

ORDINANCE O-2-06

Authorizing Bond Issuance

An Ordinance of the Mayor and Town Council of Cheverly to supplement and amend Ordinance No. O-6-02, passed on July 11, 2002 and effective on August 11, 2002, to provide that (i) the Project defined in Ordinance No. O-6-02, a portion of the costs of which is authorized to be financed, refinanced or reimbursed from proceeds of the general obligation bonds, bond anticipation notes or refunding bonds authorized by Ordinance O-6-02, is expanded and restated to include all or a portion of the cost of the acquisition, construction, improvement, furnishing and equipping of a facility for use by the Town Police Department and/or the renovation, reconstruction, refurbishment, furnishing and equipping of portions of the existing municipal office building, together with the acquisition of necessary property rights and equipment, related site and utility improvements and related architectural, financial, legal, planning, design and engineering expenses and costs of issuance, (ii) the not to exceed aggregate principal amount of general obligation bonds authorized to be issued by the Town pursuant to Ordinance No. O-6-02 is increased from Eight Hundred Thousand Dollars (\$800,000) to One Million Two Hundred Thousand Dollars (\$1,200,000), (iii) the not to exceed aggregate principal amount of general obligation bond anticipation notes authorized to be issued by the Town pursuant to Ordinance No. O-6-02 is increased from Eight Hundred Thousand Dollars (\$800,000) to One Million Two Hundred Thousand Dollars (\$1,200,000), and (iv) the not to exceed aggregate principal amount of general obligation refunding bonds authorized to be issued by the Town pursuant to Ordinance No. O-6-02 is increased from Eight Hundred Thousand Dollars (\$800,000) to One Million Two Hundred Thousand Dollars (\$1,200,000); authorizing expenditure of the proceeds of the general obligation bonds, bond anticipation notes and refunding bonds authorized to be issued pursuant to Ordinance No. O-6-02, as supplemented and amended by this Ordinance, on capitalized interest, accrued interest or funded interest, as applicable; providing that this Ordinance serves as a declaration of official intent within the meaning of U.S. Treasury Regulation Section 1.150-2; providing that from and after the effective date of this Ordinance, Ordinance No. O-6-02 shall be supplemented and amended as described herein and all other provisions of Ordinance No. O-6-02 shall remain in full force and effect and applicable to any general obligation bonds, bond anticipation notes or refunding bonds issued pursuant to Ordinance No. O-6-02, as hereby supplemented and amended; providing that this title shall be deemed a fair summary of this Ordinance for all

purposes; and otherwise generally relating to the supplementing and amending of Ordinance No. O-6-02.

RECITALS

1. The Mayor and Town Council of Cheverly, a municipal corporation of the State of Maryland (the "Town"), is authorized and empowered by Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland (West 2002, as replaced, supplemented or amended) (the "Enabling Act") and Section C-24 of the Charter of the Town of Cheverly, as published in Municipal Charters of Maryland, Volume 2, 1990 Replacement Edition, 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.

2. The Town previously determined to undertake the acquisition, construction, improvement, furnishing and equipping of a facility for use by the Town Police Department, together with the acquisition of necessary property rights and equipment, related site and utility improvements and related architectural, financial, legal, planning, design and engineering expenses and costs of issuance, and to finance (including by reimbursing prior project expenditures) a portion of the costs of such project through the issuance of one or more series of general obligation bonds. Such facility will be located on land already owned by the Town adjacent to the municipal offices and is expected to be connected to the municipal office building by a breezeway.

3. Pursuant to the authority of the Enabling Act and the Charter, the Mayor and Town Council passed Ordinance No. O-6-02 on July 11, 2002, which became effective on August 11, 2002 ("Ordinance No. O-6-02"), authorizing the issuance by the Town from time to time of its general obligation bond or bonds in an aggregate principal amount not to exceed Eight Hundred Thousand Dollars (\$800,000.00) (whether issued as a single bond or as one or more series of bonds, collectively, the "Bonds") for the purpose of financing (including by reimbursing prior project expenditures) a portion of the costs of the activities described in paragraph 2 of these Recitals.

4. Ordinance No. O-6-02 provides that the Town's full faith and credit and unlimited taxing power shall be pledged to the payment of debt service on any of the Bonds.

5. Ordinance No. O-6-02 provides that prior to issuing any series of the Bonds the Town may need to obtain interim financing in order to finance Project (as defined in Ordinance No. O-6-02) costs on an interim basis and authorizes the issuance by the Town from time to time of a general obligation bond anticipation note or notes prior to and in anticipation of the sale of the Bonds in an aggregate principal amount not to exceed Eight Hundred Thousand Dollars (\$800,000.00) (whether issued as a single note or as one or more series of notes, collectively, the “Notes”) pursuant to the authority of Section 12 of Article 31 of the Annotated Code of Maryland (West 2002, as replaced, supplemented or amended) and the Charter.

