

ORDINANCE 2020-007

AN ORDINANCE OF THE COUNCIL OF THE TOWN OF CHESAPEAKE CITY (THE "COUNCIL") TO AUTHORIZE AND EMPOWER THE TOWN OF CHESAPEAKE CITY (THE "TOWN") TO ISSUE AND SELL FROM TIME TO TIME, UPON ITS FULL FAITH AND CREDIT, ONE OR MORE SERIES OF (1)(A) GENERAL OBLIGATION BONDS AND (B) GENERAL OBLIGATION BOND ANTICIPATION NOTES, EACH IN AN ORIGINAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,500,000, AND (2) GENERAL OBLIGATION REFUNDING BONDS, SUBJECT TO THE LIMITATIONS PROVIDED FOR HEREIN, FOR THE PUBLIC PURPOSE OF FINANCING, REIMBURSING OR REFINANCING COSTS OF ACTIVITIES AND EXPENSES INCURRED IN CONNECTION WITH A SANITARY SEWERAGE SYSTEM IMPROVEMENTS PROJECT GENERALLY REFERRED TO BY THE TOWN AS THE NEW WASTEWATER TREATMENT PLANT PROJECT, AS FURTHER DESCRIBED HEREIN; DETERMINING THAT ANY SUCH SERIES OF BONDS, BOND ANTICIPATION NOTES OR REFUNDING BONDS (EACH "A SERIES OF THE OBLIGATIONS" OR THE "OBLIGATIONS") BE SOLD BY PRIVATE (NEGOTIATED) SALE WITHOUT ADVERTISEMENT OR SOLICITATION OF COMPETITIVE BIDS UNLESS THE COUNCIL DETERMINES OTHERWISE BY RESOLUTION; AUTHORIZING THE COUNCIL BY RESOLUTION TO DETERMINE OR PROVIDE FOR VARIOUS MATTERS RELATING TO THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY, PAYMENT AND PREPAYMENT OF AND FOR EACH SERIES OF THE OBLIGATIONS; ACKNOWLEDGING AND CONFIRMING THE PROVISIONS OF A RESOLUTION TO BE ADOPTED BY THE COUNCIL AS REQUIRED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE ("USDA"); PLEDGING THE TOWN'S FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER TO PAYMENT OF DEBT SERVICE ON THE OBLIGATIONS AND PROVIDING FOR THE IMPOSITION OF AD VALOREM TAXES SUFFICIENT FOR SUCH PURPOSES; PROVIDING THAT DEBT SERVICE ON THE OBLIGATIONS ALSO MAY BE PAID FROM OTHER SOURCES OF REVENUE AVAILABLE FOR SUCH PURPOSES, INCLUDING, AS EXPECTED IN THE FIRST INSTANCE, SEWAGE TREATMENT PLANT AND SANITARY SEWERAGE SYSTEM REVENUES; PROVIDING THAT CERTAIN ACTIONS MAY BE TAKEN OR PROVIDED FOR BY RESOLUTION IN IN THE EVENT OF A REISSUANCE OF ANY OF THE OBLIGATIONS; PROVIDING THAT ANY OF THE OBLIGATIONS MAY BE CONSOLIDATED WITH ANY BONDS, BOND ANTICIPATION NOTES AND/OR REFUNDING BONDS AUTHORIZED BY THE COUNCIL AND ISSUED AS A SINGLE SERIES; AUTHORIZING, EMPOWERING AND DIRECTING OFFICIALS AND

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

EMPLOYEES OF THE TOWN TO TAKE CERTAIN ACTIONS WITH RESPECT TO THE OBLIGATIONS; AUTHORIZING MODIFICATIONS OF THE OBLIGATIONS TO BE MADE BY RESOLUTION UNLESS ANOTHER ACTION IS REQUIRED; ACKNOWLEDGING AND AGREEING TO COMPLY WITH A LETTER OF CONDITIONS ISSUED BY USDA; PROVIDING THAT THIS TITLE IS A FAIR SUMMARY OF THIS ORDINANCE; PROVIDING THAT THE PROVISIONS OF THIS ORDINANCE SHALL BE LIBERALLY CONSTRUED; AND OTHERWISE GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE OBLIGATIONS.

