF AMERICA
5 STATE OF MARYLAND
6 CITY OF ANNAPOLIS, MARYLAND

7 GENERAL OBLIGATION BOND
8 PUBLIC IMPROVEMENTS REFUNDING BOND
9 2015 SERIES

10
11 Interest Rate Per Annum Maturity Date Date of Original Issue CUSIP

12
13

14 REGISTERED OWNER: CEDE & CO.

15
16

PRINCIPAL AMOUNT DOLLARS

17

18 CITY OF ANNAPOLIS (the "City"), a municipal corporation created and existing under the
19 laws of the State of Maryland, hereby acknowledges itself indebted, and, for value received,
20 promises to pay to the Registered Owner shown above or registered assigns or legal
21 representatives on the Maturity Date shown above (unless this bond shall be redeemable, shall
22 have been called for prior redemption and payment of the redemption price made or provided
23 for), the Principal Amount shown above or so much thereof as shall not have been paid upon
24 prior redemption in any coin or currency which, at the time of payment, is legal tender for the
25 payment of public and private debts upon presentation and surrender of this bond on the date
26 such principal is payable or if such date is not a Business Day (hereinafter defined) then on the
27 next succeeding Business Day at the principal office of the Paying Agent, and to pay to the
28 registered owner hereof by check or draft, mailed to such registered owner at his address as it
29 appears on said registration books (the "Bond Register") maintained by the Bond Registrar
30 interest on said principal amount at the Interest Rate shown above until payment of such
31 principal amount, or until the prior redemption hereof, such interest being payable semiannually
32 on the first days of ____ and ____ in each year, in like coin or currency to the registered
33 owner in whose name this bond is registered on the Bond Register as of the close of business on
34 the regular record date, which shall be the fifteenth day of the month immediately preceding each
35 regular interest payment date (the "Regular Record Date"). Any such interest not so punctually
36 paid or duly provided for shall forthwith cease to be payable to the registered owner on the
37 Regular Record Date, and may be paid to the person in whose name this bond is registered at the
38 close of business on a date fixed by the Paying Agent for such defaulted interest payment (the
39 "Special Record Date"), notice of which is given to the registered owner hereof not less than 10
40 days prior to such Special Record Date, or may be paid at any time in any other lawful manner
41 not inconsistent with the requirement of any securities exchange on which the bonds of this
42 series may be listed and upon such notice as may be required by such exchange.

1
2 “Business Day” means a day other than a Saturday, Sunday or day on which banking institutions
3 under the laws of the State governing the Paying Agent are authorized or obligated by law or
4 required by executive order to remain closed.

5
6 This bond shall not be valid or become obligatory for any purpose, until this bond shall have
7 been authenticated by an authorized officer of the Bond Registrar.

8
9 This bond is one of a duly authorized issue of general obligation bonds of the City aggregating
10 _____ Dollars (\$_____) in principal amount (the
11 “Bonds”), which are in denominations of \$5,000 or any integral multiple thereof, mature serially
12 in installments on the first day of ____ in each of the years 20_ to 20_, inclusive, and bear
13 interest per annum as follows:

14						
15	Year of	Principal	Interest	Year of	Principal	Interest
16	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>
17						
18						
19						
20						
21						
22						

23 The Bonds are numbered from one consecutively upwards prefixed by the letter “R” and are of
24 like tenor and effect except as to maturity, number, interest rate, denomination and redemption
25 provisions, and are issued pursuant to and in full conformity with the provisions of Sections 19-
26 207 and 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated
27 Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of
28 Annapolis, as amended, and by virtue of due proceedings had and taken by the Mayor and
29 Aldermen of the City of Annapolis particularly an Ordinance adopted on the ____ day of
30 _____, 2015 (approved _____ 2015) (the “Ordinance”).

31
32 [The Bonds which mature on or before _____ are not subject to redemption prior to their
33 maturities. The Bonds which mature on or after _____ are subject to redemption prior to
34 their maturities on or after _____ at the option of the City either as a whole or in part at
35 any time, in any order of maturities, at a redemption price expressed as a percentage of the
36 principal amount of the Bonds to be redeemed, set forth in the table below, together with interest
37 accrued to the date fixed for redemption:

38		
39	<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
40		
41		
42		

43 If less than all of the outstanding Bonds shall be called for optional redemption, the City shall
44 choose the maturities of the Bonds to be redeemed and the principal amount of each such
45 maturity to be redeemed, in its sole discretion; and if any such maturity consists of term Bonds,
46 the City shall choose the mandatory sinking fund redemption installments of such term Bonds to

1 be reduced and the amount of each such reduction, in its sole discretion. If less than all of the
2 Bonds of any one maturity of this issue shall be called for redemption, the Bonds to be redeemed
3 shall be selected by lot by the Bond Registrar in such manner as, in its discretion, it shall
4 determine.

5
6 When less than all of a bond in a denomination in excess of \$5,000 shall be so redeemed, then,
7 upon the surrender of such bond, there shall be issued to the registered owner thereof, without
8 charge, for the unredeemed balance of the principal amount of such bond, at the option of such
9 owner, Bonds in any of the authorized denominations, the aggregate face amount of such Bonds
10 not to exceed the unredeemed balance of the bond so surrendered, and to bear the same interest
11 rate and to mature on the same date as said unredeemed balance.

