

ORDINANCE O-05-22

AN ORDINANCE OF THE COUNCIL (THE “COUNCIL”) OF THE MAYOR AND TOWN COUNCIL OF CHEVERLY (THE “TOWN”) TO AUTHORIZE AND EMPOWER THE TOWN TO ISSUE AND SELL FROM TIME TO TIME, UPON ITS FAITH AND CREDIT, ONE OR MORE SERIES OF (1)(A) GENERAL OBLIGATION BONDS (THE “BONDS”) AND (B) GENERAL OBLIGATION BOND ANTICIPATION NOTES (THE “BOND ANTICIPATION NOTES”), EACH IN AN ORIGINAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED NINE MILLION TWO HUNDRED THIRTY-NINE DOLLARS (\$9,000,239), AND (2) GENERAL OBLIGATION REFUNDING BONDS (THE “REFUNDING BONDS”), SUBJECT TO THE LIMITATIONS PROVIDED FOR HEREIN, THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING, REIMBURSING OR REFINANCING COSTS OF THE PUBLIC PURPOSE PROJECT GENERALLY IDENTIFIED AS THE NEW ELEY BUILDING AND RELATED COSTS; MAKING CERTAIN PRELIMINARY DETERMINATIONS REGARDING THE METHOD OF SALE OF EACH SERIES OF THE AUTHORIZED BONDS, BOND ANTICIPATION NOTES AND REFUNDING BONDS (EACH, A “SERIES OF THE OBLIGATIONS” OR, COLLECTIVELY, THE “OBLIGATIONS”) AND PROVIDING THAT THE COUNCIL BY RESOLUTION MAY MAKE DIFFERENT DETERMATIONS AS TO THE METHOD OF SALE OF ANY SUCH SERIES OF THE OBLIGATIONS AS DESCRIBED HEREIN; PROVIDING THAT THE COUNCIL BY RESOLUTION SHALL DETERMINE, APPROVE OR PROVIDE FOR VARIOUS MATTERS RELATING TO THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY, PAYMENT AND PREPAYMENT OR REDEMPTION OF AND FOR EACH SERIES OF THE OBLIGATIONS; PROVIDING FOR THE IMPOSITION OF AD VALOREM TAXES SUFFICIENT FOR, AND PLEDGING THE FAITH AND CREDIT AND TAXING POWER OF THE TOWN TO, THE PAYMENT OF DEBT SERVICE ON EACH SERIES OF THE OBLIGATIONS; PROVIDING FOR THE CIRCUMSTANCES UNDER WHICH ANY SERIES OF THE OBLIGATIONS MAY BE BACKED BY THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE TOWN, AND PROVIDING THAT OTHERWISE SUCH PLEDGE MAY BE SUBJECT TO ANY APPLICABLE CHARTER LIMITATIONS; PROVIDING THAT DEBT SERVICE ON EACH SERIES OF THE OBLIGATIONS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE FOR SUCH PURPOSE; SPECIFYING CERTAIN OTHER DETAILS WITH REGARD TO THE AUTHORIZED OBLIGATIONS; PROVIDING THAT CERTAIN ACTIONS MAY BE TAKEN OR PROVIDED FOR BY RESOLUTION IN CONNECTION WITH THE REISSUANCE OR MODIFICATION OF ANY OF THE OBLIGATIONS; PROVIDING THAT ANY OF THE OBLIGATIONS MAY BE CONSOLIDATED WITH OTHER OBLIGATIONS OF THE TOWN AND ISSUED AS A SINGLE SERIES OF BONDS, BOND ANTICIPATION NOTES AND/OR REFUNDING BONDS; AUTHORIZING, DIRECTING AND EMPOWERING OFFICIALS AND EMPLOYEES OF THE TOWN TO TAKE CERTAIN ACTIONS IN

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CONNECTION WITH THE OBLIGATIONS; AUTHORIZING MODIFICATIONS OF THE OBLIGATIONS TO BE MADE BY RESOLUTION UNLESS ANOTHER ACTION IS REQUIRED; PROVIDING THAT THIS TITLE SHALL BE DEEMED A FAIR SUMMARY OF THIS ORDINANCE FOR ALL PURPOSES AND PROVIDING FOR PUBLICATION OF A FAIR SUMMARY HEREOF IN ANY APPLICABLE FORMAT; PROVIDING THAT THE PROVISIONS OF THIS ORDINANCE SHALL BE LIBERALLY CONSTRUED; AND OTHERWISE GENERALLY RELATING TO THE AUTHORIZATION, ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE OBLIGATIONS.

