



Legislation Text

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Issuance of General Obligation Refunding Bonds - For the purpose of authorizing and empowering the City of Annapolis (the “City”) to issue and sell, upon its full faith and credit, one or more series of its general obligation bonds in the aggregate principal amount not to exceed \$64,000,000, pursuant to Sections Section 19-207 and 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Annapolis, as amended, to be designated as the “Public Improvements Refunding Bonds, 2016 Series”, and to be issued and sold for the public purpose of refunding all or a portion of certain outstanding general obligation bonds of the City, as provided in this Ordinance; prescribing the form and tenor of the Bonds; determining the method of sale of the Bonds and other matters relating to the issuance and sale thereof; providing for the disbursement of the proceeds of the Bonds; covenanting to levy and collect all taxes necessary to provide for the payment of the principal of and interest on 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 43-16

Introduced by: Mayor Pantelides

**Referred to
Finance Committee**

AN ORDINANCE concerning

Issuance of General Obligation Refunding Bonds

FOR the purpose of authorizing and empowering the City of Annapolis (the “City”) to issue and sell, upon its full faith and credit, one or more series of its general obligation bonds in the aggregate principal amount not to exceed \$64,000,000, pursuant to Sections Section 19-207 and 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Annapolis, as amended, to be designated as the “Public Improvements Refunding Bonds, 2016 Series”, and to be issued and sold for the public purpose of refunding all or a portion of certain outstanding general obligation bonds of the City, as provided in this Ordinance; prescribing the form and tenor of the Bonds; determining the method of sale of the Bonds and other matters relating to the issuance and sale thereof; providing for the disbursement of the proceeds of the Bonds; covenanting to levy and collect all taxes necessary to provide for the payment of the principal of and interest on 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 sometimes referred to as the “City” or as “Annapolis”.

The authority for the powers herein exercised is contained in Article VII, Section 11 of the Charter of the City (the “Charter”) and in Sections 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as amended, such authority being hereinafter sometimes referred to collectively as the “Enabling Act”, and Section 19-207 of the Local Government Article of the Annotated Code of Maryland (the “Refunding Act”).

The Enabling Act authorizes and empowers the City to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds in accordance with the procedure prescribed by the Enabling Act, subject to the limitation imposed by the Charter that no bonds shall be issued by the City if, by the issuance thereof, the total bonded indebtedness of the City incurred, less the amount of sinking funds established for the retirement thereof, would then exceed the sum of (i) 4% of the assessed value of all real property in the City taxable for municipal purposes and (ii) 10% of the assessed value of all personal property in the City taxable for municipal purposes.

The Charter further provides that, in computing compliance with such limitation, outstanding bonds or other indebtedness of the City issued pursuant to the authority of any public local law enacted by the General Assembly of Maryland prior to January 1, 1955, or pursuant to the authority of any public general law of the State of Maryland, other than the Enabling Act, together with tax anticipation notes, issued pursuant to the Enabling Act, revenue bonds payable as to principal and interest solely from the revenues from revenue-producing projects, and short-term obligations issued pursuant to certain sections of the Charter, shall not be taken into account.

Pursuant to Article VII, Section 11 of the Charter, the City Council of the City (the “City Council”) may in its discretion hold a referendum on any such bond issue or may be required to do so as a result of a proper petition of registered voters filed for such purpose after the giving of notice to the City as prescribed in the Charter.

The City proposes to spend the proceeds of the bonds authorized pursuant to this Ordinance to refund all or portions of some or all of the following general obligation bonds: (1) the City’s Public Improvements and Refunding Bonds, 2011 Series, (2) the City’s Public Improvements and Refunding Bonds, 2012 Series, (3) the City’s Public Improvements Refunding Bonds, 2015 Series B, (4) the City’s General Obligation Refunding Revenue Bonds (Park Place) Series 2013B (Tax-Exempt), (5) the City’s General Obligation Refunding Revenue Bonds (Park Place Project) Series 2013C (Taxable), and (6) such other general obligation bonds designated by the Mayor of Annapolis (the “Mayor”) pursuant to an executive order (collectively, the “Refunded Bonds”), and pay the costs of issuing such bonds.

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

The City has determined that it is in the best interest of the City to refund the Refunded Bonds in

order (i) to realize savings to the City in the aggregate cost of debt service and (ii) to expand the potential uses of some or all of the City's parking facilities by giving the City greater flexibility with respect to the operation of such parking facilities.

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

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

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 and the City is authorized and empowered to issue and sell, upon its full faith and credit one or more series of its general obligation, fully-registered bonds in the aggregate principal amount not to exceed Sixty-Four Million Dollars (\$64,000,000), to be known as the "Public Improvements Refunding Bonds, 2016 Series" (the "Bonds") or such other designation as deemed appropriate by the Mayor for the purposes of refunding all or a portion of the Refunded Bonds and paying the costs of issuing such Bonds.