12
13 If the City elects to redeem all or a portion of the Bonds outstanding, it shall give a redemption
14 notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption
15 to each registered owner appearing on the books kept by the Bond Registrar. Notwithstanding
16 the foregoing, so long as all of the Bonds are registered in the name of Cede & Co., as nominee
17 for the Depository Trust Company, New York, New York ("DTC"), such notice shall be given
18 by a secure means (e.g. legible facsimile transmission, registered or certified mail or overnight
19 express delivery) in a timely manner designed to assure that such notice is in DTC possession no
20 later than the close of business on such thirtieth day; provided, however, that the failure to mail
21 the redemption notice or any defect in the notice so mailed or in the mailing thereof shall not
22 affect the validity of the redemption proceedings. The redemption notice shall state (i) whether
23 the Bonds are to be redeemed in whole or in part and, if in part, the maturities and numbers of
24 the Bonds to be redeemed, (ii) the date fixed for redemption and the redemption price or prices,
25 (iii) that the Bonds to be redeemed shall be presented for redemption at the office of the Bond
26 Registrar, and (iv) that interest on the Bonds called for redemption shall cease to accrue on the
27 date fixed for redemption.

28
29 From and after the date fixed for redemption, if notice has been duly and properly given and if
30 funds sufficient for the payment of the redemption price of the Bonds called for redemption plus
31 accrued interest due thereon are available on such date, the Bonds so called for redemption shall
32 become due and payable at the redemption price or prices provided for redemption of such
33 Bonds on such date interest on the Bonds shall cease to accrue and the registered owners of the
34 Bonds so called for redemption shall have no rights in respect thereof except to receive payment
35 of the redemption price plus accrued interest to the date fixed for redemption. Upon presentation
36 and surrender of a bond called for redemption in compliance with the redemption notice, the
37 Bond Registrar shall pay the redemption price of such Bond plus accrued interest thereon to the
38 date fixed for redemption. If Bonds so called for redemption are not paid upon presentation and
39 surrender as described above, such Bonds shall continue to bear interest at the rates stated therein
40 until paid.]

41
42 This bond is transferable only upon the registration books kept at the principal office of the Bond
43 Registrar, by the registered owner hereof in person, or by his attorney duly authorized in writing,
44 upon surrender hereof together with a written instrument of transfer in the form attached hereto
45 and satisfactory to the Bond Registrar duly executed by the registered owner or his duly
46 authorized attorney, and thereupon, within a reasonable time, the City shall issue in the name of

1 the transferee a new registered bond or bonds of any authorized denominations in aggregate
2 principal amount equal to the principal amount of this bond or the unredeemed portion hereof,
3 and maturing on the same date and bearing interest at the same rate. Said new bond or bonds
4 shall be delivered to the transferee only after payment of any tax or governmental charge
5 required to be paid with respect to and any shipping expenses or insurance relating to, such
6 transfer and only after due authentication thereof by an authorized officer of the Bond Registrar.
7 The City shall not be required to issue, transfer or exchange any bond during the period
8 beginning fifteen days before any selection of Bonds to be redeemed and ending on the day of
9 publication and mailing of the notice of redemption or to transfer or exchange any bond called or
10 being called for redemption in whole or in part. The City may deem and treat the person in
11 whose name this bond is registered as the absolute owner hereof for the purpose of receiving
12 payment of or on account of the principal or redemption price hereof and interest due hereon and
13 for all other purposes.

14
15 The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to
16 the prompt payment of the principal of and interest on this bond according to its terms, and the
17 City does hereby covenant and agree to pay the principal of this bond and the interest thereon, at
18 the dates and in the manner mentioned herein, according to the true intent and meaning thereof.

19
20 It is hereby certified and recited that all conditions, acts and things required by the Constitution
21 or statutes of the State of Maryland, the Charter of the City and the Ordinance to exist, to have
22 happened or to have been performed precedent to or in the issuance of this bond, exist, have
23 happened and have been performed, and that the issue of Bonds of which this is one, together
24 with all other indebtedness of the City, is within every debt and other limit prescribed by said
25 Constitution or statutes or Charter, and that due provision has been made for the levy and
26 collection of an ad valorem tax or taxes upon all legally assessable property within the corporate
27 limits of the City in rate and amount sufficient to provide for the payment, when due, of the
28 principal of and interest on this bond.

29
30 IN WITNESS WHEREOF, this bond has been executed by the facsimile signature of the Mayor
31 of the City, which signature has been imprinted hereon, a facsimile of the corporate seal of the
32 City has been imprinted hereon, attested by the manual or facsimile signature of the City Clerk
33 as of the first day of _____, 2015.

34
35 ATTEST: CITY OF ANNAPOLIS
36
37 _____ By: _____
38 City Clerk Mayor

39
40 CERTIFICATION OF AUTHENTICATION

41
42 The undersigned hereby certifies that this bond is one of the registered Bonds
43 of the City of Annapolis.

44 _____
45 _____
46 [Authorized Officer of Bond Registrar]

(Form of Assignment)

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17

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and does hereby constitute and appoint _____ to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

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 whatever.

1 SECTION 9. All of the Bonds authorized by this Ordinance may be sold by
2 solicitation of competitive sealed proposals at public sale in accordance with the provisions of
3 the following Notice of Sale at the principal office of the City, on such date as may be selected
4 by the Mayor pursuant to an executive order for cash at no less than par, to the bidder therefor
5 whose bid is deemed to be for the best interests of Annapolis. Bids shall be received as provided
6 in the Notice of Sale. The Bonds authorized by this Ordinance may also be sold, if the Mayor
7 determines that it would be in the best interest of the City, at private (negotiated) sale without
8 advertisement, publication, notice of sale, or solicitation of competitive bids. The Mayor shall
9 award the sale of the Bonds by executive order.