RECITALS

WHEREAS, The Mayor and Town Council of Cheverly, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act, the Bond Anticipation Note Act and the Refunding Act identified below (the “Town”), is authorized and empowered by Sections 19-301 through 19-309 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Enabling Act”), and Section C-24 of the Charter of the Town of Cheverly, as replaced, supplemented or amended (the “Charter”), to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds; and

WHEREAS, the Town has determined to undertake a public purpose project generally identified as the new Eley Building or by similar terms, which project includes the design, construction and outfitting of an approximately 21,716 square foot two-story building to be used by the Department of Public Works, as Council chambers and as meeting space, together with site redevelopment, including site utilities, stormwater management, an access road, parking and coordination of the improvements with the adjacent playing fields, walking track and batting cages (collectively, the “Project”); and

WHEREAS, the Town has determined to authorize the issuance and sale from time to time of one or more series of its general obligation bonds in order to finance, reimburse or refinance all or a portion of the costs of any components of the Project, together with related costs as described herein; and

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

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WHEREAS, subsequent to the issuance of any general obligation bonds provided for herein, the Town may desire to currently refund or advance refund all or a portion of such bonds through the issuance and sale from time to time of one or more series of its general obligation refunding bonds pursuant to the authority of Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Refunding Act”); and

WHEREAS, the Town has determined to pledge its faith and credit and taxing power to the prompt payment of debt service on any general obligation bonds, bond anticipation notes or refunding bonds issued under authority of this Ordinance; and

WHEREAS, the Council passed a Charter Amendment Resolution in 2013 that removed a tax rate limitation from Section C-29 of the Charter, but various published versions of the Charter contain inconsistent language for such Charter Section; and

WHEREAS, bond counsel to the Town and the financial advisor to the Town have recommended that the Council amend the Charter in order to clarify and confirm the prior removal of the tax rate cap from Charter Section C-29, and to make certain other modifications to such Section, primarily in order for bond counsel to be in a position to issue an unqualified opinion that any general obligation debt authorized by this Ordinance, as issued, is backed by a pledge of the Town’s full faith and credit and unlimited taxing power because general obligation debt that is backed by a full faith and credit pledge and the unlimited taxing power of an issuer is likely to result in both lower interest rates for and greater investor interest in such debt as compared to limited tax debt; and

WHEREAS, Charter Amendment Resolution CAR-2-22 making the clarifying and confirming amendments to Charter Section C-29 as described above was introduced before the Council on June 23, 2022; and

WHEREAS, as provided herein, if prior to issuance of any series of the general obligation bonds, bond anticipation notes or refunding bonds provided for herein, (i) Charter Amendment Resolution CAR-2-22 is adopted and becomes effective in accordance with applicable law, (ii) some other clarifying or confirming charter amendment satisfactory to bond counsel to the Town is adopted and becomes effective in accordance with applicable law, or (iii) bond counsel to the Town is otherwise satisfied, the applicable obligations will be issued upon the full faith and credit and unlimited taxing power of the Town; and

WHEREAS, in the event none of the conditions precedent described in the preceding WHEREAS clause is satisfied prior to the issuance of any particular series of the obligations provided for herein, such series may not be backed by the full faith and credit and unlimited taxing power of the Town, as determined by bond counsel to the Town; and

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WHEREAS, the Town shall issue any general obligation bonds, bond anticipation notes or refunding bonds authorized hereby in accordance with the terms and conditions provided for in a resolution or resolutions to be adopted by the Council of the Town (the “Council”) pursuant to the authority of the Enabling Act, the Bond Anticipation Note Act, the Refunding Act, other applicable law, Section C-24 of the Charter and this Ordinance, as applicable.

NOW, THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE MAYOR AND TOWN COUNCIL OF CHEVERLY, MARYLAND that:

SECTION 1.