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

SECTION 4. The Bonds authorized by this Ordinance shall be dated the date of their delivery, shall be fully-registered bonds without coupons in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof and shall bear interest at the interest rate or rates fixed at the time of the awarding of the Bonds in accordance with an executive order of the Mayor and the provisions of this Ordinance as hereinafter provided. Interest on the Bonds shall be payable semiannually on the dates and in the years as may be determined by the Mayor in an executive order. The Bonds shall mature, subject to the option of prior redemption, in annual installments, including any mandatory sinking fund installments, in the years 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. Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated upon an interest payment date, in which event it shall bear interest from such interest payment date, or unless authenticated prior to the first interest payment date, in which event it shall bear interest from the date of the Bonds; provided, however, that if at the time of authentication of any bond interest is in default, such bond shall bear interest from the date to which interest has been paid.

SECTION 5. 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.

The Bonds shall be redeemed only in integral multiples of \$5,000. If less than all of the outstanding Bonds shall be called for optional redemption, the City shall choose the maturities of the Bonds to be redeemed and the principal amount of each such maturity to be redeemed, in its sole discretion; and if any such maturity consists of term Bonds, the City shall choose the mandatory sinking fund redemption installments of such term Bonds to be reduced and the amount of each such reduction, in its sole discretion. If less than all of the Bonds of any one maturity are called for redemption, the particular bonds to be redeemed from such maturity shall be selected by lot by the bond registrar for the Bonds (the "Bond Registrar") in such manner as the Bond Registrar in its sole discretion may determine or under the procedures for book-entry bonds if the Bonds are under a book-entry system.

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

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

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

SECTION 6. 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 Annapolis shall also be imprinted thereon, attested by the manual signature of the City Clerk

of Annapolis (the “City Clerk”).

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 Annapolis in accordance with their terms.

No Bond shall be valid or obligatory for any purpose unless and until the certificate of authentication substantially in the form set forth in the form of the Bonds in Section 8 of this Ordinance shall have been duly executed by the Bond Registrar, and such executed certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered pursuant to this Ordinance. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if manually signed by an authorized signer of the Bond Registrar, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder.

All Bonds shall be issued as fully-registered bonds without coupons and shall be registered in the name or names of the owner or owners thereof on books kept for such purpose at the principal office of the Bond Registrar. The Bonds initially will be issued in book-entry form without any physical distribution of certificates made to the public. DTC will act as securities depository for the Bonds, and the Bonds will be registered in the name of DTC's partnership nominee, Cede & Co. The City reserves the right to terminate maintenance of the Bonds in a book-entry only system and to issue fully certificated bonds. The Mayor or his designee is hereby authorized to appoint a financial institution to act as the Bond Registrar and as paying agent (the “Paying Agent”) for the Bonds, unless the Mayor determines after consulting with the financial advisor to the City (the “Financial Advisor”) that the City shall act as the Bond Registrar or the Paying Agent or both. Payment of the principal of and interest on the Bonds shall be made to the person appearing on the registration books maintained by the Bond Registrar as the registered owner thereof, such principal to be payable at the principal office of the Paying Agent upon presentation and surrender of such bonds as the same become due and payable, and such interest to be payable by check mailed by the Paying Agent to the persons in whose names the bonds are registered on the regular record date which shall be the fifteenth day of the month immediately preceding each regular interest payment date or such other date specified in the bond (the “Regular Record Date”) at the registered owner's address as shown on the registration books maintained by the Bond Registrar.

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

(1) The City may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds are registered at the close of business on a record date for the payment of such Defaulted Interest (the “Special Record Date”), which shall be fixed in the following manner: The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the City shall deposit or cause to be deposited with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to

such Defaulted Interest as provided in this paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at his address as it appears in the registration books maintained by the Bond Registrar not less than 10 days prior to such Special Record Date. The Paying Agent may, in its discretion, in the name of the City, cause a similar notice to be published at least once in a newspaper of general circulation in Annapolis, Maryland, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the registered owners of the Bonds as of the close of business on such Special Record Date.

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

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

No. R- \$ _____

UNITED STATES OF AMERICA
STATE OF MARYLAND
CITY OF ANNAPOLIS, MARYLAND

GENERAL OBLIGATION BOND

PUBLIC IMPROVEMENTS REFUNDING BOND
2016 SERIES

Interest Rate Per Annum Maturity Date Date of Original Issue CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT DOLLARS

CITY OF ANNAPOLIS (the "City"), a municipal corporation created and existing under the laws of the State

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

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

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

This bond is one of a duly authorized issue of general obligation bonds of the City aggregating _____ Dollars (\$ _____) in principal amount (the "Bonds").