10 Unless a referendum petition shall be filed as provided hereinafter or the Bonds are sold
11 at private (negotiated) sale, the City Clerk is authorized and directed to publish a notice of sale at
12 least twice in a daily or weekly newspaper having general circulation in Annapolis. The first
13 publication of such notice of sale shall be made at least 10 days prior to the date of sale. The
14 City Clerk may give such other notice of the sale of the Bonds, within or without this State, by
15 publication or otherwise, as the Mayor may deem appropriate.

16 The Finance Director of Annapolis (the "Finance Director") is hereby authorized and
17 directed to make all necessary arrangements for the tabulation and comparison of the proposals
18 received, including the employment of specially qualified personnel, if necessary, so that he will
19 be able promptly to advise the Mayor as to the proposal which produces the lowest true interest
20 cost for the Bonds sold.

21 The Mayor, the City Manager and the Finance Director are hereby authorized to prepare
22 and distribute a preliminary official statement and final official statement in connection with the
23 sale of the Bonds.

24 The Notice of Sale if used for the issue of the Bonds authorized by this Ordinance shall
25 be in substantially the form hereinafter set forth, with the insertions therein indicated. The terms
26 and conditions stated in such Notice of Sale are hereby adopted and approved as the terms and
27 conditions under which and the manner in which the Bonds shall be sold, issued and delivered at
28 public sale, subject to such insertions, alterations, additions or deletions as the Mayor may deem
29 advisable due to financial or market conditions or other circumstances prevailing at the time,
30 based upon the advice of the Financial Advisor.

NOTICE OF SALE

\$ _____
CITY OF ANNAPOLIS, MARYLAND
General Obligation Bonds
Public Improvements Refunding Bonds,
2015 Series

Electronic bids via the BIDCOMP/Parity Competitive Bidding System (“PARITY”) will be received until _____, prevailing Eastern time, on _____ (unless such date or time is changed as described herein) by the City of Annapolis, Maryland (the “City”) for the City of Annapolis, Maryland Public Improvements Refunding Bonds, 2015 Series (the “Bonds”).

Terms of the Bonds

The Bonds shall be dated the date of their delivery.

Interest on the Bonds is payable on _____ and semiannually thereafter on _____ and _____ until maturity. The Bonds will mature on _____ in the following respective years and principal amounts:

<u> </u> Maturing *	<u> </u> Principal Amount*	<u> </u> Maturing *	<u> </u> Principal Amount*
--	---	--	---

*Preliminary, subject to change. See “Adjustments of Principal Amounts.”

The proceeds of the Bonds will be used to refund all or a portion of the City’s Public Improvements Bonds, _____ Series, Public Improvements Bonds, _____ Series, and Public Improvements Bonds, _____ Series, and to pay the costs of issuing the Bonds.

Authority

1 The Bonds are issued pursuant to Sections 19-207 and 19-301 through 19-309,
2 inclusive, of the Local Government Article of the Annotated Code of Maryland, as amended,
3 and Article VII, Section 11 of the Charter of the City of Annapolis, as amended. The Bonds are
4 authorized pursuant to Ordinance O-17-15.

5
6 The Bonds are general obligations of the City and will constitute an irrevocable pledge
7 of its full faith and credit and unlimited taxing power.

8 9 Book-Entry System

10
11 One bond representing each maturity of the Bonds will be issued to and registered in the
12 name of Cede & Co., as nominee of The Depository Trust Company, New York, New York
13 (“DTC”), as registered owner of the Bonds and each such bond shall be held in the custody of
14 DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in
15 book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof.
16 Purchasers will not receive physical delivery of certificates representing their interest in the
17 Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required
18 to deposit the bond certificates representing each maturity with DTC.

19
20 Interest on the Bonds will be payable when due and the principal or redemption price of
21 the Bonds will be payable at maturity or upon earlier redemption to DTC or its nominee as
22 registered owner of the Bonds. Transfer of principal and interest payments to beneficial owners
23 of the Bonds by participants of DTC (“Participants”) will be the responsibility of Participants
24 and other nominees of beneficial owners. The City will not be responsible or liable for such
25 transfers of payments or for maintaining, supervising or reviewing the records maintained by
26 DTC, Participants or persons acting through Participants.

27 28 Optional Redemption

29
30 Bonds maturing on or before _____ are not subject to redemption prior to their
31 stated maturities. Bonds maturing on or after _____ are subject to redemption prior to
32 their maturities at the option of the City on or after _____ either as a whole or in part at
33 any time in any order of maturity at the option of the City, at par plus accrued interest thereon to
34 the date fixed for redemption. In addition, if any such maturity consists of term Bonds, the City
35 shall choose the mandatory sinking fund redemption installments of such term Bonds to be
36 reduced and the amount of each such reduction.