6. Ordinance No. O-6-02 also authorizes the issuance by the Town from time to time of a general obligation refunding bond or bonds in an aggregate principal amount not to exceed Eight Hundred Thousand Dollars (\$800,000.00) (whether issued as a single refunding bond or one or more series of refunding bonds, collectively, the “Refunding Bonds”) for the purpose of refunding or advance refunding any Bonds then outstanding pursuant to the authority of Section 24 of Article 31 of the Annotated Code of Maryland (West 2002, as replaced, supplemented or amended).

7. The Town desires to expand and restate the definition of Project contained in Ordinance No. O-6-02 in order (i) to provide that proceeds of the Bonds, the Notes or the Refunding Bonds may be applied to finance (including by reimbursing prior project expenditures) or refinance, as applicable, all or a portion of the costs of any component of the Project and (ii) to include costs relating to the renovation, reconstruction, refurbishment, furnishing and equipping of portions of the existing municipal office building.

8. The Town further desires to authorize the expenditure of proceeds of any Bonds, Notes or Refunding Bonds issued pursuant to the authority of Ordinance No. O-6-02, as supplemented and amended by this Ordinance, on interest during construction and for a reasonable period thereafter (with respect to the Bonds or the Notes, as applicable), accrued interest on the Notes (with respect to the Bonds), accrued interest on the Bonds (with respect to the Refunding Bonds) and funded interest (with respect to each such type of obligation).

9. Projected Project (as defined in Ordinance No. O-6-02) costs have increased since 2002, and due to such increase in costs and the expansion of the

scope of the Project (as defined in this Ordinance), the Town wishes to adopt this Ordinance for the purpose of (i) expanding and restating the definition of the Project set forth in Ordinance No. O-6-02, (ii) increasing the aggregate principal amount of the Bonds authorized to be issued from an amount not to exceed \$800,000.00 to an amount not to exceed \$1,200,000.00, (iii) increasing the aggregate principal amount of the Notes authorized to be issued from an amount not to exceed \$800,000.00 to an amount not to exceed \$1,200,000.00, (iv) increasing the aggregate principal amount of the Refunding Bonds authorized to be issued from an amount not to exceed \$800,000.00 to an amount not to exceed \$1,200,000.00, and (v) addressing certain related matters.

10. Ordinance No. O-6-02 serves as a declaration of official intent within the meaning of U.S. Treasury Section 1.150-2 (the "Reimbursement Regulations") with respect to the Project (as defined therein). The Town intends this Ordinance to serve as a declaration of official intent with respect to the expanded definition of the Project provided for herein and the increase in the aggregate principal amount of the Bonds, the Notes or the Refunding Bonds authorized hereby.

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

SECTION 1. The Recitals to this Ordinance are deemed a substantive part of this Ordinance and incorporated by reference herein.

SECTION 2. From and after the effective date of this Ordinance, Section 1 of Ordinance No. O-6-02 is supplemented and amended by deleting the text of such Section 1 and inserting the following in place thereof:

SECTION 1. Pursuant to the authority of the Enabling Act and the Charter, the Town hereby determines to borrow money and incur indebtedness for the public purpose of financing (including by reimbursing prior project expenditures) all or a portion of the cost of any of the following: the acquisition, construction, improvement, furnishing and equipping of a facility for use by the Town Police Department and/or the renovation, reconstruction, refurbishment, furnishing and equipping of portions of the existing municipal office building, together with, in any such case, the acquisition of necessary property rights and equipment, related site and utility improvements and related architectural, financial, legal, planning, design and engineering expenses and costs of issuance (collectively, the "Project"). The total cost of any portion of the Project to be financed from the

proceeds of the Bonds (as hereinafter defined) will not exceed One Million Two Hundred Thousand Dollars (\$1,200,000.00).

SECTION 3. From and after the effective date of this Ordinance, Section 2 of Ordinance No. O-6-02 shall be supplemented and amended to provide that the aggregate principal amount of the Bonds (as defined in Section 2 of Ordinance No. O-6-02) authorized to be issued by the Town in order to evidence the borrowing and indebtedness authorized by Section 2 of Ordinance No. O-6-02 is One Million Two Hundred Thousand Dollars (\$1,200,000.00). Such indicated amount is an increase of \$400,000.00 from the aggregate principal amount of \$800,000.00 of the Bonds authorized by Ordinance No. O-6-02.

SECTION 4. From and after the effective date of this Ordinance, Section 9 of Ordinance No. O-6-02 shall be supplemented and amended to provide that the aggregate principal amount of the Notes (as defined in Section 9 of Ordinance No. O-6-02) authorized to be issued by the Town in order to evidence the interim borrowing and indebtedness authorized by Section 9 of Ordinance No. O-6-02 is One Million Two Hundred Thousand Dollars (\$1,200,000.00). Such indicated amount is an increase of \$400,000.00 from the aggregate principal amount of \$800,000.00 of the Notes authorized by Ordinance No. O-6-02.