The Bonds are numbered from one consecutively upwards prefixed by the letter "R", are in denominations of \$5,000 or any integral multiple thereof and are of like tenor and effect except as to maturity, number, interest rate, denomination and redemption provisions, and are issued pursuant to and in full conformity with the provisions of Sections 19-207 and 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Annapolis, as amended, and by virtue of due proceedings had and taken by the Mayor and Aldermen of the City of Annapolis particularly Ordinance No. ____ adopted on the ____ day of _____, 2016 (approved _____ 2016) (the "Ordinance").

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

<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
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If less than all of the outstanding Bonds shall be called for optional redemption, the City shall choose the maturities of the Bonds to be redeemed and the principal amount of each such maturity to be redeemed, in its sole discretion; and if any such maturity consists of term Bonds, the City shall choose the mandatory sinking fund redemption installments of such term Bonds to be reduced and the amount of each such reduction, in its sole discretion. If less than all of the Bonds of any one maturity of this issue shall be called for redemption, the Bonds to be redeemed shall be selected by lot by the Bond Registrar in such manner as, in its discretion, it shall determine.

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

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

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

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

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

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

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

IN WITNESS WHEREOF, this bond has been executed by the facsimile signature of the Mayor of the City, which signature has been imprinted hereon, a facsimile of the corporate seal of the City has been imprinted hereon, attested by the manual signature of the City Clerk as of the first day of _____, 2016.

ATTEST: CITY OF ANNAPOLIS

City Clerk By: Mayor

CERTIFICATION OF AUTHENTICATION

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

Date of Authentication: [Authorized Officer of Bond Registrar]

(Form of Assignment)

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.

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

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

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

The Mayor and the Finance Director are hereby authorized to prepare and distribute a preliminary official statement and final official statement in connection with the sale of such Bonds.

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

NOTICE OF SALE

\$ _____
CITY OF ANNAPOLIS, MARYLAND
General Obligation Bonds
Public Improvements Refunding Bonds,
2016 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, 2016 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 years and principal amounts:

Maturing _____	Principal <u>Amount</u>	Maturing _____	Principal <u>Amount</u>
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*Preliminary, subject to change. See “Adjustments of Principal Amounts.”

The proceeds of the Bonds will be used to refund all or a portion of [Refunded Bonds to be specified here], and to pay the costs of issuing the Bonds.

Authority

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

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

Book-Entry System

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

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

Optional Redemption

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

Adjustments of Principal Amounts

The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each annual payment on the Bonds as set forth in this Notice of Sale (the “Preliminary Aggregate Principal Amount” and the “Preliminary Annual Principal Amount”, and collectively the “Preliminary Amounts”) may be revised before the receipt and opening of the bids for their purchase. Such revisions may include the addition or deletion of maturities of the Bonds. ANY SUCH REVISIONS made prior to the opening of the bids (the “Revised Aggregate Principal Amount” and the “Revised Annual Principal Amount”, and collectively the “Revised Amounts”) WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR (“TM3”) (www.tm3.com <<http://www.tm3.com>>) NOT LATER THAN ____ A.M. (PREVAILING EASTERN TIME) ON THE ANNOUNCED DATE FOR RECEIPT OF BIDS FOR THE BONDS.

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

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

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

Change of Bid Date or Time and Closing Date

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

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

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

The City reserves the right to change the scheduled delivery date for the Bonds. See "Delivery" below.

Bid Parameters for the Bonds

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

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

Basis of Award

The Mayor of the City will not accept and will reject any bid for less than all of the Bonds. The City will award all of the Bonds to one bidder. The City reserves the right to reject any and all bids and to waive

any irregularities in any of the bids. The judgment of the City shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity with the terms of this Notice of Sale.

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

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

Procedures for Electronic Bidding

Bidders to Submit Bids by PARITY

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

Disclaimer

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

Electronic Bidding Procedures

Electronic bids must be submitted for the purchase of the Bonds (all or none) via PARITY. Bids will be communicated electronically to the City at _____ a.m., prevailing Eastern time, on _____, 2016. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via PARITY, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via PARITY to the City, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on PARITY shall constitute the official time.

Good Faith Deposit

A good faith deposit in the amount of \$ _____ is required of the winning bidder for the Bonds. The winning bidder for the Bonds is required to submit such good faith deposit payable to the order of the City in the form of a wire transfer in federal funds as instructed by Davenport & Company LLC, the City's Financial Advisor. The winning bidder shall submit the good faith deposit not more than two hours after verbal award is made. The winning bidder should provide as quickly as it is available, evidence of wire transfer by providing the City the federal funds reference number. If the winning bidder fails to comply with the good faith deposit requirement as described herein, that bidder is nonetheless obligated to pay to the City the sum of \$ _____ as liquidated damages due to the failure of the winning bidder to timely deposit the good faith deposit.