37 38 Adjustments of Principal Amounts

39
40 The preliminary aggregate principal amount of the Bonds and the preliminary principal
41 amount of each annual payment on the Bonds as set forth in this Notice of Sale (the “Preliminary
42 Aggregate Principal Amount” and the “Preliminary Annual Principal Amount”, and collectively
43 the “Preliminary Amounts”) may be revised before the receipt and opening of the bids for their
44 purchase. Such revisions may include the addition or deletion of maturities of the Bonds. ANY
45 SUCH REVISIONS made prior to the opening of the bids (the “Revised Aggregate Principal
46 Amount” and the “Revised Annual Principal Amount”, and collectively the “Revised Amounts”)

1 WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR (“TM3”)
2 (www.tm3.com) NOT LATER THAN ____ A.M. (PREVAILING EASTERN TIME) ON THE
3 ANNOUNCED DATE FOR RECEIPT OF BIDS FOR THE BONDS.
4

5 In the event that no such revisions are made, the Preliminary Amounts will constitute the
6 Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised
7 Amounts will be used to compare bids and select a winning bidder.
8

9 Such Revised Amounts, among other things, will be used by the City to calculate the
10 final aggregate principal amount of the Bonds and the final principal amount of each annual
11 payment on the Bonds (the “Final Aggregate Principal Amount” and the “Final Principal
12 Amount” of each annual payment, respectively, and collectively, the “Final Amounts”). In
13 determining the Final Amounts the City reserves the right to increase or decrease the aggregate
14 amount of the Bonds by an amount not to exceed __% and correspondingly adjust the issue size,
15 with all calculations to be rounded to the nearest \$5,000.
16

17 In the event of any such adjustment, no rebidding or recalculation of the bid submitted
18 will be required or permitted. If necessary, the total purchase price of the Bonds will be
19 increased or decreased in direct proportion to the ratio that the adjustment bears to the aggregate
20 principal amount of the Bonds specified herein; and the Bonds of each maturity, as adjusted, will
21 bear interest at the same rate and must have the same initial reoffering yields as specified in the
22 bid of the successful bidder. However, the award will be made to the bidder whose bid produces
23 the lowest true interest cost, calculated as specified in the section entitled “Basis of Award”
24 herein. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE
25 INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY
26 CHANGES MADE TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. IN
27 READJUSTING THE PRINCIPAL AMOUNT OF THE BONDS FOLLOWING THE
28 AWARD, THE CITY WILL HOLD CONSTANT THE BIDDER’S GROSS SPREAD PER
29 \$1,000 BONDS AS INDICATED IN THE ORIGINAL BID. In this process, however, the City
30 reserves the right to adjust the actual dollar amount of Bidder’s gross spread resulting from an
31 upward or downward adjustment of the principal amount of the Bonds.
32

33 Change of Bid Date or Time and Closing Date 34

35 The City reserves the right to change, from time to time, the date or time established for
36 the receipt of bids and will undertake to notify prospective bidders via notification published on
37 TM3.
38

39 A change of the bid date or time will be announced via TM3 not later than ____ p.m.,
40 prevailing Eastern Time, on the last business day prior to any announced date for receipt of bids,
41 and an alternative sale date and time will be announced via TM3 at that time or at a later date.
42

43 On any such alternative date and time for receipt of bids, the City will accept electronic
44 bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this
45 Notice of Sale, except for the changes in the date and time for receipt of bids and any other
46 changes announced via TM3.

1
2 The City reserves the right to change the scheduled delivery date for the Bonds. See
3 “Delivery” below.

4
5 Bid Parameters for the Bonds

6
7 No bid of less than 100% of par or more than ___% on an “all-or-none” basis, no oral bid
8 and no bid for less than all of the Bonds described in this Notice of Sale, will be considered. The
9 Bonds are expected to be awarded by approximately _____ p.m., prevailing Eastern Time, on
10 _____ . All proposals shall remain firm until the time of award.

11
12 Bidders are requested to name the interest rate or rates in multiples of 1/8 or 1/20 of 1%,
13 the highest rate may not exceed the lowest rate by more than ___% and no interest rate may
14 exceed ___%. A zero rate may not be named. No Bond shall bear more than one rate of
15 interest which rate shall be uniform for the life of such Bond.

16
17
18 Basis of Award

19
20 The Mayor of the City will not accept and will reject any bid for less than all of the
21 Bonds. The City will award all of the Bonds to one bidder. The City reserves the right to reject
22 any and all bids and to waive any irregularities in any of the bids. The judgment of the City shall
23 be final and binding upon all bidders with respect to the form and adequacy of any proposal
24 received and as to its conformity with the terms of this Notice of Sale.

25
26 The Bonds will be awarded to the bidder naming the lowest true interest cost (TIC) for
27 the Bonds in any legally acceptable proposal and offering to pay not less than par. The lowest
28 true interest cost with respect to the Bonds will be determined by doubling the semiannual
29 interest rate, compounded semiannually, necessary to discount the debt service payments from
30 the payment dates to the date of the Bonds and to the amount bid.

31
32 Where the proposals of two or more bidders result in the same lowest true interest cost for any
33 Bonds, such Bonds may be apportioned between such bidders, but if this shall not be acceptable,
34 the City shall have the right to award all of the Bonds to one bidder. There will be no auction.
35 The right is reserved to the City to reject any or all proposals and to waive any irregularity or
36 informality in any proposal. The City’s judgment shall be final and binding upon all bidders
37 with respect to the form and adequacy of any proposal received and as to its conformity to the
38 terms of this Notice of Sale. Any award of the Bonds may be made as late as ___ p.m.,
39 prevailing Eastern Time, on the sale date. All bids remain firm until an award is made. Upon
40 notice of such award, the winning bidder shall advise the City of the initial reoffering prices to
41 the public of each maturity of the Bonds and the names of the members of the underwriting
42 groups.

43
44 Procedures for Electronic Bidding

45
46 Bidders to Submit Bids by PARITY

1
2 Bids for the Bonds must be submitted electronically via PARITY pursuant to this Notice
3 of Sale until _____ a.m., prevailing Eastern time, on the sale date, but no bid will be received
4 after the time for receiving bids specified above. To the extent any instructions or directions set
5 forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control.
6 For further information about PARITY, potential bidders may contact i-Deal LLC at 1359
7 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021.

