



**TOWN MEETING**  
**August 11, 2022**  
**8:00 PM**

**AGENDA**

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Approval of Agenda**
4. **Consent Agenda**
  - **Approval of Minutes** (Council Meeting – July 14 , Public Hearing – July 21)
  - **Town Grant Requests**
    - CAACO
    - Forest Road Arts Collective
    - Cheverly Forum
    - Cheverly Native Planting Project
5. **Resident Input** – Public comment period on items not on the agenda. All comments are limited to 3 minutes. Residents are asked to please state name and ward.
6. **\* 3rd Reader & passage of Ordinance O-5-22 – 2022 -General Obligation Ordinance –**  
Attorney Rader
7. **Public Works building bonding** - Jennifer Diercksen of Davenport will present proposed financial policies to be considered for adoption by Town Council at the September 8, 2022 meeting.
8. **Review of September Town Meeting agenda and future requests** and Town Administrator will offer a forecast of the Town Meeting agenda. Mayor will seek Council input on agenda items for consideration for future meetings.
9. **Mayor and Council Announcements** – Opportunity for Mayor and Council to share community happenings and events. The mayor will afford each elected official up to five minutes to speak. Unused time may not be transferred, and formal council business will not be conducted.
10. Adjourn

(\*) denotes an agenda item requiring action (typically expressed by a vote) of Mayor and Council.



\*In addition to general Resident Input, for regular meetings, as part of action items, presentations and discussion items on the agenda, residents seeking to speak will be recognized by the presiding officer. Residents may speak once, for no more than three minutes on each eligible agenda item.

***Please Note: Pursuant to the Annotated Code of Maryland, State Government Article Section 10-508(a), the Council by majority vote may retire to executive or closed session at any time during the meeting. Should the Council retire to executive or closed session; the mayor will announce the reasons and a report will be issued at a future meeting disclosing the reasons for such session.***

**Topic: Cheverly Town Meeting**

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/84025983118?pwd=cEhsbmU2aEs5MGViaGJnWVh6c1h6UT09>

**Webinar ID: 840 2598 3118**

**Passcode: 213079**

Or One tap mobile :

US: +13017158592,,84025983118#

Dial(for higher quality, dial a number based on your current location):

US: +1 301 715 8592



TOWN MEETING  
July 14, 2022  
8:00 PM  
**Minutes**

Call to Order

Meeting called to order at 8:00 pm via Zoom.

**In attendance: Mayor Munyeneh, Council Members Nettles, Watson, McCann, Dalaker, Garces and Fry**

Town Attorney: Jason Deloach

Staff: Town Administrator – Dylan Galloway, Assistant to the Town Administrator -Priscilla Matthews Town Accountant – Mike Lightfield, Town Clerk – Giselle Richards,

Pledge of Allegiance:

**Approval of Agenda**

**Motion to Approve the Agenda:** by CM Watson seconded by CM McCann. Approved unanimously.

**Motion to Approve the Consent Agenda:** by CM Nettles seconded by CM Fry. Approved unanimously.

Items on the Consent Agenda:

- **Approval of Minutes** (Council Meeting – June 9, Work Session – June 23)
- **Quote for Curtains**
- **Grant Request –**
  - Cheverly Community Market
  - VineCorps

**Resident Input –**

- Kelly Carnes Ward 4 – Read statement about rank choice voting and its benefits.
  - Increase voter turn out
  - Increase diverse pool of candidates

- Jake Corbin – Proposed petition to bring Personal Rapid Transit (PRT) to Cheverly Maryland

### **Committee Reports**

**Recreation Council:** No updates

**Green Infrastructure Committee:** Sheila Salo – Shared presentation regarding goldenrod plant and it's benefits.

**Cheverly Day Committee:** CM Watson- Cheverly Day is Saturday October 1<sup>st</sup> all day at town park. Many events and activities planned. Volunteer opportunities available.

**Planning Board:** Planning board was unable to attend meeting with RDA regarding Hospital Hill Development. Residents are encouraged to join or attend a meeting. Meetings are held 1<sup>st</sup> Tuesdays of the month

**Board of Elections:** No Update

7. **Ordinance O-5-22 – 2022 -General Obligation Ordinance** – Attorney Rader read title and provided an overview of ordinance. Ordinance authorizes the town to issue funding bond notes should interest rates change.
8. **2nd Reader of Charter Amendment Resolution CAR-2-22** – Mayor Munyeneh read the Charter Amendment
9. **Town Administrator Report** –
  - Red Cross Blood drive was a success
  - Shorescan project delayed
  - Online reservation calendar has been updated and is current
  - We have 5 SYEP interns until mid-August
  - Code Ward Walks have been successful, and the following are dates for the next walks
  - Upcoming events: Water Day for youth, public hearing on 7-21-22 for residential zone parking on Oak St, and 7-28-22 for CAR-2-22
10. **Police Report** – Town Administrator Galloway provided report for police department.
  - New police clerk coming on board. Total number of officers is now 10 in field and 3 in training
11. **Public Works Report** – Town Administrator Galloway provided report:
  - Speed humps installation is scheduled to start on Monday, weather permitting. Lockwood Road speed humps should be first. The raised crosswalk last.
  - Sidewalk near the American Legion is the next scheduled work. Likely to start in a week or two.
  - Woodworth Park renovation/installation is scheduled to start on Mondays, weather permitting
  - William Eley, Jr. Public Works Building continues to progress. The mandatory referral to the M-NCPPC has been submitted. A pre-acceptance meeting was held, and it appeared to go well. The Commission's Planning Staff asked for some additional information before accepting. Once accepted, it will be presented to the Commission's Planning Board within 60 days. Adjacent property owners and civic associations will be notified of the Planning Board's hearing. M-NCPPC staff will

prepare a staff report that may contain recommendations, as well as the Planning Board. The Town is not required to follow the recommendations. The Storm Water Management Plan has also been submitted. This requires public notification as well. On Monday, a courtesy presentation was given to the Green Infrastructure Committee and no concerns were noted. The team was not available to present tonight. Letters from KCI Technologies, the engineering firm for this project, will be sent out soon or has already started to send out.

- CM Nettles would like a timeline for work being done in Ward 1. Specifically, the sidewalks on Newton St & 57<sup>th</sup> Place
- CM Nettles requested that the town pay attention to the alley way behind the homes of Cheverly Ave & Bellview. Town administrator stated that the residents can fill out a request that is posted online to have it cleared

#### **12. Review of July Work session Meeting agenda and future requests**

- Mayor – Alley ways and town maintenance
- Final reader & adoption of CAR -2-22
- Grant request from
- Pepco will provide update
- Annexation Update
- Historical Preservation update
- 

#### **13. Mayor and Council Announcements**

- CM Nettles, Ward 1 – Thank you to staff for setting up CPR class, thank the CERT team for helping residents in need during the last storm.
- CM Watson, Ward 2 – Food truck beer garden event at the American Legion on 7-29-22. Congratulations to the new leadership at the American Legion
- CM McCann, Ward 3 – Cheverly
- CM Dalaker, Ward 4 – Water task force & disability advisory board will be scheduling meetings soon
- CM Garces, Ward 5 –
- CM Fry, Ward 6 – Mount Hope Commission picnic at town park on 7-16-22, Cheverly Prom will be held a week before Cheverly Day
- Mayor Munnyeh – Stay safe because Covid is still around. Many thanks to the CERT team for keeping the town safe. Ward 4 Civic Association will hold another meeting. Plans for Boyd Park restrooms have been approved and Prologis will be paying for it.