SECTION 5. From and after the effective date of this Ordinance, Section 10 of Ordinance No. O-6-02 shall be supplemented and amended to provide that the aggregate principal amount of the Refunding Bonds (as defined in Section 10 of Ordinance No. O-6-02) authorized to be issued by the Town for the refunding purposes authorized by Section 10 of Ordinance No. O-6-02 is One Million Two Hundred Thousand Dollars (\$1,200,000.00). Such indicated amount is an increase of \$400,000.00 from the aggregate principal amount of \$800,000.00 of the Refunding Bonds authorized by Ordinance No. O-6-02.

SECTION 6. From and after the effective date of this Ordinance, (i) all references to the Project contained in Ordinance No. O-6-02 shall be construed to refer to the Project as defined in Section 2 of this Ordinance; (ii) all references to the Bonds contained in Ordinance No. O-6-02 shall be construed to refer to the aggregate principal amount of the Bonds authorized to be issued pursuant to Ordinance No. O-6-02, as supplemented and amended by Section 3 of this Ordinance; (iii) all references to the Notes contained in Ordinance No. O-6-02 shall be construed to refer to the aggregate principal amount of the Notes authorized to be issued pursuant to Ordinance No. O-6-02, as supplemented and

amended by Section 4 of this Ordinance; and (iv) all references to the Refunding Bonds contained in Ordinance No. O-6-02 shall be construed to refer to the aggregate principal amount of the Refunding Bonds authorized to be issued pursuant to Ordinance No. O-6-02, as supplemented and amended by Section 5 of this Ordinance.

SECTION 7. Notwithstanding the provisions of Ordinance No. O-6-02 and the definition of the Project contained therein or herein, and as determined or provided for by the Mayor and Town Council pursuant to the Resolution or any other resolution contemplated by Ordinance No. O-6-02, as applicable, (i) proceeds of the Bonds or the Notes, as applicable, may be applied to pay interest during construction and for a reasonable period thereafter, (ii) proceeds of the Bonds may be applied to pay interest on the Notes, (iii) proceeds of the Refunding Bonds may be applied to pay interest on the Bonds, and (iv) proceeds of the Bonds, the Notes and the Refunding Bonds may be applied to pay interest on such respective obligations.

SECTION 8. Ordinance No. O-6-02 constitutes a declaration of official intent for purposes of the Reimbursement Regulations with respect to the Project, as defined therein. This Ordinance evidences the Town's reasonable expectation to pay Project expenditures prior to the issuance of the Bonds or the Notes, as applicable, and to reimburse such prior Project expenditures from proceeds of the Bonds or the Notes, as applicable, with respect to the expanded and restated definition of the Project contained herein and the increase in the aggregate principal amount of the Bonds, Notes and Refunding Bonds provided for herein, and the Town intends for this Ordinance to serve as a declaration of official intent for purposes of the Reimbursement Regulations.

SECTION 9. This Ordinance is intended to supplement and amend Ordinance No. O-6-02 primarily to expand and restate the definition of the Project and provide authority for the Town to borrow money for purposes relating the Project in amounts in excess of the applicable amounts indicated in Ordinance No. O-6-02. This Ordinance does not revoke, repeal or rescind Ordinance No. O-6-02 but supplements and amends such Ordinance to expand and restate the definition of the Project and increase the total amount of debt authorized to be issued for Project purposes.

SECTION 10. From and after the effective date of this Ordinance, Ordinance No. O-6-02 shall be supplemented and amended as described herein and all other

provisions of Ordinance O-6-02 shall remain in full force and effect and be applicable to any Bonds, Notes or Refunding Bonds issued pursuant to Ordinance No. O-6-02, as supplemented or amended hereby, except as expressly provided herein.

SECTION 9. The title of this Ordinance shall be deemed to be, and is, a fair summary of this Ordinance for publication and all other purposes.

SECTION 10. This Ordinance shall become effective at the expiration of thirty (30) calendar days after its passage pursuant to the provisions of Section C-16 of the Charter, unless petitioned to referendum in accordance with the provisions of such Charter Section.

[SIGNATURES ON THE FOLLOWING PAGE]

INTRODUCED by the Mayor and Town Council of the Town of Cheverly, Maryland, at a regular meeting on _____, 2006, at which meeting copies were available to the public for inspection.

PASSED by the Mayor and Town Council of the Town of Cheverly, Maryland, at a regular meeting on _____, 2006, at which meeting copies were available to the public for inspection.

THE MAYOR AND TOWN COUNCIL OF
CHEVERLY