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

(b) References in this Ordinance to any official by title shall be deemed to refer (i) to any official authorized under the Charter, the code of ordinances of the Town (the “Town Code”) or other applicable law or authority to act in such titled official’s stead during the absence or disability of such titled official, (ii) to any person who has been elected, appointed or designated to fill such position in an acting or interim capacity under the Charter, the Town Code or other applicable law or authority, (iii) to any person who serves in a “deputy”, “associate” or “assistant” capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy, associate or assistant in accordance with the Charter, the Town Code or other applicable law or authority, and/or (iv) to the extent an identified official commonly uses another title not provided for in the Charter, the Town Code or other applicable law or authority, the official, however known, who is charged under the Charter, the Town Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

(c) References in this Ordinance to the “Council” shall be deemed to refer to the six (6) Councilmembers provided for in the Charter plus, to the extent applicable under the Charter, the Mayor of the Town (the “Mayor”) when the Mayor has the authority to vote in accordance with Section C-11.B of the Charter.

(d) References in this Ordinance to the “principal amount” of any of the Bonds, the BANs, the Refunding Bonds or the Obligations (each as defined herein) shall be construed to mean the par amount of such Bonds, BANs, Refunding Bonds or Obligations, as applicable.

(e) References in this Ordinance to Town officials shall be deemed to include references to Town employees, to the extent applicable.

SECTION 2. Pursuant to the authority of the Enabling Act, Section C-24 of the Charter and any other applicable law, the Town hereby determines to borrow money and incur indebtedness from

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time to time for the public purpose of financing, reimbursing or refinancing all or a portion of the costs (as defined in Section 3(b) hereof) of any one or more components of the Project.

SECTION 3.

(a) To evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the Town, acting pursuant to the authority of the Enabling Act, Section C-24 of the Charter and any other applicable law, hereby determines to authorize the issuance and sale from time to time, in one or more series, upon its faith and credit, of its general obligation bonds in an original aggregate principal amount not to exceed Nine Million Two Hundred Thirty-Nine Dollars (\$9,000,239) (each, a “series of the Bonds” and, collectively, the “Bonds”). Any series of the Bonds may be issued as one or more bonds and any such bond may be issued in installment form and/or draw-down form.

(b) With respect to the Project, the word “costs” as used in Section 2 hereof shall include, as applicable, costs of the following activities and expenses: land and right-of-way acquisition and development; acquisition of other property rights; site and utility improvements, including, without limitation, grading, landscaping, paving and repaving, sidewalk, curb, gutter, storm water, water and sewer improvements, street lights, amenities, and related or similar activities and expenses; demolition, razing and removal; acquisition, construction, expansion, reconstruction, replacement, renovation, rehabilitation, upgrading, improvement, installation, furnishing and equipping activities and expenses, and related or similar activities and expenses; planning, design, engineering, testing, study, architectural, feasibility, surveying, document development, bidding, permitting, inspection, construction management, financial, administrative and legal expenses, and related or similar activities and expenses; contingencies; costs of issuance (which may include costs of bond insurance or other credit or liquidity enhancement); interest during construction and for a reasonable period thereafter (whether or not expressly so stated); and any such costs that may represent the Town’s share or contribution to the financing, reimbursement or refinancing of the Project (collectively, “Costs of the Project”).

(c) It is the intention of the Council that the principal amount of any issued Bonds (or of any issued BANs, as applicable) may be spent on any applicable Costs of the Project, including, without limitation, costs related to changes in the scope of and/or name of the Project effected through applicable budgetary procedures or applicable law.

(d) The Council, by enactment of a supplemental ordinance, and without notice to or consent of any owners of any issued Bonds (or the owners of any issued BANs, as applicable), may reallocate any portion of the principal amount thereof to be spent on costs (as defined in subsection (b) above, and as such definition may be amended by supplemental ordinance) of one or more additional projects identified in such supplemental ordinance and, in such event, references in this Ordinance to the “Project” shall be deemed to refer to all such projects, as applicable. After any such reallocation is made by supplemental ordinance, the Council, without notice to or the consent of any

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owners of any issued Bonds (or the owners of any issued BANs, as applicable), may reallocate the maximum principal amount of any issued Bonds (and of any issued BANs, as applicable) to be spent on Costs of the Project among any of such projects in compliance with applicable budgetary procedures or applicable law.

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

(f) Subject to the provisions of subsections (c) and (d) above, by resolution or as otherwise allowed by applicable law, and without notice to or the consent of any owners of any issued Bonds (or of any issued BANs, as applicable), the Council may determine or provide for the determination of, and subsequently reallocate, how any unexpended par amount of any series of the Bonds (or any series of the BANs, as applicable), net original issue premium realized upon sale and/or any investment earnings shall be expended, which may include, without limitation, on Costs of the Project (including costs of issuance), to reduce the par amount of the Bonds or of the BANs to be issued for the intended purpose of any particular series, to prepay or pay principal, premium and/or interest on a series of the BANs, and/or on debt service payable or prepayable on any such series of the Bonds or of the BANs, as applicable, to the extent permitted by applicable law.