**Adjourn:** by CM Nettles at 9:30 pm, seconded by CM Dalaker. Approved anonymously.



TOWN MEETING  
July 21, 2022  
7:00 PM  
**Minutes**

Call to Order

Meeting called to order at 7:07 pm.

**In attendance: Mayor Munyeneh, Council Members Nettles, McCann, Garces and Fry**

Staff: Town Administrator – Dylan Galloway, Assistant to the Town Administrator -Priscilla Matthews, Town Clerk – Giselle Richards,

Pledge of Allegiance

CM Fry – Stated the concerns that the residents of 6500 and 6600 blocks of Oak St. 3200 block of Hillside Ave and 6500 block of Maureen Ct. have about parking on their blocks.

CM Garces – Stated the hazards that as a resident of Cheverly Station apartments, it's difficult to find parking due to management not allowing residents enough spaces for parking in parking lot.

**Resident Input –**

- Dr. Wendy Webb- Ward 6- In favor of permit parking. Provided examples of violations where vehicles block driveways and park on the yellow painted curb.
- Michelle Ortiz- Ward 6 – Expressed that the roads are damaged and causes problems parking on Oak St.
- Thuy – Ward 6 – In favor of parking restrictions. Gave examples of
- Christen – Ward 6 – In favor of parking restrictions. Did not come in person due to not being able to find a space at this time.
- Stacy – Ward 6 – In favor of parking restrictions. Expressed concerns about how people move cones and trash bin
- Chris G – Ward 5 – Has issues with Cheverly Station management not allowing tenants

to receive parking permits to park in the parking lot.

Theresa- Ward 6 – In favor of parking restrictions. Frustrated with parking situation on Oak St and how the Cheverly Station Management haven't been helpful. Thank you, CM Fry and Mayor, for listening and responding to our concerns.

Chris Pierno - Maureen Court – As a resident of the affected area that the Zoned Permit Parking Petition encompasses, I write in support of the petition and the impact it will have on the quality of life of the residents that it affects.

Motion to suspend rules and procedures and for this meeting made by CM Nettles. 2<sup>nd</sup>  
by CM Fry. CM Nettles, CM Garces, CM Fry voted yes.

Motion to make 6500 & 6600 blocks of Oak St, 3200 block of Hillside Ave,  
and 6500 block of Maureen Ct. to be residential zoned permit parking by CM Fry, 2<sup>nd</sup> CM  
Nettles. CM Nettles, CM McCann, CM Garces, CM Fry voted yes.

**Adjourn:** by CM Fry at 8:00 pm, seconded by CM Nettles. Approved anonymously.

## **CHEVERLY GRANT REQUEST**

The Cheverly African American Community Organization, (CAACO) is requesting a grant to host our 2<sup>nd</sup> CAACO Annual Community Day and Back-To-School supply distribution on August 27, 2022. The grant request is presented below.

### **GRANT PURPOSE:**

To facilitate the CAACO Annual Community Day and Back-To-School supply distribution event. This event is an opportunity for all residents in the Cheverly community, to come together, interact with one another, and meet our neighbors. Additionally, back-to-school supplies are provided to the children in attendance to help get the school year off to a positive start. The children get to participate in activities with one another and their families.

The event is scheduled for Saturday August 27, 2022, from 12 PM to 4 PM in the parking lot of the Cheverly United Methodist Church located at, 2801 Cheverly Avenue, Cheverly, MD 20785. We plan to have food trucks, shaved ice, family entertainment, and games area.

### **REQUESTED FUNDS:**

Food Vendor	\$ 1200.00
Porta Potty (2)	200.00
Entertainment	<u>600.00</u>
<b>TOTAL:</b>	<b><u>\$ 2,000.00</u></b>

### **COMMUNITY BENEFIT:**

CAACO is honored to be hosting our 2<sup>nd</sup> CAACO Annual Community Day and Back-To-School supplies event. The event will provide for students in our community and vicinity, a chance to come out and have some good old fashion fun as we whine down from the summer break from school. This also demonstrates CAACO's continued commitment to engage in community awareness and administer community focused activity events.

**Barbara Brown**

**CAACO President**



## GRANT ACQUISITION AGREEMENT FORM

All grants issued by the Mayor and Cheverly Town Council are from appropriated funds of the Town of Cheverly and must be accounted for to specified auditing standards.

**Name:** Elise Castelli

**Phone:** 301-832-7145

**Address:** 6007 Inwood Street Cheverly, MD 20785

**Organization:** Forest Road Arts Collective

I hereby agree NOT to expend funds allocated to the designated organization for salaries, stipends and/or personal income.

As duly authorized by the above named organization to accept this grant, I assume full responsibility for the proper expenditure of funds for the requested expenses and will report to the town staff the manner in which expended.

Receipts and a full accounting of all grant funds are required by the end of the given Fiscal Year ending June 30th.

I also understand that the funds provided are not for my own personal use, and that violation of this agreement will result in the reimbursement to the Town of Cheverly of any/all funds spent outside the parameters as denoted in the grant application.

Date: 6/27/2022



Signature of Grant Recipient

PLEASE ATTACH THE FOLLOWING:

**THE PURPOSE OF THE GRANT REQUEST.**

Art is a form of expression, therapy, release, and a space for personal and interpersonal growth. In recent years, art programs are decreasingly funded in public schools, and increasingly commercialized, privatized, and monetized. Forest Road Arts Collective, a not-for-profit community organization in Cheverly, MD, seeks to provide accessible, affordable community access to art supplies and creative spaces, and to establish mentorship programs to support early-career artists with marketing, inventory management, and self-promotion. To help us accomplish these goals, we are seeking grant funding from the Town of Cheverly. Funds awarded by the town of Cheverly will be instrumental in kick-starting this program, enabling us to host events for the community, establish a network of Cheverly artists, and apply for further funding. A detailed description of our proposed Year 1 activities is included in the next section.

**A DETAILED DESCRIPTION OF THE PROJECT/PROGRAM YOU WISH TO EXECUTE WITH THE CHEVERLY GRANT PROGRAM FUNDING.**

For Year 1 of grant funding, we plan to utilize funds for four categories of expenditure: (1) administrative costs (website), (2) community events with a youth focus, (3) supplementing fees for individuals and other community groups to attend classes/book private events at local art studio (Arteasy) and other Cheverly-based artisan events, and (4) host a joint performance and art exhibition event for Cheverly artists and performers. Further description of each activity category included below, with projected cost allocations per line item included in the next section.

***Activity 1: Administrative***

- We have launched a webpage for Forest Road Arts – and are currently paying out-of-pocket. We would like to transition the monthly fee for the website to grant funding once awarded.

***Activity 2: Community Events***

- We propose quarterly community-focused art events, for which we will partner with local small business - Arteasy studio. These events would be open to the neighborhood to attend and participate in all activities free of charge. These events will include crafts, food, and beverages. The events will have different themes – and we will work to partner with other Cheverly organizations to promote the event and reach various target audiences. For example, Forest Road Arts may partner with Vine Corps and Cheverly STEM to design a youth-focused creativity social, or with the Cheverly Village to hold an art event geared towards the elderly population in town.
- We propose holding craft circles at various town events, that would be free for students to attend. For this we also recommend partnering with local small business, Arteasy studio, to take advantage of the inventory of crafts they have on-site. Some town events that we would aim to hold these free craft circles at include Cheverly Community Markets, Cheverly Day, the annual Christmas Tree Lighting, Halloween Parade, etc.