RECITALS

1. The Town of Chesapeake City, a municipal corporation of the State of Maryland (the “Town”) and a municipality within the meaning of the Enabling Act, the Bond Anticipation Note Act and the Refunding Act identified herein, is authorized and empowered by Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Enabling Act”), and Sections 26-58 and 26-59 of the Charter of the Town of Chesapeake City, 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, notes or other evidences of indebtedness.

2. The Town has determined to construct a new wastewater treatment plant to serve customers of the Town’s sanitary sewerage system and, in connection with such project, to undertake related improvements, all of which together are generally referred to by the Town as the New Wastewater Treatment Plant Project (collectively, the “Project”) and, in connection therewith, to acquire or pay for, to the extent applicable, improved or unimproved land and/or other property rights; related site and utility improvements, including, without limitation, grading, landscaping, paving, sidewalk, curb, gutter, storm water, water and sewer improvements and related or similar activities and expenses; related architectural, engineering, planning, design, feasibility, surveying, document development, bidding, permitting, demolition, removal, acquisition, construction, reconstruction, expansion, modification, renovation, rehabilitation, installation, improvement, equipping, furnishing, inspection and construction management activities or expenses; costs of related activities, improvements and appurtenances; financial, legal, and administrative expenses of such undertaking; costs of issuance of any financing or refinancing therefor (which may including, without limitation, costs of bond insurance or other credit or liquidity enhancement); and capitalized interest or funded interest (collectively, “Costs of the Project”).

3. The United States Department of Agriculture, acting through Rural Development, or any related department, division, agency or instrumentality (any such entity, “USDA”), has indicated the United States of America can loan the Town up to \$1,500,000 for purposes of financing, reimbursing or refinancing Costs of the Project.

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

4. Notwithstanding the Town’s present expectation to borrow money through USDA’s loan program, the Council of the Town (the “Council”), by resolution, may provide for the sale of any series of the bonds authorized hereby to any other purchaser or purchasers or to any combination of the United States of America and any other purchasers.

5. Prior to the issuance of any series of bonds authorized hereby, the Town may need to obtain financing to pay, reimburse or refinance Costs of the Project on an interim basis through the issuance of one or more series of general obligation bond anticipation notes of the Town pursuant to the authority of Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Bond Anticipation Note Act”).

6. Subsequent to the issuance of any series of bonds authorized hereby, the Town may desire to currently refund or advance refund all or a portion of such series of 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”).

7. The Town has determined to pledge its full faith and credit and unlimited taxing power to the payment of debt service on any series of bonds, bond anticipation notes or refunding bonds authorized hereby, but the Town expects to pay the principal of and interest on any such series of bonds, bond anticipation notes or refunding bonds in the first instance from revenues received by the Town in connection with the operation of its sewage treatment plant and sanitary sewerage system, including fees for use of or connection to such plant and system, all to the extent such revenues are lawfully available for such purpose; provided that, to the extent permitted by any applicable lender, the Town may apply proceeds of the bonds authorized hereby to pay debt service on or prepay any bond anticipation notes issued pursuant to the authority of this Ordinance or any other financing or interim financing incurred by the Town for Project purposes, and the Town may apply proceeds of any refunding bonds authorized hereby to pay debt service on or prepay any bonds issued pursuant to the authority of this Ordinance.

8. The Town has determined to issue any series of 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 pursuant to this Ordinance and Section 26-58 of the Charter.

BE IT ENACTED AND ORDAINED by the Council of the Town of Chesapeake City, 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 that are not otherwise defined herein shall have the meanings given to such terms in the Recitals to this Ordinance.

(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

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

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 or the Town Code, 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. For example, the positions of the Treasurer and the Clerk (or Clerk to the Council) provided for in the Charter are currently filled by a single official who is commonly referred to as the “Clerk/Treasurer” or the “Clerk-Treasurer”.

(c) References in this Ordinance to the Project shall be deemed to include any changes in the scope of the Project that are made by the Town in accordance with applicable law or authority, and in any such case the Town shall not be required to amend this Ordinance in order to reflect such changes in the scope of the Project.