8
9 **Disclaimer**

10
11 Each prospective electronic bidder shall be solely responsible to submit its bid via
12 PARITY as described above. Each prospective electronic bidder shall be solely responsible to
13 make necessary arrangements to access PARITY for the purpose of submitting its bid in a timely
14 manner and in compliance with the requirements of this Notice of Sale. Neither the City nor
15 PARITY shall have any duty or obligation to provide or assure access to PARITY to any
16 prospective bidder, and neither the City nor PARITY shall be responsible for proper operation
17 of, or have any liability for any delays or interruptions of, or any damages caused by PARITY.
18 The City is using PARITY as a communication mechanism, and not as the City's agent, to
19 conduct the electronic bidding for the Bonds. The City is not bound by any advice and
20 determination of PARITY to the effect that any particular bid complies with the terms of this
21 Notice of Sale and in particular the "Bid Parameters" set forth herein. All costs and expenses
22 incurred by prospective bidders in connection with their submission of bids via PARITY are the
23 sole responsibility of the bidders; the City is not responsible, directly or indirectly, for any of
24 such costs or expenses. If a prospective bidder encounters any difficulty in submitting,
25 modifying, or withdrawing a bid for the Bonds, such bidder should telephone i-Deal LLC at
26 (212) 849-5021 and notify Davenport & Company LLC by facsimile at (866) 932-6660.

27
28 **Electronic Bidding Procedures**

29
30 Electronic bids must be submitted for the purchase of the Bonds (all or none) via
31 PARITY. Bids will be communicated electronically to the City at _____ a.m., prevailing Eastern
32 time, on _____, 2015. Prior to that time, a prospective bidder may (1) submit the
33 proposed terms of its bid via PARITY, (2) modify the proposed terms of its bid, in which event
34 the proposed terms as last modified will (unless the bid is withdrawn as described herein)
35 constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are
36 communicated electronically via PARITY to the City, each bid will constitute an irrevocable
37 offer to purchase the Bonds on the terms therein provided. For purposes of the electronic
38 bidding process, the time as maintained on PARITY shall constitute the official time.

39
40 **Good Faith Deposit**

41
42 A good faith deposit in the amount of \$_____ is required of the winning
43 bidder for the Bonds. The winning bidder for the Bonds is required to submit such good faith
44 deposit payable to the order of the City in the form of a wire transfer in federal funds as
45 instructed by Davenport & Company LLC, the City's Financial Advisor, or a financial surety
46 bond. The winning bidder shall submit the good faith deposit not more than two hours after

1 verbal award is made. The winning bidder should provide as quickly as it is available, evidence
2 of wire transfer by providing the City the federal funds reference number. If the winning bidder
3 fails to comply with the good faith deposit requirement as described herein, that bidder is
4 nonetheless obligated to pay to the City the sum of \$_____ as liquidated damages
5 due to the failure of the winning bidder to timely deposit the good faith deposit.
6

7 A bidder may submit a financial surety bond from an insurance company acceptable to
8 the City, the claims paying ability of which is rated AAA by Standard & Poor's, a Division of
9 the McGraw-Hill Companies, Inc., or Aaa by Moody's Investors Service, Inc. and licensed to
10 issue such a bond in the State of Maryland and such surety bond must be submitted to the
11 Director of Finance of the City prior to _____ a.m., prevailing Eastern Time, on the date of sale.
12 The financial surety bond must identify each bidder whose good faith deposit is guaranteed by
13 such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety
14 bond, then the successful bidder is required to submit its good faith deposit to the Director of
15 Finance of the City not later than 12:00 noon, prevailing Eastern Time, on the next business day
16 following the award either in the form of a wire transfer as described above in accordance with
17 the City's instructions to such successful bidder. If such good faith deposit is not received by
18 that time, the financial surety bond may be drawn by the City to satisfy the good faith deposit
19 requirement.
20

21 Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance of
22 the terms of the good faith deposit requirement.
23

24 The good faith deposit will be retained by the City until the delivery of the Bonds, at
25 which time the good faith deposit will be applied against the purchase price of the Bonds or the
26 good faith deposit will be retained by the City as partial liquidated damages in the event of the
27 failure of the successful bidder to take up and pay for such Bonds in compliance with the terms
28 of this Notice of Sale and of its bid. No interest on the good faith deposit will be paid by the
29 City. The balance of the purchase price must be wired in federal funds to the account detailed in
30 the closing memorandum, simultaneously with delivery of the Bonds.
31

32 Approving Legal Opinion

33

34 The approving legal opinion of Miles & Stockbridge P.C., Bond Counsel, will be
35 furnished to the purchasers without cost. There will also be furnished the usual closing papers
36 and, in addition, a certificate signed by appropriate officers of the City, certifying that there is no
37 litigation pending or, to the knowledge of the signers of such certificate, threatened affecting the
38 validity of the Bonds and that on the date of the Official Statement mentioned below and at the
39 time of delivery of the Bonds the statements and information contained in such Official
40 Statement which are made and provided by the City are and will be true, correct and complete in
41 all material respects and the Official Statement does not and will not omit any statement or
42 information which is required to be stated therein or necessary to make the statements and
43 information therein, in the light of the circumstances under which they were made, not
44 misleading or incomplete in any material respect.
45

46 Preliminary Official Statement; Continuing Disclosure

1
2 The City has deemed the Preliminary Official Statement with respect to the Bonds dated
3 _____ (the “Preliminary Official Statement”) to be final as of its date for purposes of
4 Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), except for
5 the omission of certain information permitted to be omitted by the Rule. The City agrees to
6 deliver to the successful bidder for its receipt no later than seven business days after the date of
7 sale of the Bonds such quantities of the final official statement as the successful bidder shall
8 request: provided, that the City shall deliver up to ___ copies of such official statement without
9 charge to the successful bidder.