**Activity 3: Supplementing registration and reservation fees for Cheverly residents and Community Organizations.**

- Following discussion with the founders of Artesy studio – two groups in town that we would like to focus outreach on for this activity include Scout troops and the homeschool community.
  - o Scout Troops – Activity budgets for scout troops are often very tight, meaning that scouts may not be able to afford to hold events at Artesy studio, despite strong interest. We would like to set a budget aside to allow for cost sharing with Cheverly scout troops interested in booking events at the Artesy studio, to make this an affordable option.
  - o Homeschool community – When reaching out to gauge interest of local residents in supporting this initiative, we launched a survey to collect information for membership, and other ideas. One response spoke to the unmet need of accessible arts education for homeschool students in the area, *“I can help link to homeschoolers in Cheverly and PG County. Affordable art is a big void for our community. The parks and rec [department] has zero options, [there are] occasional classes at the library, or we have home grown sessions within our own groups. But to BELONG in the Cheverly community as little artists – regardless of our schooling status. That is a big win.”*

**Activity 4: Performance and Gallery Events**

- We would like to begin an annual tradition of hosting a professionally executed performance and gallery event that features Cheverly’s talented artists. We would partner with local organizations, local businesses, and experienced community members to design and execute an event that showcases our teen and young adult community members. This will ensure that they are seen and appreciated for their artistic talents and will also create a pathway for young artists to connect with older artists in town. The opportunity to show their work side-by-side, with established and beginning artists given the same platform will be an empowering experience for young artists.

**A DETAILED ACCOUNTING OF AMOUNTS AND ACTIVITIES/ITEMS FOR WHICH THE GRANT FUNDS SHALL BE UTILIZED.**

**A DETAILED TIMELINE FOR THE EXPENDITURE OF FUNDS.**

The funds outlined below will be supplemented by other sources, including grant streams, donations, and fundraising, to meet our targets. Timelines are included in the activity tables.

**Activity 1: Administrative**

Line Item	Cost per Unit	Number of Units	Total Cost	Timeline
Squarespace subscription	\$20.14 monthly	12 months	\$241.68	Monthly for one year

**Activity 2: Community Events**

<b>Line Item</b>	<b>Cost per Unit</b>	<b>Number of Units</b>	<b>Total Cost</b>	<b>Timeline</b>
Craft Supplies for Community Events	\$20 per event	5 Community Markets	\$100	Monthly for August, September, October, November, December
Craft Supplies for Quarterly Events	\$75 per event	4 events	\$300	Quarterly in October, February, May, August
Decorations for Quarterly Events	\$25 per event	4 events	\$100	Quarterly in October, February, May, August
Food and drinks for Quarterly Events	\$50 per event	4 events	\$200	Quarterly in October, February, May, August

**Activity 3: Supplementing registration and reservation fees for Cheverly residents and Community Organizations.**

<b>Line Item</b>	<b>Cost per Unit</b>	<b>Number of Units</b>	<b>Total Cost</b>	<b>Timeline</b>
Cost Sharing Pool for Community Groups	\$350	1 Unit	\$350	Ad hoc throughout year as requested
Cost Sharing Pool for Individuals	\$300	1 Unit	\$300	Ad hoc throughout year as requested

**Activity 4: Performance and Gallery Events**

<b>Line Item</b>	<b>Cost per Unit</b>	<b>Number of Units</b>	<b>Total Cost</b>	<b>Timeline</b>
Equipment	\$300	1 Unit	\$300	May 2023
Food/Drinks	\$108.32	1 Unit	\$108.32	May 2023

The requested funds total to \$2,000.00

**THE OVERALL BENEFIT TO THE COMMUNITY.**

Art is a form of expression, therapy, release, and a space for personal and interpersonal growth. The events proposed by the Forest Road Arts Collective will provide art experiences to all members of the community, from pre-schoolers through senior citizens. Free events and funded scholarships will remove monetary barriers, democratizing access to art. Art brings community together in new ways, helping neighbors to collaborate creatively and learn from and about each other.

# Cheverly Town Grant Application

## Supporting Documentation

**Organization:** Cheverly Community Forum for Accountability and Action  
**Submitted:** July 21, 2022

### Purpose of Grant Request

This grant request is for \$2,000 to support three events for the 2022-2023 fiscal year to continue our program “From Exclusion To Inclusion: Building the Beloved Community”, hosted by the Cheverly Community Forum for Accountability and Action. The grant funds will be used to cover speaker fees, room rentals, printing and publication costs, as well as accessibility needs such as closed captioning and interpretation.

### Detailed Description of Program/Project

The Cheverly Community Forum for Accountability and Action (The Forum) was formed to advocate for a civic engagement process where residents across the town work together to build a more inclusive and welcoming town community for all residents. To do this effectively, we acknowledge the immediate need to support a civic engagement process that provides maximum opportunities for residents to engage with each other and ultimately to weigh in about what policies and practices our city leaders, town administration, and police department could/should deploy and to help our community become much more sensitive to the needs of all Cheverly residents.

We believe that professionals should be compensated for their time, so we will offer speaker’s fees when appropriate. We will be requiring registration for our events, and as part of that registration we will inquire as to the need for special accommodations.

The Forum currently has three subcommittees: Neighbor and Town Organization Engagement, Policy issues, and Youth issues. Each subcommittee is planning an activity for the community. The Neighbor and Town Subcommittee is working on a **September 17th** movie night for the community to show two award-winning films from Not In Our Town (NIOT). The films: Not In Our Town: Billings Montana, and Light in the Darkness feature residents and leaders from two different communities coming together to grapple with their response to hate and intolerance. The Forum is affiliated with the NIOT Network of community organizations. – see more at [niot.org](http://niot.org) – and we will use the films and discussion materials from their resource library to engage with the Cheverly community. The plan is for the movie showing to be outside in Town Park (with the gym as a rain location), with a facilitated community dialogue immediately

following the films that evening. We have printed Pledge forms that attendees can sign at the event about the Commitment they personally can make to stand up to intolerance and hate, and we have printed 100 yard signs and have ground stakes for free distribution that evening. We currently have 100 yard signs printed, and 100 copies of Pledges, as well as Cheverly Forum stickers for the event. We also have snacks and drinks for the attendees all paid for with the prior grant (since we had planned the event for July 2022 but needed to reschedule for September). We would like to create another 100 yard signs for the September event as well as make copies of 300 fliers to distribute notices about the Movie night to the Apartments and to the local churches to drive participation

The Policy subcommittee is working to design a community program for **November** about Community Schools and Health clinics to combat the the racial health gap that we discussed with the community last year. We plan to have speakers on a panel talk about the health clinics and share information about health needs of students in our community and how citizens can get involved to support school clinics. In **February 2023** , our Youth Subcommittee will plan another event to further our goals of ensuring we engage young people to build inclusivity in our community and to help create and drive solutions.

## Accounting and Timeline

*These are estimates. Costs will vary by event; receipts will be provided that reflect actual costs.*

<b>September</b>	Film Night (additional printing costs only)	
	Print 100 signs + fliers for town-wide distribution	\$1100
<b>November</b>	Speaker Costs	\$300
	Printing & Reproduction	\$150
<b>February</b>	Speaker Costs	\$300
	Printing & Reproduction	\$150
	<b>TOTAL</b>	<b>\$2,000</b>

## Overall benefit to the community

In pursuit of greater inclusion, equity, and justice — The Forum cultivates relationships, builds bridges, and provides platforms to involve those whose stories and perspectives are too often unheard, disregarded, or otherwise crucially missing from public discussion and decision. We have joined the national group Not in Our Town (NIOT) and continue to work with Facilitators to

stay on track. We believe that our community events further our theme of “From Exclusion To Inclusion: Building the Beloved Community” and will bring our town a step closer to these ideals. We can have a greater impact in our work if we receive a town grant to support our efforts. Our funds from last year’s grants funded three well-attended zoom webinars and community dialogues on important topics: racial wealth gap; racial health gap; and youth engagement. Each event had expert speakers and had large attendance by the Cheverly community. The fourth event that we covered with the grant funds from last year were the supplies for the Movie Night (which we postponed from July 2022 to September 2022). As indicated, we are asking for additional funds for the September movie night to create more yard signs for larger town-wide distributions and fliers to advertise heavily in August and September to drive participation for residents who may not participate in the community list-servs. The Grant request for 2022-2023 will also support and enhance two additional events that we are planning for this Fiscal Year.