SECTION 2. Pursuant to the authority of the Enabling Act, Sections 26-58 and 26-59 of the Charter and any other applicable law, the Town hereby determines to borrow money and incur indebtedness for the public purpose of financing, reimbursing or refinancing all or a portion of the components of Costs of the Project, including by prepaying or paying at maturity all or a portion of the principal of and interest due on the BANs (as defined in Section 7 hereof) or any other financing or interim financing incurred by the Town for purposes of funding Costs of the Project on an interim or other basis. The total Costs of the Project not otherwise payable from other sources is not expected to exceed One Million Five Hundred Thousand Dollars (\$1,500,000). Any proceeds of the Bonds (as defined in Section 3 below) applied to prepay or pay principal, premium and/or interest on the BANs or any other financing or interim financing obtained by the Town for Project purposes shall be deemed the payment of Costs of the Project for purposes of this Ordinance.

SECTION 3. To evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the Town, acting pursuant to the authority of the Enabling Act, Sections 26-58 and 26-59 of the Charter and any other applicable law, hereby determines to issue and sell from time to time, upon its full faith and credit, one or more series of its general obligation bonds in an original aggregate principal amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) (collectively, the “Bonds”). Any such series may consist of one or more general obligation bonds and any bond may be issued in installment form and/or draw-down form.

SECTION 4. Pursuant to the authority of the Enabling Act, Sections 26-58 and 26-59 of the Charter and any other applicable law, the Town hereby determines to sell each series of the Bonds by private (negotiated) sale without advertisement or solicitation of competitive bids, most likely to the United States of America due to the attractive loan program offered by USDA, including a longer amortization period than a bank typically would be willing to offer, a competitive interest rate and the ability to prepay the Bonds in whole or in part at any time or, for any series of the Bonds sold to another purchaser, the ability to time the market, negotiate terms, and thereby

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

serve the public interest by obtaining a beneficial interest rate or rates and other beneficial terms, and, with respect to a private sale that involves a sale to the Maryland Water Quality Financing Administration (“MWQFA”) or a private placement with or direct purchase by a bank, the lower costs of issuance typically incurred with such a private sale as opposed to a negotiated underwriting or a public sale at competitive bid, unless by resolution the Council determines to sell any such series of the Bonds at public sale after publication or dissemination of the notice of sale upon determining that such a public sale is in the best interests of the Town.

SECTION 5. The proceeds of each series of the Bonds shall be used and applied by the Town exclusively and solely for the public purposes described in Section 2 of this Ordinance, unless (except as otherwise provided in Section 1(c) above) 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.

SECTION 6. (a) Pursuant to the authority of the Enabling Act, Sections 26-58 and 26-59 of the Charter, this Ordinance and any other applicable law, the Council, prior to the sale, issuance and delivery of each series of the Bonds, shall adopt a resolution or resolutions specifying, prescribing, determining, providing for and approving such matters, details, forms (including, without limitation, the form of the Bonds of such series), documents or procedures as may be required by the Enabling Act, the Charter, other applicable law or this Ordinance or as the Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment or prepayment of or for such series of the Bonds. Any such resolution may set forth, contain, determine or provide for the determination of, approve or provide for the approval of, among other matters, the designation of such series of the Bonds; the original aggregate principal amount of such series of the Bonds; the denominations of such series of the Bonds; the maturity or maturities of such series of the Bonds; the principal installment or installments payable on such series of the Bonds; subject to the provisions of subsection (b) below, 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 and/or additional interest or penalties payable on such series of the Bonds or adjustments to interest rates in appropriate circumstances; the purchase price for such series of the Bonds; provisions relating to the prepayment of such series of the Bonds at the option of the Town or by mandatory sinking fund payments; any provisions allowing the registered owners of such series of the Bonds to put or cause the prepayment of such series of the Bonds at their option; provisions relating to the sale of such series of the Bonds at private (negotiated) sale without advertisement or solicitation of competitive bids, unless such resolution shall provide for the sale of such series of the Bonds at public sale, in which case the resolution shall set forth the procedures for the public sale after publication or dissemination of the notice of sale and the award of such series of the Bonds to the successful bidder, if appropriate; provisions for the execution of such series of the Bonds; provisions for the appropriation, disposal and investment of proceeds of such series of the Bonds; provisions for the application of unexpended proceeds, any premium paid upon sale or investment earnings on proceeds of such series of the Bonds, which may include, without limitation, on Costs of the Project or on debt service payable on 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 issued, sold and delivered. Any such