SECTION 4. The proceeds of the Bonds shall be used and applied by the Town exclusively and solely for the public purposes described in or provided for in Section 3 of this Ordinance, unless a supplemental ordinance is enacted by the Council to provide for the use and application of such proceeds for some other proper public purpose authorized by the Enabling Act, the Charter or other applicable law that is not contemplated by another provision of this Ordinance.

SECTION 5.

(a) Pursuant to the authority of the Enabling Act and Section C-24 of the Charter, the Town hereby determines that it is in the best interests of the Town to sell each series of the Bonds by the solicitation of competitive bids at public sale after publication of the notice of sale in the manner prescribed by public general law due to the lower interest rates usually obtained through such a method of sale as opposed to through a private (negotiated) sale, including a private sale through a direct purchase transaction. Notwithstanding the foregoing sentence, in the event the financial advisor to the Town or an official of the Town with responsibility for financial matters advises that, due to market conditions, the expected maximum original aggregate principal amount of a series of the Bonds (including taking into consideration the maximum original aggregate principal amount of any other obligations with which such series of the Bonds may be consolidated in accordance with Section 11 of this Ordinance), the financial condition of the Town, demonstrated or anticipated lack of bidder

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interest in such series of the Bonds, or for any other customary reason as to why the method of sale of a series of general obligation bonds may be changed, such series of the Bonds should be sold by private (negotiated) sale, the Council by resolution may determine to sell such series of the Bonds by private (negotiated) sale, including, without limitation, through a negotiated underwriting, a private placement or a direct purchase transaction. In addition, in the event Section C-24 of the Charter is amended as permitted by the Enabling Act to change the method of conducting a sale by the solicitation of competitive bids at public sale, the Council by resolution may determine or provide for such method of sale in accordance with such amended Charter provisions.

(b) Pursuant to the authority of the Enabling Act, Section C-24 of the Charter, this Ordinance and any other applicable law, the Council, prior to the issuance, sale and delivery of each series of the Bonds, shall adopt a resolution or resolutions specifying, prescribing, determining, providing for or approving such matters, details, forms (including, without limitation, the form or substantially final form of the Bonds of such series), documents or procedures as may be required by the Enabling Act, Section C-24 of the Charter, other applicable law or this Ordinance or as the Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment, prepayment or redemption of or for such series of the Bonds, subject to the limitations of any applicable law. Any such resolution may, subject to the limitations of any applicable law, set forth, determine or provide for the determination of, provide for, or approve or provide for the approval of, among other matters, as applicable, the designation of such series of the Bonds; the date of issue of such series of the Bonds; the original aggregate principal amount of such series of the Bonds; the denomination or denominations of such series of the Bonds; the maturity or maturities of such series of the Bonds, or the method of determining such maturity or maturities; the principal installment or installments (including, without limitation, serial maturities and/or mandatory sinking fund installments) payable on such series of the Bonds or the method of determining such principal installments; the rate or rates of interest, or the method of determining the rate or rates of interest, payable on such series of the Bonds, which may be fixed or variable; provisions for the payment of late fees, additional interest and/or penalties payable with respect to such series of the Bonds and/or adjustments to interest rates; the purchase price for such series of the Bonds or the method of determining the purchase price; provisions relating to the prepayment or redemption of such series of the Bonds at the Town's option or by mandatory sinking fund payments; provisions allowing the owners of such series of the Bonds to put or cause the prepayment or redemption of the same at their option; subject to subsection (a) above, the manner of selling such series of the Bonds and all matters in connection therewith, including any forms or substantially final forms of documents, agreements, certificates, instruments or notices authorized or required by applicable law; provisions for the execution of such series of the Bonds; any limitations on the Costs of the Project on which the proceeds of such series of the Bonds may be expended and provisions for the appropriation, disposal and investment of such proceeds; the selection of any bond registrar, paying agent, investment bidding agent or other appropriate service providers in connection with such series of the Bonds; certifications, representations, determinations, designations or elections relating to the tax-exempt or taxable status of interest payable on such series of the Bonds; and all other terms and conditions pursuant to which such series of the Bonds will be