## GRANT ACQUISITION AGREEMENT

All grants issued by the Mayor and Cheverly Town Council are from appropriated funds of the Town of Cheverly and must be accounted for to specified auditing standards.

Name: Diane Beedle Phone: 202-489-9373

Address: 6423 Forest Road  
Cheverly, MD 20785

Organization: Cheverly Native Planting Project

- I hereby agree NOT to expend funds allocated to the designated organization for salaries, stipends and/or personal income.
- As duly authorized by the above named organization to accept this grant, I assume full responsibility for the proper expenditure of funds for the requested expenses and will report to the town staff the manner in which expended.
- Receipts and a full accounting of all grant funds are required by the end of the given Fiscal Year ending June 30<sup>th</sup>.
- I also understand that the funds provided are not for my own personal use, and that violation of this agreement will result in the reimbursement to the Town of Cheverly of any/all funds spent outside the parameters as denoted in the grant application.

Date: July 27, 2022

  
\_\_\_\_\_  
*Signature of Grant Recipient*

PLEASE ATTACH THE FOLLOWING:

- ❖ THE PURPOSE OF THE GRANT REQUEST.
- ❖ A DETAILED DESCRIPTION OF THE PROJECT/PROGRAM YOU WISH TO EXECUTE WITH THE CHEVERLY GRANT PROGRAM FUNDING.
- ❖ A DETAILED ACCOUNTING OF AMOUNTS AND ACTIVITIES/ITEMS FOR WHICH THE GRANT FUNDS SHALL BE UTILIZED.
- ❖ A DETAILED TIMELINE FOR THE EXPENDITURE OF FUNDS.
- ❖ THE OVERALL BENEFIT TO THE COMMUNITY.



1. *The purpose of the grant request.* This grant is to fund the cost of native plants (perennials, shrubs, and small trees) and materials for the removal of invasive, non-native plants in Cheverly Nature Park (north end of Tremont Avenue) and other areas of Cheverly.
2. *A detailed description of the project/program you wish to execute with the Cheverly Grant program funding.* The Cheverly Native Planting Project (CNPP) plans to recruit members and other volunteers to remove invasive species in Cheverly Nature Park and plant native species to increase the biodiversity in the immediate area. CNPP has made great strides in removing Chinese wisteria (*Wisteria sinensis*) from Cheverly Nature Park. There are other invasive, non-native species that need to be removed so existing native trees and plants can flourish. Local native plants will be planted to fill the voids left from removing the invasives.
3. *A detailed accounting of amounts and activities/items for which the grant funds shall be utilized.* The Cheverly Native Planting Project will track the cost of plants, materials, and estimated volunteer hours required for each site within Cheverly. **The Cheverly Natives Planting Project requests a grant of \$2,000.00 for these purchases.**
4. *A detailed timeline of the expenditure of funds.* Funds will be used to purchase native plants by November 1, 2022. A detailed report of expenditures will be submitted to the Mayor and Council by January 31, 2023.
5. *The overall benefit to the community.* The plots would create more bio-diverse and productive public lands, expand the access to more naturalized areas in town, and serve as points of education regarding better use of green space. These spaces will increase the population of pollinators and birds in town and serve as an example of possible native plantings available for the citizens of Cheverly.

**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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Underlining : Indicates material added by amendment after introduction  
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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.

Underlining : Indicates material added by amendment after introduction  
~~Strike through~~ : Indicates material deleted by amendment after introduction

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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Underlining : Indicates material added by amendment after introduction  
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Introduced: \_\_\_\_\_, 2022

Passed: \_\_\_\_ (as introduced) \_\_\_\_ (as amended) [check applicable box]: \_\_\_\_\_, 2022

Effective: \_\_\_\_\_, 2022 (31 calendar days after the date of passage)

Attest: \_\_\_\_\_

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Councilmember

\_\_\_\_\_  
Councilmember

\_\_\_\_\_  
Councilmember

\_\_\_\_\_  
Councilmember

\_\_\_\_\_  
Councilmember

\_\_\_\_\_  
Councilmember

#227213;50064.015

Underlining : Indicates material added by amendment after introduction  
~~Strike through~~ : Indicates material deleted by amendment after introduction



## CHARTER AMENDMENT RESOLUTION CAR-2 -22

A CHARTER AMENDMENT RESOLUTION OF THE COUNCIL OF THE MAYOR AND TOWN COUNCIL OF CHEVERLY FOR THE PURPOSE OF REPEALING AND RE-ENACTING, WITH AMENDMENTS, SECTION C-29 (TAXES: LEVY, COLLECTION, ASSESSMENTS) OF ARTICLE VII (POWERS) OF THE CHARTER OF THE TOWN OF CHEVERLY FOR THE PURPOSE OF CLARIFYING AND CONFIRMING THAT (1) THE TAX CAP PREVIOUSLY CONTAINED IN SUCH SECTION IS NOT EFFECTIVE, AND (2) THE TOWN HAS AUTHORITY TO CREATE CLASSIFICATIONS OF PROPERTY FOR THE PURPOSE OF SETTING TAX RATES BUT PROVIDING THAT SUCH AUTHORITY SHALL BE SUBJECT TO ANY LIMITATIONS OF APPLICABLE LAW; MAKING CERTAIN STYLISTIC CHANGES IN, AND CORRECTING AN OUTDATED REFERENCE TO A SECTION OF THE ANNOTATED CODE OF MARYLAND IN, SUCH SECTION; PROVIDING FOR COMPLIANCE WITH CERTAIN PROVISIONS OF THE ANNOTATED CODE OF MARYLAND REGARDING CHARTER AMENDMENTS; PROVIDING THAT THIS TITLE CONSTITUTES A FAIR SUMMARY OF THIS CHARTER AMENDMENT RESOLUTION; AND GENERALLY RELATING TO THIS CHARTER AMENDMENT RESOLUTION.

### RECITALS

WHEREAS, pursuant to Article XI-E of the Constitution of Maryland Article of the Annotated Code of Maryland as currently in effect (the “Maryland Constitution”) and Section 4-301 *et seq.* of the Local Government Article of the Annotated Code of Maryland as currently in effect (the “Local Government Article”), the legislative body of a Maryland municipality has the authority to amend its Charter in accordance with the procedures set forth therein; and

WHEREAS, pursuant to Section C-12 of the Charter of the Town of Cheverly (the “Charter”), all legislative powers of The Mayor and Town Council of Cheverly, a Maryland municipality (the “Town”), are vested in the Council of the Town, although in accordance with the Charter the Mayor of the Town has the right to vote on certain matters before the Council or in certain circumstances; and

WHEREAS, pursuant to two separate 2013 Charter Amendment Resolutions, the Town adopted amendments to Section C-29 (Taxes: Levy, collection, assessments) of Article VII (Powers) of the Charter in order to (1) remove the tax cap from such section, and (2) add language to such section making explicit the authority of the Town to create classifications of property for the purpose of setting tax rates; and

WHEREAS, the language of Section C-29 of Article VII of the Charter is inconsistent among various published versions of the Charter, with certain versions failing to include the language of the 2013 Charter amendments; and