10
11 The City has made certain covenants for the benefit of the holders from time to time of
12 the Bonds to provide certain continuing disclosure, in order to assist bidders for the Bonds in
13 complying with the Rule. Such covenants are described in the Preliminary Official Statement.

14
15 Delivery

16
17 The Bonds will be delivered on or about _____ through the facilities of DTC
18 in New York, New York, against payment therefor in federal or other immediately available
19 funds.

20
21 Reoffering Price Certificate

22
23 SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE
24 SUCCESSFUL BIDDER SHALL FURNISH TO THE CITY A CERTIFICATE ACCEPTABLE
25 TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS
26 MADE A BONA FIDE PUBLIC OFFERING OF EACH MATURITY OF THE BONDS AT
27 THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE
28 BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A
29 SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS TO THE PUBLIC
30 (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR
31 RESPECTIVE REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF EACH
32 MATURITY OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND
33 HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL
34 REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF
35 THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond
36 Counsel advises that (i) such certificate must be made on the best knowledge, information and
37 belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of each
38 maturity of the Bonds at the initial reoffering prices would be sufficient to certify as of the sale
39 of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such
40 certification would require evaluation by Bond Counsel to assure compliance with the statutory
41 requirement to avoid the establishment of an artificial price for the Bonds.

42
43 Miscellaneous

44

1 It is expected that CUSIP numbers will be printed on the Bonds. However, the validity,
2 sale, delivery or acceptance of the Bonds will not be affected in any manner by any failure to
3 print, or any error in printing, the CUSIP numbers on the Bonds, or any of them.

4
5 The right to reject any or all bids, or to waive any irregularity or informality in any bid, is
6 reserved.

7
8 CITY OF ANNAPOLIS, MARYLAND

9
10
11
12 By: _____
13 Mayor

14
15
16
17 By: _____
18 Director of Finance
19

1 SECTION 10. If any Bonds are sold pursuant to the foregoing Notice of Sale, the
2 award shall be made by order of the Mayor. Such action of the Mayor shall also fix the final
3 principal amount of each maturity of the Bonds and the interest rate or rates payable on the
4 Bonds in accordance with the accepted proposal. The Mayor shall also be authorized to make all
5 changes necessary to the form of the Bonds to comply with a book-entry only system. All or a
6 portion of the proceeds from the sale of the Bonds may be deposited with and used by the
7 Escrow Deposit Agent as set forth in the paragraph below. The proceeds of the Bonds shall be
8 paid to the Finance Director. Upon approval of the appropriate vouchers, in accordance with the
9 established procedure of the City, the Finance Director shall pay, from the proceeds of the Bonds
10 in his hands, all expenses incurred in the issuance of the Bonds, including costs of advertising,
11 printing, document reproduction and counsel fees and expenses. Prior to expenditure of such
12 proceeds, the same or any part thereof shall be invested by the Finance Director, with the
13 approval of the Mayor, in any authorized investment of the City. If the funds derived from the
14 sale of the Bonds shall exceed the amount needed to finance any of the purposes described in this
15 Ordinance, the funds so borrowed and not expended for the purposes provided by this Ordinance
16 shall be set apart in a separate fund by the Finance Director and applied in payment of the debt
17 service on the respective Bonds.

18 The proceeds of the Bonds which will be used to refund all or a portion of the Refunded
19 Bonds, shall be used to purchase direct obligations of, or obligations the principal of and interest
20 on which are unconditionally guaranteed by, the United States of America or certificates of
21 deposit or time deposits fully collateralized by direct obligations of, or obligations the principal
22 of and the interest on which are unconditionally guaranteed by, the United States of America in
23 such amounts and maturing at stated fixed prices as to principal and interest at such times so that
24 sufficient moneys will be available from such maturing principal and interest, together with any
25 initial cash deposit, to pay at maturity or redeem, as the case may be, the Refunded Bonds, to pay
26 any applicable redemption premiums, and to pay interest when due on the Refunded Bonds. Such
27 portion of the net proceeds of the Bonds will be deposited in trust with the escrow deposit agent
28 for the Bonds, pursuant to an escrow deposit agreement. The Mayor is hereby authorized to
29 appoint an escrow deposit agent for the Bonds.