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issued, sold and delivered. Among other matters, the Council by resolution may authorize, approve or otherwise provide for (i) payment of any commitment fee, breakage fee or other fee and any other costs (including other parties' legal costs and expenses) payable in connection with any series of the Bonds, (ii) the obtaining of credit enhancement or liquidity enhancement for any series of the Bonds (and the negotiation, approval, execution and delivery of any agreements or documents relating thereto), and (iii) any other agreements, documents, instruments or determinations necessary or desirable to enhance the marketability of or as security for any series of the Bonds, including, without limitation, any ratings, any official statement or similar disclosure document or any continuing disclosure undertaking required to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12. References in this Section 5 to providing for determinations by resolution shall be construed to permit the Council to delegate to one or more officials the authority to make or provide on behalf of the Town any of the determinations, approvals or other decisions contemplated by this Section 5. Any resolution may specify, prescribe, determine or provide for the determination of, provide for, or approve or provide for the approval of, the matters identified in this Section 5 for more than one series of the Bonds.

SECTION 6.

(a) Pursuant to the authority of the Bond Anticipation Note Act and any other applicable law, the Town is hereby authorized and empowered to issue and sell, upon its faith and credit, its general obligation bond anticipation notes in one or more series from time to time in an original aggregate principal amount not to exceed Nine Million Two Hundred Thirty-Nine Dollars (\$9,000,239) (each, a "series of the BANs" and, collectively, the "BANs"), prior to and in anticipation of the sale of any series of the Bonds, for the public purpose of financing, reimbursing or refinancing Costs of the Project on an interim basis. Any such series of the BANs may consist of one or more notes and any note may be issued in installment form and/or draw-down form.

(b) Pursuant to the authority of the Bond Anticipation Note Act, the Town hereby determines that it is in the best interests of the Town to sell any series of the BANs by private negotiation through a direct purchase transaction due to the short-term nature of a bond anticipation note financing, because bond anticipation notes often can be structured as draw-down obligations, and because of the lower costs of interest typically incurred with such method of sale as compared to a negotiated underwriting, a private placement or the solicitation of competitive bids at public sale. Notwithstanding the foregoing sentence, in the event the financial advisor to the Town or an official of the Town with responsibility for financial matters advises that, due to the expected maximum original aggregate principal amount of a series of the BANs (including taking into consideration the maximum aggregate principal amount of any other obligations with which such series of the BANs may be consolidated in accordance with Section 11 of this Ordinance), an expectation that the Town will achieve better sale results by the solicitation of competitive bids at public sale or a negotiated underwriting or private placement (even taking into account the higher costs of issuance for any such method of sale as compared to a direct purchase transaction), the financial condition of the Town, or

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for any other customary reason as to why the method of sale of a series of general obligation bond anticipation notes may be changed, such series of the BANs should be sold by a method other than by private negotiation through a direct purchase transaction, the Council by resolution may determine to sell such series of the BANs by such other method of sale. In addition, in the event a determination is made to sell a series of the BANs by the solicitation of competitive bids at public sale and Section C-24 of the Charter is amended as permitted by the Enabling Act to change the method of conducting a sale by the solicitation of competitive bids at public sale, the Council by resolution may determine or provide for such method of sale in accordance with such amended Charter provisions.

(c) Prior to the issuance, sale and delivery of each series of the BANs, the Council shall adopt a resolution or resolutions pursuant to the authority of the Bond Anticipation Note Act, any other applicable law and this Ordinance authorizing such series of the BANs and specifying, prescribing, determining or providing for the determination of, providing for, or approving or providing for the approval of, with respect to such series of the BANs, the same types of matters, details, forms, documents, procedures or determinations detailed in Section 5(b) hereof that may be made or addressed with respect to any series of the Bonds, to the extent applicable with respect to such series of the BANs and subject to the provisions of subsection (b) above, and as otherwise may be authorized or required by applicable law. By resolution the Council may delegate to one or more Town officials the authority to make any final determinations, approvals or decisions with respect to any series of the BANs. Any resolution may specify, prescribe, determine or provide for the determination of, provide for, or approve or provide for the approval of, the details required or authorized by this Section 6 for more than one series of the BANs.

(d) The Town hereby covenants (i) to pay from the proceeds of one or more series of the Bonds the principal of any series of the BANs actually issued, (ii) to the extent that interest on any series of the BANs is not paid from proceeds of such BANs, to pay the interest on such series of the BANs from the proceeds of one or more series of the Bonds, and (iii) to issue the applicable series of the Bonds as soon as there is no longer a reason for deferring its issuance. This covenant shall not be construed to prevent the Town from paying principal of and/or interest on any series of the BANs from sources of funds other than proceeds of the Bonds, to the extent such other funds are available for such purpose.