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

resolution may provide for the payment by the Town to the applicable Bond purchaser of any ongoing fees or administrative costs. For any series of the Bonds sold to the United States of America, by resolution the Council may specify, prescribe, determine, approve or provide for any other matters, documents or security required by USDA for participation by the Town in its financing program. With respect to any series of the Bonds sold to MWQFA, the Council by resolution may, among other matters, (i) pledge any moneys that the Town is entitled to receive from the State of Maryland, including the Town's share of the State income tax, to secure its obligations under any loan agreement entered into with MWQFA in order to satisfy the provisions of Section 9-1606(d) of the Environment Article of the Annotated Code of Maryland, as replaced, supplemented or amended, (ii) pledge to the payment of such series of the Bonds any additional source of revenues required by MWQFA, and/or (iii) provide for the establishment, maintenance and application of any reserve fund required by MWQFA with respect to such series of the Bonds. With respect to any series of the Bonds sold to a purchaser or purchasers other than the United States of America or MWQFA, the Council by resolution may authorize, approve or otherwise provide for (i) any commitment fee or similar fee and other costs payable in connection with such series of the Bonds and any compensation payable to the purchaser or purchasers of such series of the Bonds in the event the Town fails to deliver such series of the Bonds, (ii) the obtaining of credit or liquidity enhancement for such series of the Bonds (and the execution and delivery of any agreements or documents relating thereto), and (iii) any other agreements, documents, instruments or determinations necessary to enhance the marketability of or as security for such 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. By resolution the Council may delegate to one or more Town officials the authority to make any final determinations with respect to a series of the Bonds. Any such resolution may determine the matters identified in this Section 6 for more than one series of the Bonds.

(b) Notwithstanding the provisions of subsection (a) above, any series of the Bonds sold to the United States of America, acting through USDA, shall bear interest at the rate per annum of one and one hundred twenty-five thousandths of one percent (1.125%) as provided in USDA's obligation of funds; notwithstanding such obligated interest rate, in the event the interest rate offered through USDA's loan program is less than 1.125% at the time any series of the Bonds sold to the United States of America is issued, the Council by resolution may accept or provide for the acceptance of such lower per annum interest rate offered by USDA in accordance with USDA's standard program practice.

(c) The Council hereby acknowledges that, with respect to any series of the Bonds sold to the United States of America, pursuant to RUS Bulletin 1780-27 Loan Resolution (Public Bodies), or any similar loan resolution required by USDA, adopted or to be adopted by the Council subsequent to passage of this Ordinance (the "USDA Loan Resolution") the Town, among other matters, (i) agrees to indemnify USDA in certain circumstances, (ii) resolves that upon certain defaults USDA may declare such series of the Bonds immediately due and payable and/or take certain actions with regard to the Project, (iii) agrees not to take certain actions with respect to the Project without the prior written consent of USDA, and (iv) agrees not to defease such series of the Bonds or undertake other borrowings in connection with the Project without the prior written

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

consent of USDA in certain circumstances, and by passage of this Ordinance the Council hereby acknowledges and confirms the provisions of the USDA Loan Resolution as if the same were set forth in full in this Ordinance.

SECTION 7. (a) Pursuant to the authority of the Bond Anticipation Note Act, Sections 26-5 and 26-59 of the Charter and any other applicable law, the Town may issue and sell from time to time, upon its full faith and credit, one or more series of its general obligation bond anticipation notes (collectively, the “BANs”) in an original aggregate principal amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) prior to and in anticipation of the sale of any series of the Bonds in order to finance, reimburse or refinance Costs of the Project (including costs of issuance and, to the extent determined by the Council by resolution, interest during construction and for a reasonable period thereafter) on an interim basis. Any such series of the BANs may consist of one or more general obligation bond anticipation notes and any note may be issued in installment form and/or draw-down form. 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, Sections 26-58 and 26-59 of the Charter 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 or procedures and determinations detailed in Section 6(a) above that may be made or addressed with respect to each series of the Bonds, to the extent applicable with respect to such series of the BANs, and as otherwise may be authorized or required by applicable law. Unless the Council determines otherwise in a resolution or resolutions providing for any series of the BANs, as authorized by the Bond Anticipation Note Act, such series of the BANs shall be sold by private negotiation. Any such sale by private negotiation is hereby determined to be in the public interest due to the ability to time the market, negotiate terms and thereby serve the public interest by achieving a beneficial interest rate or rates and other beneficial terms, and, with respect to a private sale that involves a private placement with or direct purchase by a bank, the lower costs of issuance typically incurred with such a private negotiation as opposed to a negotiated underwriting or a public sale at competitive bid. By resolution the Council may delegate to one or more Town officials the authority to make any final determinations with respect to a series of the BANs. Any resolution may specify, prescribe, determine, provide for and approve the details required by this Section 7 for more than one series of the BANs.