WHEREAS, because the Town anticipates issuing general obligation debt in the future, and to ensure that any such general obligation debt may be backed by a pledge of the Town's full faith and credit and unlimited taxing power, the financial advisor to the Town and bond counsel to the Town have recommended that this Charter Amendment Resolution be adopted to resolve discrepancies in the language of Section C-29 of Article VII of the Charter as published in various versions and to clarify and confirm (1) that the tax cap previously provided for in such section of the Charter is not effective, and (2) that the Town has the authority to create classifications of property for the purpose of setting tax rates but that such authority shall be subject to any limitations provided for in applicable law; and

WHEREAS, different published versions of the Charter identify the section in question as either "§ C-29" or "Section C-29;" and

WHEREAS, this Charter Amendment Resolution identifies such section as "Section C-29," with the understanding that if the Charter, as amended, is republished in different publications of the Charter and the convention "§ C-XX" is used to identify sections in any such published version, such section numbering convention may vary among different publications of the revised Charter; and

WHEREAS, the Council deems it to be in the best interests of the Town and its residents to so amend Section C-29 of Article VII of the Charter for the purposes stated in these Recitals; and

WHEREAS, a public hearing was held on the proposed amendment to Section C-29 of Article VII of the Charter as required by Section 4-304(a)(2) of the Local Government Article before this Charter Amendment Resolution was considered for adoption.

SECTION 1. NOW, THEREFORE, BE IT RESOLVED that the Recitals to this Charter Amendment Resolution are deemed a substantive part of this Charter Amendment Resolution, and capitalized terms defined in the Recitals to this Charter Amendment Resolution and used in the Sections of this Charter Amendment Resolution shall have the meanings given to such terms in such Recitals, unless any such term is separately defined in the Sections of this Charter Amendment Resolution.

SECTION 2. AND BE IT FURTHER RESOLVED that pursuant to the authority of Article XI-E of the Maryland Constitution and Section 4-301 *et seq.* of the Local Government Article, Section C-29 (Taxes: Levy, collection, assessments) of Article VII (Powers) of the Charter of the Town of Cheverly (the "Charter"), as published in Municipal Charters of Maryland, 2018 Replacement Edition, as the same may have been amended to date, whether or not any such amendments have been incorporated within the version of the Charter published in Municipal Charters of Maryland, is hereby repealed in its entirety and re-enacted, with amendments, to read as follows, with the entire section being italicized and, as authorized by Section 4-303(e)(2) of the Local Government Article, without setting forth the repealed text because such entire section is being repealed and re-enacted, with amendments:

“Section C-29. Taxes: Levy, collection, assessments.

*The Mayor and Town Council of Cheverly shall levy, on or before the 30th day of June for each year, the taxes for the year beginning the first day of July on real estate and business (including utilities) personal property at such rates as they may find necessary for anticipated expenses for the coming fiscal year. The rates shall be set each year as a part of the annual budget process and shall be levied on each one hundred dollars (\$100.00) assessed valuation based upon the State and County assessments for all purposes.*

*The Mayor and Town Council shall have the authority to set such classes or classifications of properties and improvements for the purpose of setting the rate of taxation for each such class or classification. Such classes or classification shall be based upon reasonable factors including but not limited to zoning classifications, improvements on the land, the use of the land, the impact on the Town or an area of the Town of such improvements or use, as well as any other reasonable basis. Notwithstanding the foregoing, the powers of the Town provided for in this paragraph shall be subject to any limitations set forth in applicable law.*

*All improvements which become substantially completed between July 1 and September 30 in any year shall be assessed for taxes, and such improvements shall be subject to municipal taxation in said year on the basis of three-fourths (3/4) of the regular assessment made for State and County purposes for said year. All improvements which become substantially completed between October 1 and December 31 in any year shall be assessed for taxes, and such improvements shall be subject to municipal taxation in said year on the basis of one-half (1/2) of the regular assessment made for State and County purposes for said year. In the case of buildings under construction, the term “substantially completed” shall mean when the building is under roof, plastered (or ceiled) and trimmed.*

*Real estate situated within an area annexed between July 1 and September 30 in any year shall be assessed for taxes and shall be subject to municipal taxation in said year on a basis not to exceed three-fourths (3/4) of the regular assessment made for State and County purposes for said year. Real estate situated within an area annexed between October 1 and December 31 in any year shall be assessed for taxes and shall be subject to municipal taxation in said year on a basis not to exceed one-half (1/2) of the regular assessment made for State and County purposes for said year.*

*All taxes so levied shall be a lien on any and all property of the person, partnership or corporation against whom or which they may be levied, and the taxes so levied shall be due and payable the first day of July next succeeding the levy thereof, and shall be in arrears on the first day of the succeeding October and*

*from and after that date they shall bear interest at the rate of two-thirds of one per centum (2/3 of 1%) for each month or fraction thereof until paid, in accordance with applicable provisions of the Tax-Property Article of the Annotated Code of Maryland, as replaced, supplemented or amended. In addition to said interest, after October 1 there shall also accrue a penalty of one per centum (1%) for each month or fraction thereof until paid or a sale for default shall have been finally ratified by the court.”*

SECTION 3. AND BE IT FURTHER RESOLVED that by undertaking the repeal and re-enactment, with amendments, of Section C-29 of Article VII of the Charter, the Town is (1) clarifying and confirming that the cap or limitation on the rates for real property taxes and personal property taxes previously set forth in the first paragraph of such Charter section is not effective by not including any tax rate cap/limitation language in the first paragraph of such section as set forth above in Section 2 of this Charter Amendment Resolution, (2) clarifying and confirming the authority of the Town to set classes or classifications of property for the purpose of setting tax rates pursuant to the second paragraph of such section, but making such authority subject to any limitations of applicable law by adding the final sentence to the second paragraph of such section as set forth above in Section 2 of this Charter Amendment Resolution, (3) capitalizing references to “State” and “County” within such section as set forth above in Section 2 of this Charter Amendment Resolution for purposes of consistency, and (4) changing the outdated reference to Article 81, Section 48 of the Annotated Code of Maryland in the last paragraph of such section as set forth in Section 2 of this Charter Amendment Resolution to applicable provisions of the Tax-Property Article of the Annotated Code of Maryland, as replaced, supplemented or amended.

SECTION 4. AND BE IT FURTHER RESOLVED that the amendment to the Charter proposed by this Charter Amendment Resolution shall be and become effective fifty (50) days after adoption of this Charter Amendment Resolution unless petitioned to referendum in accordance with Sections 4-304(d) and 4-307 of the Local Government Article within forty (40) days following its adoption. A complete and exact copy of this Charter Amendment Resolution shall be posted as required by Section 4-304(b)(1) of the Local Government Article for forty (40) days following its adoption and a fair summary of the Charter amendment shall be published in a newspaper of general circulation in the Town at least four (4) times, at weekly intervals, within the forty (40) days following adoption of this Charter Amendment Resolution.

SECTION 5. AND BE IT FURTHER RESOLVED that after this Charter Amendment Resolution becomes effective, either as herein provided or following referendum, the Mayor of the Town shall send or cause to be sent to the Maryland Department of Legislative Services the information required by Sections 4-308 and 4-109 of the Local Government Article.

SECTION 6. AND BE IT FURTHER RESOLVED that the Mayor of the Town is hereby authorized and directed to carry out or cause to be carried out the provisions of Sections 4 and 5 of this Charter Amendment Resolution.

SECTION 7. The title of this Charter Amendment Resolution is deemed a fair summary hereof for publication and all other purposes.