(e) As authorized by the Bond Anticipation Note Act, by resolution the Council may provide for the renewal of any series of the BANs at maturity with or without resale, together with any amendments or modifications to or replacements of such series of the BANs and any related documentation.

SECTION 7.

(a) Pursuant to the authority of the Refunding Act and any other applicable law, the Town is hereby authorized and empowered to issue and sell, upon its faith and credit, its general obligation refunding bonds in one or more series from time to time (each, a “series of the

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Refunding Bonds” and, collectively, the “Refunding Bonds”), for the purpose of currently refunding or advance refunding in whole or in part any of the Bonds then outstanding, including paying all or any portion of the following: outstanding principal, prepayment or redemption premium, and/or interest accrued or to accrue to the date or dates of prepayment, redemption, purchase or maturity of the Bonds to be refunded, paying or reimbursing costs and expenses in connection with the issuance, sale and delivery of such series of the Refunding Bonds (including, without limitation, legal and financial costs and costs of any credit enhancement or liquidity enhancement), and, to the extent determined by the Council by resolution, paying interest on such series of the Refunding Bonds, for the public purpose of (A) realizing savings to the Town in the total cost of debt service on a direct comparison or present value basis, (B) debt restructuring that reduces the total cost of debt service, or (C) debt restructuring that is determined to be in the best interests of the Town, to be consistent with the Town’s long-term financial plan, and to realize a financial objective of the Town, including improving the relationship of debt service to any source of payment such as taxes, assessments or other charges, or for any other purpose then authorized by the Refunding Act or other applicable law, as determined or provided for by the Council by resolution; provided that, the original aggregate principal amount of any series of the Refunding Bonds shall not exceed one hundred thirty percent (130%) of the aggregate principal amount of the Bonds refunded therefrom. Any such series of the Refunding Bonds may consist of one or more bonds and any bond may be issued in installment form and/or draw-down form.

(b) Pursuant to the authority of the Refunding Act, the Town hereby determines that it is in the best interests of the Town to sell each series of the Refunding Bonds at a private sale (including, without limitation, through a negotiated underwriting, a private placement or a direct purchase transaction), without soliciting bids, due to the ability to time the market, negotiate with potential purchasers and thereby achieve a beneficial interest rate or rates and other beneficial terms by undertaking a private sale and, with respect to a private sale that involves a direct purchase transaction, the lower costs of issuance typically incurred with a direct purchase transaction as compared to a negotiated underwriting, a private placement or a solicitation of competitive bids at public sale. Notwithstanding the foregoing sentence, in the event the financial advisor to the Town or a Town official with responsibility for financial matters advises that, due to market conditions, the expected maximum original aggregate principal amount of a series of the Refunding Bonds (including taking into consideration the maximum original aggregate principal amount of any other obligations with which such series of the Refunding Bonds may be consolidated in accordance with Section 11 of this Ordinance), the financial condition of the Town, or for any other customary reason as to why the method of sale of a series of general obligation refunding bonds may be changed, such series of the Refunding Bonds should be sold by the solicitation of competitive bids at public sale, the Council by resolution may determine to sell such series of the Refunding Bonds by the solicitation of competitive bids at public sale. In addition, in the event Section C-24 of the Charter is amended as permitted by the Enabling Act to change the method of conducting a sale by the solicitation of competitive bids at public sale and the Council by resolution determines to sell a series of the Refunding Bonds by the

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solicitation of competitive bids at public sale, the Council by resolution may determine or provide for such method of sale in accordance with such amended Charter provisions.