(b) The Town hereby covenants (i) to pay from the proceeds of one or more series of the Bonds the principal of and/or interest on any series of the BANs actually issued, (ii) to pay interest on any series of the BANs from other sources to the extent not paid from such series of the BANs or a 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 Bond proceeds, to the extent available therefor.

(c) 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 such series of the BANs and any related documentation.

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

SECTION 8. Pursuant to the authority of the Refunding Act, Sections 26-58 and 26-59 of the Charter and other applicable law, the Town is hereby authorized and empowered to issue and sell from time to time, upon its full faith and credit, one or more series of general obligation bonds (collectively, the “Refunding Bonds”) for the purpose of currently refunding or advance refunding any of the Bonds then outstanding, including paying in whole or in part outstanding principal, prepayment premium and/or interest accrued or to accrue to the date of prepayment, purchase or maturity of the Bonds to be refunded, paying costs and expenses in connection with the sale, issuance and delivery of such Refunding Bonds, and, to the extent determined by the Council by resolution, paying interest on such Refunding Bonds, for the public purpose of realizing savings to the Town in the total cost of debt service on a direct comparison or present value basis or in order to accomplish any debt restructuring that is permitted by applicable law; provided that, the original aggregate principal amount of any such series of the Refunding Bonds may 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 general obligation refunding bonds and any refunding bond may be issued in installment form and/or draw-down form. 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, describing, 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 6(a) above 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 as otherwise may be authorized or required by applicable law, including the purposes of the Refunding Act to be achieved by the issuance of such series of the Refunding Bonds. Unless the Council determines otherwise in a resolution providing for any series of the Refunding Bonds, as authorized by the Refunding Act, such series of the Refunding Bonds shall be sold at a private sale, without soliciting bids. Any such sale on a private basis is hereby determined to be in the public interest due to the ability to time the market, negotiate terms and thereby serve the public interest by achieving a beneficial interest rate or rates and other beneficial terms (including restructuring terms, if applicable), and, with respect to a private sale that involves a sale to MWQFA or a private placement with or direct purchase by a bank, the lower costs of issuance typically incurred with such a private sale as opposed to a negotiated underwriting or a public sale at competitive bid. By resolution the Council may delegate to one or more Town officials the authority to make any final determinations with respect to a series of the Refunding Bonds. Any resolution may specify, prescribe, determine, provide for and approve the details required by this Section 8 for more than one series of the Refunding Bonds.

SECTION 9. (a) The full faith and credit and unlimited 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 and the Refunding Bonds (each, a series of the “Obligations” and, collectively, the “Obligations” or, individually, an “Obligation”) as and when the same are payable 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 such series of the Obligations. Subject to the further provisions of this Section 9, the Town shall impose for each and every fiscal year during which each such series of the Obligations may be outstanding, ad valorem

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

taxes upon all real and tangible personal property in the Town that is subject to assessment for unlimited municipal taxation at a rate and in an amount sufficient to pay the principal of and interest on such series of the Obligations payable in each such fiscal year and, in the event the proceeds from the collection of the taxes so imposed may prove inadequate for such purposes in any fiscal year, additional taxes shall be imposed in the subsequent fiscal year to make up any deficiency. The Town hereby covenants with the registered owner of each Obligation to take any action that lawfully may be appropriate from time to time during the period that such Obligation remains outstanding and unpaid to provide the funds necessary to pay promptly the principal and interest due thereon.