30 SECTION 11. In order to provide for the payment of the principal of and interest on the
31 Bonds hereby authorized when due, there shall be appropriated in the next ensuing fiscal year of

1 Annapolis and in each fiscal year thereafter, so long as any of the Bonds are outstanding and
2 unpaid, or until a sufficient funds had been accumulated and irrevocably set aside for the
3 purpose, an amount sufficient to meet the debt service on the Bonds coming due in such fiscal
4 year and there shall be levied ad valorem taxes upon all property within the corporate limits of
5 the City subject to assessment for full City taxes, in rate and amount sufficient in each such year
6 to fund such appropriations and to provide for the payment when due of the principal of and
7 interest on all Bonds maturing in each such fiscal year. In the event the proceeds from the taxes
8 so levied in each such fiscal year shall prove inadequate for the above purposes, additional taxes
9 shall be levied in the subsequent fiscal year to make up any deficiency. Thereafter, prior to each
10 interest payment date, the Finance Director shall deposit with the Paying Agent, from the tax
11 proceeds above described, the amounts needed to pay the principal of and interest on the Bonds
12 coming due on each such interest payment date. All moneys so deposited with the Paying Agent
13 shall be deemed and treated by the Paying Agent as trust funds for the use and benefit of the
14 holders from time to time of the Bonds hereby authorized. Any such trust funds so held by the
15 Paying Agent for the payment of particular Bonds for periods of more than two years from the
16 payment dates of such Bonds shall, upon the expiration of any such two-year period, and the
17 failure of the holders of such Bonds to present the same for payment within such period, be
18 returned by the Paying Agent to the City and, thereafter, the holders of any such Bonds shall
19 have claims only against the City for payment of the obligations held by them and the Paying
20 Agent shall be relieved of the trust hereby imposed.

21 To assure the performance by the City of the provisions of this Section, the full faith and
22 credit and unlimited taxing power of the City are hereby irrevocably pledged to the payment to
23 maturity of the principal of and interest on the Bonds as and when the same respectively mature
24 and become payable and to the levy and collection of the taxes hereinabove described as and
25 when such taxes may become necessary in order to provide sufficient funds to meet the debt
26 service requirements of the Bonds. This pledge is made hereby for the benefit of the holders,
27 from time to time, of the Bonds.

28 The City hereby solemnly covenants and agrees with each holder of any of the Bonds to
29 levy and collect the taxes hereinabove described and to take any other action that may be
30 appropriate from time to time during the period that any of the Bonds remain outstanding and
31 unpaid to provide the funds necessary to make principal and interest payments thereon when due.

1 SECTION 12. This Ordinance and the question of the issuance of Bonds hereunder
2 shall not be submitted to a referendum of the registered voters of Annapolis, as permitted by law,
3 unless, within 10 days after the passage of this Ordinance, there shall be served upon the Mayor
4 a notice signed by not fewer than 200 of the registered voters of Annapolis, advising that a
5 petition for a referendum on the issuance of the Bonds is being circulated by one or more of the
6 persons signing said notice and unless, within 20 days after the delivery of such notice, there
7 shall also be filed with the Mayor a petition or petitions requesting the holding of such a
8 referendum, properly signed as required by the Charter, by not fewer than 25% of the registered
9 voters of Annapolis, as shown by the registered voters books of Annapolis, maintained by the
10 Board of Supervisors of Elections of the City (the "Board of Supervisors"). In view of the
11 foregoing, no action shall be taken by Annapolis pursuant to this Ordinance for a period of 10
12 days following its passage. If, within such ten-day period, the notice above described is filed as
13 aforesaid, then no action shall be taken by Annapolis pursuant to this Ordinance for a period of
14 20 days following the filing of such notice. If, within such twenty-day period, a petition for
15 referendum, as above-described, shall be filed as aforesaid, then no action shall be taken by
16 Annapolis under this Ordinance unless and until the Mayor shall receive written advice from the
17 City Attorney and the Board of Supervisors that such referendum petition does not meet the
18 requirements of the Charter or unless and until the referendum requested in such petition shall be
19 duly held in accordance with law and the Board of Supervisors shall certify to Annapolis that, in
20 the election at which such referendum is held, a majority of the registered voters of Annapolis
21 voting on the question referred duly cast their ballots in favor of the issuance of the Bonds
22 hereby authorized. If this Ordinance shall be ratified or approved on any such referendum, then
23 the Mayor and the City Clerk may proceed with the issuance of the Bonds hereby authorized,
24 without further action by Annapolis.

25 SECTION 13. That CUSIP numbers may be printed on the Bonds: provided, however,
26 that the printing of CUSIP numbers on the Bonds (even if incorrect) shall have no legal effect
27 and shall not in any way affect the enforceability or validity of any Bond. Any expenses in
28 relation to the printing of CUSIP numbers on the Bonds, including any CUSIP Service Bureau
29 charge for the assignment of such numbers, in the discretion of the Finance Director, may be
30 paid for by the City from the proceeds of the Bonds.

1 SECTION 14. In addition to the insertions and variations prescribed by this Ordinance,
2 the Mayor is hereby authorized to make such further modifications in such forms as will not alter
3 the substance of such forms. In connection with the issuance of any Bonds pursuant to this
4 Ordinance, the City is hereby authorized to enter into one or more agreements as the Mayor shall
5 deem necessary or appropriate for the issuance, sale, delivery or security of such Bonds, which
6 may include (without limitation) (i) underwriting, purchase or placement agreements for Bonds
7 sold at private (negotiated) sale in accordance with the provisions of this Ordinance; (ii) trust
8 agreements with commercial banks or trust companies providing for the issuance and security of
9 such Bonds; (iii) any dealer, remarketing or similar agreements providing for the placement or
10 remarketing of such Bonds ; (iv) agreements providing for any credit or liquidity facilities
11 supporting any Bonds; (v) agreements with commercial banks or trust companies providing for
12 the deposit of proceeds of any Bonds; (vi) agreements with fiscal agents providing for the
13 issuance of Bonds, their authentication, registration, verification of amounts and earnings set
14 aside to pay the Refunded Bonds or payment or other similar services; and (vii) continuing
15 disclosure agreements, including any such agreements required to enable the underwriters of any
16 Bonds to meet the requirements of paragraph (b)(5) of Rule 15c2-12 promulgated by the United
17 States Securities and Exchange Commission (the “Rule”). Each such agreement shall be in such
18 form as shall be determined by the Mayor by executive order. The execution and delivery of
19 each such agreement by the Mayor shall be conclusive evidence of the approval of the form of
20 such agreement on behalf of the City.