(c) Prior to the sale, issuance and delivery of each series of the Refunding Bonds, the Council shall adopt a resolution or resolutions authorizing such series of the Refunding Bonds and specifying, prescribing, determining or providing for the determination of, providing for, or approving or providing for the approval of, with respect to such series of the Refunding Bonds, the same types of matters, details, forms, documents, procedures and determinations detailed in Section 5(b) hereof that may be made or addressed with respect to any series of the Bonds, to the extent applicable to such series of the Refunding Bonds and subject to the provisions of subsection (b) above, and as otherwise may be authorized or required by applicable law, including, without limitation, the purposes of the Refunding Act to be achieved by the issuance of such series of the Refunding Bonds, the selection of any escrow agent, verification consultant, escrow bidding agent or other service provider, the determination of the Bonds to be refunded in whole or in part from such series of the Refunding Bonds, the specific method of sale of such series of the Refunding Bonds, and any agreements, documents or other instruments necessary or desirable in connection with the refunding. By resolution the Council may delegate to one or more Town officials the authority to make any final determinations, approvals or decisions with respect to any series of the Refunding Bonds. Any resolution may specify, prescribe, determine or provide for the determination of, provide for, or approve or provide for the approval of, the details required or authorized by this Section 7 for more than one series of the Refunding Bonds.

(d) By resolution or as otherwise allowed by applicable law, and without notice to or the consent of any owners of any issued Refunding Bonds, the Council may determine or provide for the determination of, and subsequently reallocate, how any unexpended par amount of any series of the Refunding Bonds, net original issue premium realized upon sale and/or any investment earnings shall be expended, which may include, without limitation, on costs of issuance, to reduce the par amount of the Refunding Bonds to be issued for the intended purpose of any particular series, to prepay or pay principal, premium and/or interest on a series of the Bonds being refunded, and/or on debt service payable or prepayable on any such series of the Refunding Bonds, as applicable, to the extent permitted by applicable law.

SECTION 8.

(a) The faith and credit and taxing power of the Town are hereby pledged to the payment of the principal of and interest on each series of the Bonds, the BANs or the Refunding Bonds actually issued, as applicable (each, a “series of the Obligations” and, collectively, the “Obligations”), when due and to the imposition of the taxes hereinbelow described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of each series of the Obligations. Subject to the further provisions of this Section 8, the Town hereby covenants with the owners of the Obligations of each series to impose ad valorem

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taxes on all real and tangible personal property in the Town that is subject to assessment for municipal taxation at a rate or rates and in an amount sufficient to pay the principal of and the interest on the Obligations in each fiscal year in which any of the Obligations are outstanding and to take any further action that may be lawfully appropriate from time to time during the period that the Obligations of such series remain outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon. If the proceeds from the taxes so imposed in any such fiscal year are inadequate for such payment, additional taxes shall be imposed in the succeeding fiscal year to make up such deficiency.

(b) If prior to issuance of any series of the Obligations, (i) Charter Amendment Resolution CAR-2-22 is adopted and becomes effective in accordance with applicable law, (ii) some other clarifying or confirming charter amendment satisfactory to bond counsel to the Town is adopted and becomes effective in accordance with applicable law, or (iii) bond counsel to the Town is otherwise satisfied, the applicable series of the Obligations will be issued upon the full faith and credit and unlimited taxing power of the Town; otherwise, the pledge of the Town's faith and credit and taxing power provided for in subsection (a) above may be subject to any applicable Charter tax rate limitation, as determined by bond counsel to the Town. By resolution the Council shall specify or provide for the status of any issued series of the Obligations prior to its issuance.

(c) The foregoing provisions of this Section 8 shall not be construed so as to prohibit the Town from paying the principal of and interest on the Obligations of any series from the proceeds of the sale of any other obligations of the Town or from any other funds legally available for that purpose (including, without limitation, with respect to any BANs, from the proceeds of any Bonds and, with respect to any Bonds, from the proceeds of any Refunding Bonds). Within the limitations of any applicable Maryland or federal law (including, without limitation, the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder), the Town may apply to the payment of the principal of or interest on the Obligations of any series any funds received by it from the State of Maryland or the United States of America, or any governmental agency or instrumentality, or from any other source, if the funds are granted or paid to the Town for the purpose of assisting the Town in accomplishing the components of Costs of the Project which the Obligations of such series are issued to finance, reimburse or refinance or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be imposed may be reduced proportionately. By resolution the Council may provide that all or a portion of the debt service on the allocable portion of any series of the Obligations shall be payable in the first instance from specified revenues or other moneys identified in such resolution, to the extent available for such purpose.

SECTION 9.

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(a) Each series of the Obligations shall be sold for cash, which cash, to the extent applicable, may be advanced from time to time with respect to any Obligations structured as draw-down obligations.

(b) With regard to any series of the Obligations sold by public sale at competitive bid, such series of the Obligations may be sold at or above par value, as advised by the financial advisor to the Town and as determined or provided for by the Council by resolution.