INTRODUCED at a public meeting held on June 23, 2022.

PUBLIC HEARING held on July 28, 2022.

ADOPTED at a public meeting held on \_\_\_\_\_, 2022.

Votes on the Charter Amendment Resolution:

\_\_\_\_\_votes in favor

\_\_\_\_\_votes opposing

\_\_\_\_\_votes abstaining

Attest: \_\_\_\_\_

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Councilmember

\_\_\_\_\_  
Councilmember

\_\_\_\_\_  
Councilmember

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Councilmember

\_\_\_\_\_  
Councilmember

\_\_\_\_\_  
Councilmember

#227022;50009.004

# Town of Cheverly, Maryland

## Financial Policies Presentation



August 11, 2022

# Table of Contents



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<b>A</b>	Overview
<b>B</b>	Proposed Reserve Policy
<b>C</b>	Proposed Debt Policies
<b>D</b>	Other Proposed Policies
<b>E</b>	Next Steps
<b>F</b>	Appendix: Draft Financial Policies

# Overview



- The Town of Cheverly, Maryland (the “Town” or “Cheverly”) is planning to issue approximately \$8.6 million in General Obligation Bonds of 2022 (“Series 2022 Bonds”) in the public market in October 2022 to finance the new Public Works Building.
  - Prior to going to market, the Town will need to obtain a credit rating on the upcoming bond issuance.
  - Credit ratings indicate to potential investors the level of risk (likelihood of default) associated with a particular issuer/issuance. The higher the credit rating assigned, the less risk a default will occur.
  
- To help ensure the Town maintains its healthy financial position going forward and to enhance the possibility that a high-grade credit rating can be obtained for the upcoming bond issuance, Davenport & Company LLC (“Davenport”), as the Town’s financial advisor, recommends the Town adopt formal financial policies.
  
- Effective financial policies, which ideally are adopted by a legislative body such as the Town Council, help to guide decision making and are essential to a local government’s long-term fiscal health.
  - Financial policies provide stability and continuity over the years as staff and elected officials turn over by establishing benchmarks against which a local government can measure performance.
  
- In addition, financial policies are a topic on which there has been increased focus by the credit rating agencies.
  - It is important for local governments to have a good understanding of how their financial policies align with rating agency expectations to promote assignment of the best credit rating.
  - If a policy is adopted, the rating agencies want to gain comfort that a policy can be met and maintained. If a local government falls outside its policy threshold, rating agencies like to see an established plan (best if within written policy) for regaining compliance with current policy.
  
- The remainder of this presentation will outline each of the proposed financial policies and provide next steps for moving forward.

# Proposed Reserve Policy

# Fund Balance/Reserve Policy



- The Town’s available fund balance has increased 66.3% over the past five years to \$5.0 million or 68% of operating revenues in fiscal year 2021.
  - Fund balance is the most important credit factor that a rating agency considers, so maintaining strong reserve levels will be viewed as a credit positive.
  - In addition, with the upcoming larger bond issuance, having a higher reserve policy would help to offset the budgetary impact of increased debt service.
  
- For these reasons, Davenport would recommend the Town adopt a formal financial policy for reserves.
  - As long as the Series 2022 Bonds are outstanding, Davenport would recommend setting the policy threshold at 27%-30% of operating revenues, which the Town is already in compliance with as of fiscal year 2021.
    - Of the total reserve, 25% would be designated as a Rainy Day Reserve (“RDR”) to offset major one-time events and would require a super-majority vote of Council to utilize funds in the RDR.
    - The remaining 3% (policy minimum) to 5% (policy target) would be designated as a Budget Stabilization Reserve (“BSR”) and would act as a first line of defense to help offset any unexpected fluctuations in revenues and expenditures in any given year. Only a simple majority vote of Council would be needed to utilize funds in the BSR.
  - In addition, if the RDR were to fall below the 25% threshold in the future, then the Town’s policy should require a plan to address how those reserves will be replenished within a three-year timeframe as recommended by Government Finance Officers Association (“GFOA”).
  - Any remaining funds after both policies are met would be split 50/50 between a Capital Reserve and other one-time items.

FY	Available Fund Balance	General Fund Operating Revenues	Available Fund Balance vs. Revenues
2017	\$3,030,089	\$6,550,445	46%
2018	3,094,097	6,422,691	48%
2019	3,638,799	6,972,690	52%
2020	4,467,544	6,644,772	67%
2021	5,041,593	7,407,389	68%

Source: 2017-2020 Audits; 2021 Unaudited.

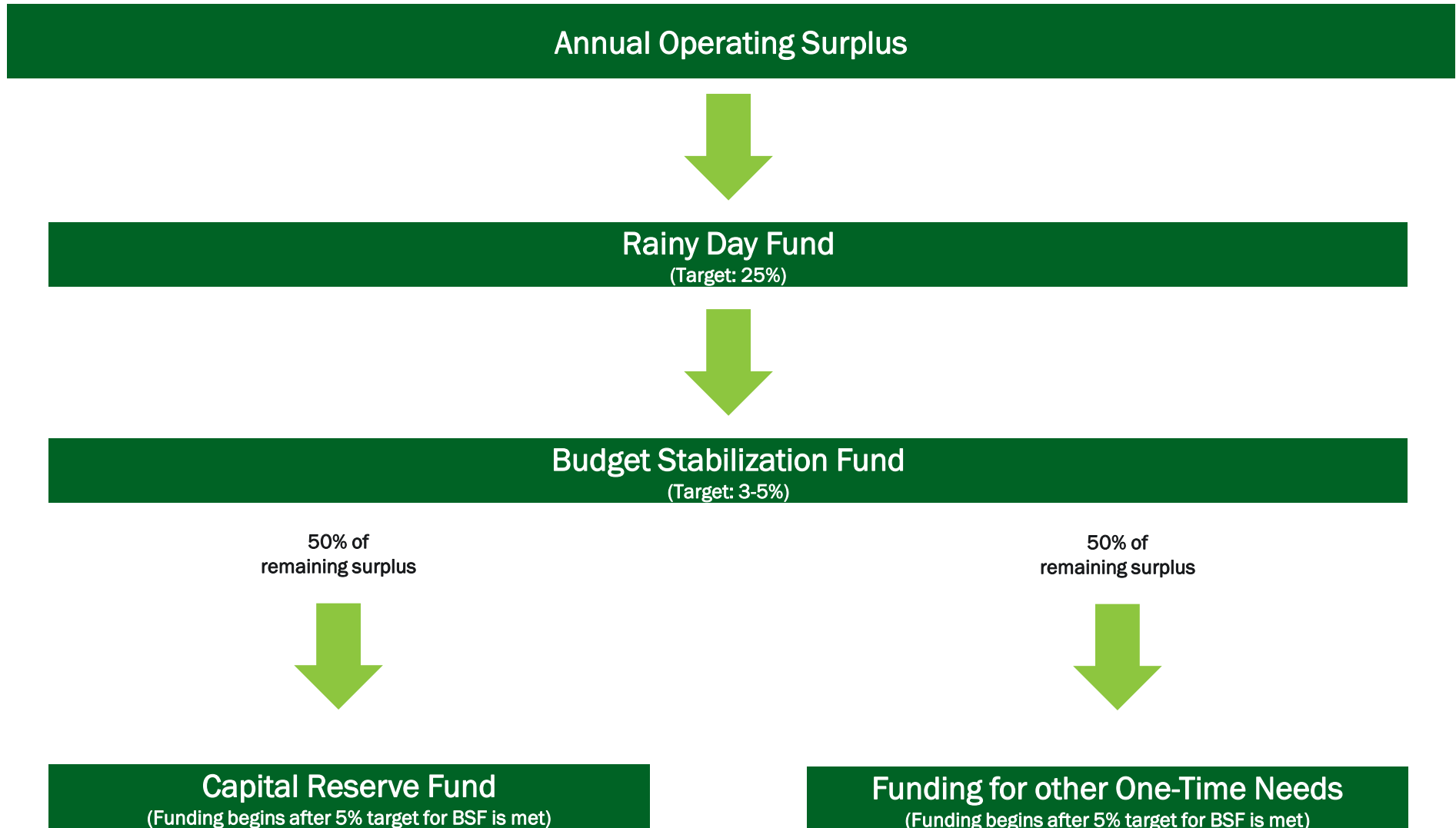
# Peer Comparisons – Reserve Policies

- The reason that we are recommending a reserve policy that is slightly higher than peers is due to upcoming larger bond issuance. Having a higher reserve policy would help to offset the budgetary impact of increased debt service.