(b) Notwithstanding the provisions of subsection (a) above, the principal of and interest on each series of the Obligations will be payable in the first instance from revenues received by the Town in connection with the operation of the Town's sewage treatment plant and sanitary sewerage system, including fees for use of or connection to such plant and system, all to the extent such revenues are lawfully available for such purpose. To the extent of any such revenues received or receivable in any fiscal year, the taxes hereby required to be imposed may be reduced proportionately.

(c) The foregoing provisions shall not be construed so as to prohibit the Town from paying the principal of and interest on any series of the Obligations from the proceeds of the sale of any other obligations of the Town (including, without limitation, (i) with respect to any BANs, from the proceeds of any Bonds, and (ii) with respect to any Bonds, from the proceeds of any Refunding Bonds) or from any other funds legally available for that purpose. Subject to the provisions of applicable federal or State law, the Town may apply to the payment of the principal of or interest on each series of the Obligations 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 the Costs of the Project which such series of the Obligations is 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.

(d) To the extent required by the purchaser of any series of the Obligations or as otherwise applicable, the Town, by resolution, may identify any other or additional sources of revenues either (i) to be pledged to the payment of such series of the Obligations or (ii) from which such series of the Obligations shall payable in the first instance.

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 the right of any registered owner of any Obligation to put or cause the prepayment of such Obligation at its option, or any change in the interest rate of an Obligation, or any other modification of 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.

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

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.

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, certificates or instruments.

SECTION 13. With respect to any series of the Obligations, the Council may delegate to one or more specified officials or employees the authority to negotiate, approve, execute and deliver, as applicable, any documents, certificates or instruments relating to such Obligations. The following Town officials and employees: the Mayor, the Town Manager, the Treasurer, the Clerk and all other appropriate officials and employees of the Town are hereby authorized and directed to (i) take any and all action necessary to complete and close the sale, issuance and delivery of each series of the Obligations, (ii) negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection with any such sale, issuance and delivery, to the extent authority with respect to the same has not been delegated by the Council to any specified official(s) or employee(s) in accordance with the preceding sentence, 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, and any documents, certificates or instruments executed and delivered in connection with the issuance of any series of the Obligations, to the extent such action is within the scope of such official's or employee's authority.

SECTION 14. The Town acknowledges and agrees to comply with the provisions of the letter of conditions dated September 14, 2020 issued by USDA with respect to the Project and the funding therefor, except to the extent any of the provisions of such letter of conditions are amended, waived by USDA, or other agreement is made by the Town and USDA.

SECTION 15. As required by Section 26-12(c) of the Charter, a summary of this Ordinance shall be published at least once in one or more newspapers having general circulation within the Town. 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, a summary of this Ordinance may be published in any other format that meets the requirements of the Charter.

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

SECTION 17. This Ordinance shall become effective at the expiration of twenty (20) calendar days following approval by the Mayor or subsequent passage by the Council over the Mayor's veto in accordance with the provisions of Section 26-13 of the Charter, unless this Ordinance is petitioned to referendum by the qualified voters of the Town in accordance with the provisions of Section 26-14 of the Charter.

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

[CONTINUED ON FOLLOWING PAGE]

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

Introduced during a public meeting of the Council of the Town of Chesapeake City on the _____ day of _____, 2020.

Passed _____ [as introduced] _____ [as amended] _____ [CHECK APPROPRIATE LINE] by the Council of the Town of Chesapeake City at a public meeting on the _____ day of _____, 2020.

Ayes _____, Nays _____, Abstentions _____

(SEAL)

ATTEST:

COUNCIL OF THE TOWN OF
CHESAPEAKE CITY

D. Valerie Walls
Clerk-Treasurer

Ed O'Hara

Randy McLennan

Lee Adams

Frank Hill

Frank Vari

[CONTINUED ON FOLLOWING PAGE]

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

Delivered to the Mayor the ____ day of _____, 2020.

Approved by the Mayor this ____ day of _____, 2020:

By: _____
Richard L. Taylor, III, Mayor

Effective: _____, 2020.

Approved as to form:

Thomas N. Yeager
Town Attorney

#218964;58239.013

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