(c) With regard to any series of the Obligations sold by public sale at competitive bid, any premium bid by the winning bidder for such series of the Obligations shall be adjusted by the financial advisor of the Town within any limitations provided for in the corresponding notice of sale in order to minimize the amount of excess proceeds resulting from such method of sale, which could result in a reduction in the par amount of such series of the Obligations from the maximum original aggregate principal amount originally expected to be issued when taking into account available premium to be applied to the stated purposes.

(d) With regard to any series of the Obligations sold in a negotiated underwriting or a private placement, such series of the Obligations may be sold at, above or below par value, as advised by the financial advisor to the Town or an official of the Town with responsibility for financial matters, and as determined or provided for by the Council by resolution.

(e) With regard to any series of the Obligations sold in a direct purchase transaction, such series of the Obligations shall be sold at par.

(f) With regard to any series of the Obligations sold by the solicitation of competitive bids at public sale, the bids for such series of the Obligations may be submitted by electronic bids only or by any other then-customary method of submitting bids at public sale, all as determined by the Council by resolution, subject to the limitations of any applicable law.

SECTION 10. By resolution, the Council may make any appropriate arrangements (including, without limitation, by authorizing one or more appropriate officials to make any elections, designations, determinations or filings on the Town's behalf) in the event any right of the owner of an Obligation to put or cause the prepayment or redemption of such Obligation at its option, or any change in the interest rate of an Obligation, or any other modification to an Obligation could lead to a reissuance of such Obligation for purposes of the Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder.

SECTION 11. By resolution, the Council may determine that any of the Bonds, the BANs or the Refunding Bonds may be consolidated with any bonds, bond anticipation notes and/or refunding bonds authorized by the Council and issued as a single series of bonds, bond anticipation notes and/or refunding bonds, as applicable.

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SECTION 12. By resolution the Council may make or authorize any modifications to (i) any series of the Obligations once issued, and (ii) any related documentation, agreements, certificates or instruments, unless under applicable law the proposed modifications require action by ordinance in addition to or in place of a resolution.

SECTION 13. With respect to any series of the Obligations, the Council by resolution may delegate to one or more specified officials the authority to negotiate, approve, execute and deliver, as applicable, any documents, agreements, certificates or instruments relating to such Obligations or to take other actions with respect thereto. The following Town officials: the Mayor, the Town Administrator, the Treasurer, the Town Clerk and all other appropriate officials and employees of the Town are hereby authorized, empowered and directed to (i) take any and all action necessary to complete and close the sale, issuance and delivery of any series of the Bonds, the BANs and the Refunding Bonds, (ii) negotiate, approve, execute and deliver all documents, agreements, certificates and instruments necessary or appropriate in connection with any such sale, issuance and delivery, and (iii) carry out the transactions contemplated by this Ordinance, any ordinance amendatory of or supplemental to this Ordinance, any resolution adopted in furtherance of this Ordinance (including any amendatory or supplemental resolutions), and any documents, agreements, certificates or instruments executed and delivered in connection with any series of the Obligations, all to the extent any particular action is within the scope of such official's authority and such authorization has not otherwise been delegated to one or more specified Town officials by ordinance or resolution.

SECTION 14. This Ordinance may be executed (i) in counterparts and/or (ii) to the extent not prohibited by applicable law, by electronic, stamped or facsimile signature, and all executed counterparts of this Ordinance shall be treated as one and the same instrument.

SECTION 15. The title of this Ordinance shall be deemed to be, and is, a fair summary of this Ordinance for publication and all other purposes; provided that the applicable Town officials, working with bond counsel to the Town, may provide for publication of a fair summary of this Ordinance in some format other than the title hereto.

SECTION 16. The provisions of this Ordinance shall be liberally construed in order to effectuate the transactions contemplated by this Ordinance.

SECTION 17. This Ordinance shall become effective at the expiration of thirty (30) calendar days after its passage. Pursuant to Section C-16.D.2 of the Charter, this Ordinance shall not be subject to petition for referendum.

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Introduced: July 14, 2022

Passed: August 11, 2022 (as introduced) (as amended) [check applicable box]: July 14, 2022

Effective: September 11, 2022 (31 calendar days after the date of passage)

Attest: _____

Kayce Munyeneh
Mayor

Marverly Nettles
Councilmember

Joseph Dalaker
Councilmember

Micah Watson
Councilmember

Charly Garces
Councilmember

Ted McCann
Councilmember

Amy Fry
Councilmember

#227213;50064.015

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