Local Government	Moody's Rating	Policy
Annapolis	Aa2	Maintain unassigned General Fund balance of at least 15% of budgeted revenues for General, Parking, and Transportation Funds. For any reserves above 15% target, half will fund one-time capital needs while the other half will be a Budget Stabilization Fund until it reaches its 3% target. Once the Budget Stabilization fund is full, the remaining funds can be used for other one-time items.
Bowie	Aaa	Maintain General Fund reserves at 25% of budgetary expenditures.
Brunswick	Aa3	Formal policy of retaining unassigned fund balance of 5% of annual operating revenues, although the City informally targets at least 10% of annual operating revenues.
College Park	Aa1	Maintain an amount equal to 25% of the ensuing year's General Fund expenditures.
Easton	Aa2	Maintain an unassigned General Fund balance equal to a minimum of two months (16.3%) and a maximum of four months (32.6%) of the following fiscal year's budgeted General Fund expenditures.
Frederick	Aa1	Maintain unreserved/undesignated General Fund balance to be maintained at a minimum of 12% of expenditures.
Greenbelt	-	Maintain a Rainy Day Fund of at least 15% and Budget Stabilization Fund of 3%-5%.
Hagerstown	Aa3	Maintain unassigned reserves of at least 17% of General Fund budget.
Hyattsville	Aa2	Maintain unassigned General Fun balance of at least 10%-15% of General Fund budget.
Myersville	A2	Formal policy of retaining unassigned fund balance of 30% of annual operating revenues.
Ocean City	Aa2	Maintain General Fund reserves of at least 15% of General Fund expenditures.
Rockville	Aaa	Maintain General Fund reserves of at least 20% of General Fund revenues.
Salisbury	Aa3	Maintain undesignated reserves of at least 10% of following year's General Fund budget.

Source: 2021 Budgets/Policy Documents.

# Proposed Reserve Policy – Flow of Funds



# Proposed Reserve Policy Language

**RAINY DAY FUND:** The Town will establish a Rainy Day Fund (“RDF”) that will be maintained at a level not less than twenty-five percent (25%) of General Fund revenues. Reserves in the RDF should be considered restricted and only available for use to help offset significant revenue or expenditure fluctuations driven by extreme one-time events such as natural disasters, global pandemics, economic recessions, and/or federal mandates. Use of RDF reserves requires a supermajority vote of Town Council.

If the Town Council, upon the recommendation of the Town Administrator and the Town Treasurer, wishes to appropriate RDF reserves such that the amount would fall below its 25% threshold, such appropriation must be accompanied by a reserve replenishment plan that restores the fund balance to its policy level within the subsequent three years.

**BUDGET STABILIZATION FUND:** The Town will establish a Budget Stabilization Fund (“BSF”) that will be maintained at a level not less than three percent (3%) and a target of five percent (5%) of General Fund revenues. Reserves in the BSF can help offset any revenue or expenditure fluctuations that may occur in any given fiscal year with a simple majority vote of Town Council. Reserves in the BSF should be utilized before any draws can be made on the RDF.

At the close of each fiscal year, the BSF shall receive any remaining operating surplus after the RDF is full. Balances in the BSF will be allowed to accumulate until they reach an amount equal to 5% of General Fund revenues. If the BSF reaches the 5% target, the portion of any surplus normally allocated to the BSF would be equally split between a capital reserve fund (50%) and unassigned General Fund balance that can be used for other one-time items (50%).

**CAPITAL RESERVE FUND:** The Town recognizes that continued, periodic reinvestment and maintenance of capital infrastructure is critical to maintaining the quality of life for residents and businesses and minimizing the additional cost associated with deferred maintenance. Direct funding for the Capital Reserve Fund (“CRF”) shall come from 50% of any annual operating surpluses in the Town’s General Fund, as long as the Town’s 25% policy for the RDF and 5% target for the BSF have been met.

Monies in the CRF shall be appropriated by the Town Council for payment of debt service that was incurred for capital projects (such as the Series 2022 Bonds) or to directly fund capital expenditures.

**FREQUENCY OF RESERVE POLICY REVIEW:** The Town shall review the reserve policy to determine if it is still applicable or if any changes need to be implemented at least every two years after adoption.

# Proposed Debt Policies

# Debt to Assessed Value Policy

- Debt to Assessed Value is a measure of **Debt Capacity** and answers “Can I borrow this?”
  - A Debt to Assessed Value policy is a common policy adopted by similar local governments and seen as a strength by the credit rating agencies.
  - The Town currently maintains a policy that requires outstanding General Obligation debt not to exceed 10% of assessed valuation.
    - Davenport would recommend the Town adopt an updated policy of maintaining General Obligation no higher than 3% of assessed value, which the Town has been well under over the past five years and will remain under after the issuance of the Series 2022 Bonds (estimated at 1.7% utilizing \$510 million assessed valuation proxy).
    - While more conservative, this metric also allows for additional flexibility for the financing of future capital needs.

Fiscal Year	Assessed Value*	Debt Outstanding	Debt to Assessed Value
2017	\$510,000,000	\$395,000	0.08%
2018	\$510,000,000	\$364,995	0.07%
2019	\$510,000,000	\$237,809	0.05%
2020	\$510,000,000	\$105,000	0.02%
2021	\$510,000,000	\$0	0.00%

\*2015 Assessed Valuation from Moody's Investors Service

## PROPOSED POLICY LANGUAGE

**DEBT AS A PERCENTAGE OF ASSESSED VALUE:** The Town will maintain its tax-supported debt at a level not-to-exceed three percent (3%) of assessed value. This ratio is a measure of debt capacity and allows the Town to determine if additional debt can be issued to fund current and/or future capital needs.

**FREQUENCY OF POLICY REVIEW:** The Town shall review this policy to determine if it is still applicable or if any changes need to be implemented at least every two years after adoption.



# Peer Comparisons – Debt to Assessed Value



Local Government	Moody's Rating	Policy
Annapolis	Aa2	Not to exceed 3% of assessed value (Target of 2% of assessed value)
Bowie	Aaa	Not to exceed 0.8% of full value.
Brunswick	Aa3	-
Cambridge	A1	-
College Park	Aa1	Not to exceed 10% of assessed value. (Can only issue 5% of assessed value without voter approval)
Easton	Aa2	Not to exceed 1.5% of assessed value.
Frederick	Aa1	Not to exceed 2.5% of assessed value.
Greenbelt	-	Not to exceed 3% of full value.
Hagerstown	Aa3	-
Hyattsville	Aa2	Not to exceed 2% of assessed value.
Myersville	A2	-
Ocean City	Aa2	Not to exceed 3% of assessed value.
Rockville	Aaa	Not to exceed 1% of assessed value.
Salisbury	Aa3	Not to exceed 10% of assessed value.