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

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

Approving Legal Opinion

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

Preliminary Official Statement; Continuing Disclosure

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

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

Delivery

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

Reoffering Price Certificate

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

Miscellaneous

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

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

CITY OF ANNAPOLIS, MARYLAND

By:
Mayor

By:
Finance Director

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

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

SECTION 11. In order to provide for the payment of the principal of and interest on the Bonds hereby authorized when due, there shall be appropriated in the next ensuing fiscal year of Annapolis and in each fiscal year thereafter, so long as any of the Bonds are outstanding and unpaid, or until a sufficient funds had been accumulated and irrevocably set aside for the purpose, an amount sufficient to meet the debt service on the Bonds coming due in such fiscal year and there shall be levied ad valorem taxes upon all property within the corporate limits of the City subject to assessment for full City taxes, in rate and amount sufficient in each such year to fund such appropriations and to provide for the payment when due of the principal of and interest on all Bonds maturing in each such fiscal year. In the event the proceeds from the taxes so levied in each such fiscal year shall prove inadequate for the above purposes, additional taxes shall be levied in the subsequent fiscal year to make up any deficiency. Thereafter, prior to each interest payment date, the Finance Director shall deposit with the Paying Agent, from the tax proceeds above described, the amounts needed to pay the principal of and interest on the Bonds coming due on each such interest payment date. All moneys so

deposited with the Paying Agent shall be deemed and treated by the Paying Agent as trust funds for the use and benefit of the holders from time to time of the Bonds hereby authorized. Any such trust funds so held by the Paying Agent for the payment of particular Bonds for periods of more than two years from the payment dates of such Bonds shall, upon the expiration of any such two-year period, and the failure of the holders of such Bonds to present the same for payment within such period, be returned by the Paying Agent to the City and, thereafter, the holders of any such Bonds shall have claims only against the City for payment of the obligations held by them and the Paying Agent shall be relieved of the trust hereby imposed.

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

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

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

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

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

SECTION 15. The provisions of this Section 15 shall only be applicable with respect to Bonds which are issued pursuant to this Ordinance with the expectation that interest on such Bonds will be excludable from gross income for federal income tax purposes.

The Mayor and the Finance Director shall be the officers of the City responsible for the issuance of such Bonds within the meaning of the "Arbitrage Regulations" (defined herein).

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

The City shall set forth in the Tax Certificate and Compliance Agreement its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of such Bonds, or of any moneys, securities or other obligations to the credit of any account of the City which may be deemed to be proceeds of such Bonds pursuant to Section 148 or the Arbitrage Regulations (collectively, "Tax-Exempt Bond Proceeds"). The City covenants with each of the holders of any of such Bonds that the facts, estimates and circumstances set forth in the Tax Certificate and Compliance Agreement will be based on the City's reasonable expectations on the date of issuance of such Bonds and will be, to the best of the certifying officials' knowledge, true and correct as of that date.

The City covenants with each of the registered owners of any of such Bonds that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Tax-Exempt Bond Proceeds which would cause such Bonds to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. The City further solemnly covenants that it will comply with Section 148 and the regulations thereunder which are applicable to such Bonds on the date of issuance of such Bonds and which may subsequently lawfully be made applicable to such Bonds as long as such Bonds remain outstanding and

unpaid. The Mayor and the Finance Director are hereby authorized and directed to prepare or cause to be prepared and to execute any certification, opinion or other document, including, without limitation, the Tax Certificate and Compliance Agreement, which may be required to assure that such Bonds will not be deemed to be “arbitrage bonds” within the meaning of Section 148 and the regulations thereunder.

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

The Mayor may make such covenants or agreements in connection with the issuance of such Bonds as he shall deem advisable in order to assure the registered owners of such Bonds that interest thereon shall be and remain excludable from gross income for federal income tax purposes and such covenants or agreements shall be binding on the City so long as the observance by the City of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on such Bonds from gross income for federal income tax purposes. The foregoing covenants or agreements may include such covenants or agreements on behalf of the City regarding compliance with the provisions of the Internal Revenue Code of 1986, as amended, as the Mayor shall deem advisable in order to assure the registered owners of such Bonds that the interest thereon is and shall remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the investment of Tax-Exempt Bond Proceeds, the payment of certain earnings resulting from such investment to the United States, limitations on the times within which, and the purposes for which, Tax-Exempt Bond Proceeds may be expended, or the use of specified procedures for accounting for and segregating Tax-Exempt Bond Proceeds.

Any covenant or agreement made by the Mayor pursuant to this section may be set forth in or authorized by the Tax Certificate and Compliance Agreement or an order executed by the Mayor.

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

SECTION 17. 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.