21 SECTION 15. The Mayor and the Finance Director shall be the officers of the City
22 responsible for the issuance of the Bonds within the meaning of the “Arbitrage Regulations”
23 (defined herein).

24 The Mayor and the Finance Director shall also be the officers of the City responsible for
25 the execution and delivery (on the date of issuance of the Bonds) of a certificate of the City (the
26 “Tax Certificate and Compliance Agreement”) which complies with the requirements of Section
27 148 of the Internal Revenue Code of 1986, as amended (“Section 148”), and the applicable
28 regulations thereunder (the “Arbitrage Regulations”), and such officials are hereby authorized
29 and directed to execute the Tax Certificate and Compliance Agreement and to deliver the same
30 to Bond Counsel on the date of the issuance of the Bonds.

1 The City shall set forth in the Tax Certificate and Compliance Agreement its reasonable
2 expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds
3 of the Bonds, or of any moneys, securities or other obligations to the credit of any account of the
4 City which may be deemed to be proceeds of the Bonds pursuant to Section 148 or the Arbitrage
5 Regulations (collectively, “Bond Proceeds”). The City covenants with each of the holders of any
6 of the Bonds that the facts, estimates and circumstances set forth in the Tax Certificate and
7 Compliance Agreement will be based on the City’s reasonable expectations on the date of
8 issuance of the Bonds and will be, to the best of the certifying officials’ knowledge, true and
9 correct as of that date.

10 In the event that Bonds are issued pursuant to this Ordinance with the expectation that
11 interest on such Bonds will be excludable from gross income for federal income tax purposes,
12 the City covenants with each of the registered owners of any of the Bonds that it will not make,
13 or (to the extent that it exercises control or direction) permit to be made, any use of the Bond
14 Proceeds which would cause the Bonds to be “arbitrage bonds” within the meaning of Section
15 148 and the Arbitrage Regulations. The City further solemnly covenants that it will comply with
16 Section 148 and the regulations thereunder which are applicable to the Bonds on the date of
17 issuance of the Bonds and which may subsequently lawfully be made applicable to the Bonds as
18 long as the Bonds remain outstanding and unpaid. The Mayor, the City Manager and the
19 Finance Director are hereby authorized and directed to prepare or cause to be prepared and to
20 execute any certification, opinion or other document, including, without limitation, the Tax
21 Certificate and Compliance Agreement, which may be required to assure that the Bonds will not
22 be deemed to be “arbitrage bonds” within the meaning of Section 148 and the regulations
23 thereunder.

24 The City further covenants with each of the registered owners of any of the Bonds (i) that
25 it will not take any action or (to the extent that it exercises control or direction) permit any action
26 to be taken that would cause the Bonds or a portion of the Bonds to be “federally guaranteed”
27 within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended, and (ii)
28 that it will not make, or (to the extent that it exercises control or direction) permit to be made,
29 any use of the proceeds of the Bonds or a portion of such proceeds that would cause the Bonds or
30 a portion of the Bonds to be “private activity bonds” within the meaning of Section 141 of the
31 Internal Revenue Code of 1986, as amended.

1 In the event that the Bonds are being issued hereunder with the expectation that interest
2 on such Bonds will be excludable from gross income for federal income tax purposes, the Mayor
3 may make such covenants or agreements in connection with the issuance of such Bonds as he
4 shall deem advisable in order to assure the registered owners of such Bonds that interest thereon
5 shall be and remain excludable from gross income for federal income tax purposes and such
6 covenants or agreements shall be binding on the City so long as the observance by the City of
7 any such covenants or agreements is necessary in connection with the maintenance of the
8 exclusion of the interest on such Bonds from gross income for federal income tax purposes. The
9 foregoing covenants or agreements may include such covenants or agreements on behalf of the
10 City regarding compliance with the provisions of the Internal Revenue Code of 1986, as
11 amended, as the Mayor shall deem advisable in order to assure the registered owners of the
12 Bonds that the interest thereon is and shall remain excludable from gross income for federal
13 income tax purposes, including (without limitation) covenants or agreements relating to the
14 investment of Bond Proceeds, the payment of certain earnings resulting from such investment to
15 the United States, limitations on the times within which, and the purposes for which, Bond
16 Proceeds may be expended, or the use of specified procedures for accounting for and segregating
17 Bond Proceeds. Any covenant or agreement made by the Mayor pursuant to this paragraph may
18 be set forth in or authorized by the Tax Certificate and Compliance Agreement or an order
19 executed by the Mayor.

20 SECTION 16. The Mayor or his designee is expressly authorized to approve the form
21 of, and execute and deliver and on behalf of the City, a continuing disclosure agreement to assist
22 bidders in complying with the Rule.

23 SECTION 17. This Ordinance shall take effect from the date of its approval by the
24 Mayor, on or following the date of its final adoption and, thereafter, within not more than three
25 calendar days of such approval, notice of the adoption of this Ordinance shall be duly given by
26 publication of the title hereof at least once in "The Capital," or another newspaper published and
27 of general circulation in the City.

28
29
30 EXPLANATION

31 CAPITAL LETTERS indicate matter added to existing law.

32 [brackets] indicate matter stricken from existing law.

33 Underlining indicates amendments.