# Key Debt Ratio: Debt Service-to-Revenues

- Debt Service to Revenues measures **Debt Affordability**, and answers the question, “Can I afford this?”
  - A Debt Service to Revenues policy is a common policy adopted by similar local governments and seen as a strength by the credit rating agencies.
  - The Town currently maintains a policy that requires that requires total General Obligation debt service for long-term debt should not exceed 10% of total operating revenues.
    - The typical policy ceiling for debt service to expenditures is usually between 10% - 12%, which the Town is well below, and is expected to remain below after the issuance of the Series 2022 Bonds. *As such, Davenport would not recommend any change to this policy.*

Fiscal Year	Tax-Supported Debt Service*	General Fund Revenues**	Debt Service as a % of Revenues
2021	\$107,270	\$7,407,389	1.4%
2022	-	7,555,537	-
2023	166,657	7,706,648	2.2%
2024	504,275	7,860,780	6.4%
2025	507,275	8,017,996	6.3%
2026	504,900	8,178,356	6.2%
2027	507,150	8,341,923	6.1%
2028	504,025	8,508,762	5.9%
2029	505,525	8,678,937	5.8%
2030	506,525	8,852,516	5.7%
2031	502,150	9,029,566	5.6%
2032	502,400	9,210,157	5.5%
2033	507,025	9,394,360	5.4%



## PROPOSED POLICY LANGUAGE

**DEBT SERVICE AS A PERCENTAGE OF OPERATING REVENUES:** The Town will maintain its annual tax-supported debt service at or below ten percent (10%) of General Fund revenues. This ratio is a measure of debt affordability and allows the Town to determine its ability to repay tax-supported debt without affecting other general government services.

**FREQUENCY OF POLICY REVIEW:** The Town shall review this policy to determine if it is still applicable or if any changes need to be implemented at least every two years after adoption.

\*Preliminary, subject to change; Based on current market rates as of July 28, 2022.

\*\*Fiscal Year 2021 General Fund Revenues from Fiscal Year 2021 Audit; Revenues grow at 2% annually thereafter. Preliminary, subject to change.

# Peer Comparisons – Debt Service-to-Revenues/Expenditures



Local Government	Moody's Rating	Policy
Annapolis	Aa2	Not to exceed 12% of expenditures (target of 10%).
Bowie	Aaa	Not to exceed 10% of General Fund revenues net of Water & Sewer debt.
Brunswick	Aa3	-
Cambridge	A1	-
College Park	Aa1	-
Easton	Aa2	Not to exceed 10% of total annual General Fund expenditures.
Frederick	Aa1	Not to exceed 13% of the General Fund budget.
Greenbelt	-	Not to exceed 12% of General Fund expenditures (target of 10%).
Hagerstown	Aa3	-
Hyattsville	Aa2	Not to exceed 17% of General Fund expenditures (target of 15%).
Myersville	A2	-
Ocean City	Aa2	Not to exceed 10% of General Fund expenditures (target of 8%).
Rockville	Aaa	Not to exceed 15% of General Fund expenditures.
Salisbury	Aa3	Not to exceed 10% of operating expenditures.

# Key Debt Ratio: Fixed Cost Burden

- Fixed Cost Burden is a new metric that measures **Financial Flexibility**. It expands on debt service to revenues to include the Town’s pension obligations.
  - The higher a local government's fixed costs, the less financial flexibility that government will have for other operating needs.
- The Town does not currently maintain a policy on total fixed costs. We would recommend implementing one as this is a topic that the rating agencies are currently focused upon.
  - Davenport would recommend implementing a proposed policy for fixed costs not exceed 25% of operating revenues. This is typically the threshold that rating agencies measure against.
  - **If adopted, the Town would be one of the first to formalize a policy on this important metric.**

Fiscal Year	Tax-Supported Debt Service*	Pension Contributions**	Total Fixed Costs	General Fund Revenues***	Total Fixed Costs as a % of Revenues
2021	\$107,270	\$368,241	\$475,511	\$7,407,389	6.4%
2022	-	405,065	405,065	7,555,537	5.4%
2023	166,657	445,572	612,229	7,706,648	7.9%
2024	504,275	490,129	994,404	7,860,780	12.7%
2025	507,275	539,142	1,046,417	8,017,996	13.1%
2026	504,900	593,056	1,097,956	8,178,356	13.4%
2027	507,150	652,361	1,159,511	8,341,923	13.9%
2028	504,025	717,598	1,221,623	8,508,762	14.4%
2029	505,525	789,357	1,294,882	8,678,937	14.9%
2030	506,525	868,293	1,374,818	8,852,516	15.5%
2031	502,150	955,122	1,457,272	9,029,566	16.1%
2032	502,400	1,050,635	1,553,035	9,210,157	16.9%
2033	507,025	1,155,698	1,662,723	9,394,360	17.7%

## PROPOSED POLICY LANGUAGE

**FIXED COSTS AS A PERCENTAGE OF TOTAL GOVERNMENTAL EXPENDITURES:** The Town will calculate a fixed cost burden that will measure the Town’s overall financial flexibility. The Town’s fixed cost burden will be calculated as a total of annual tax-supported debt service from the General Fund and annual pension contributions as a percentage of total operating revenues. The Town’s fixed cost burden shall not exceed 25% of total operating revenues.

**FREQUENCY OF POLICY REVIEW:** The Town shall review this policy to determine if it is still applicable or if any changes need to be implemented at least every two years after adoption.

\*Preliminary, subject to change; Based on current market rates as of July 28, 2022.

\*\*Fiscal Year 2021 Pension Contribution from Fiscal Year 2021 Audit; Contributions grow at 10% annually thereafter. Preliminary, subject to change.

\*\*\*Fiscal Year 2021 General Fund Revenues from Fiscal Year 2021 Audit; Revenues grow at 2% annually thereafter. Preliminary, subject to change.

# Balanced Budget Policy

# Balanced Budget Policy

- In addition to the proposed reserve and debt policies, adopting a balanced budget policy will help to ensure the Town’s financial position remains healthy going forward, which will be viewed positively by the rating agencies.
  - Most local governments maintain a balanced budget policy, but this will be even more important for the Town, as the rating agencies will want to know that the Town is committed to raising revenues and/or reducing expenditures to ensure debt service on the upcoming bond issue will be paid without reducing the Town’s strong reserve position.
  
  - Any use of reserves above the proposed reserve thresholds should only be utilized for one-time expenditures rather funding recurring operating expenditures.

## PROPOSED POLICY LANGUAGE

**BALANCED BUDGET POLICY:** The Town of Cheverly will adopt an annual General Fund budget in which recurring revenues and recurring expenditures are equal without the use of reserves (balanced budget). Any one-time revenues or use of reserves above the reserve policy thresholds outlined below will be used for one-time, non-recurring expenditures such as capital assets, pay-as-you-go projects in the Capital Improvement Program (CIP), debt reduction and reserve contributions.

# Next Steps

# Next Steps

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## FINANCIAL POLICIES:

- **August 12 – September 8:** Follow-up with Council on any outstanding questions and revise proposed policies based on any Town Council/Staff suggestions.
- **September 8:** Town Council to adopt final version of financial policies.

## SERIES 2022 BOND FINANCING SCHEDULE:

- **September 9:** Calls with Rating Agencies.
- **September 16:** Private Ratings due to Town.
- **September 23:** Public Ratings released.
- **September 28:** Post Preliminary Official Statement.
- **October 6:** Series 2022 Bond Sale.
- **October 20:** Closing on Series 2022 Bonds.



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