

ORDINANCE NO. 3725

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF CUMBERLAND ENTITLED AN ORDINANCE TO AUTHORIZE AND EMPOWER MAYOR AND CITY COUNCIL OF CUMBERLAND (THE "CITY") TO ISSUE AND SELL FROM TIME TO TIME, UPON ITS FULL FAITH AND CREDIT, GENERAL OBLIGATION BONDS IN ONE OR MORE SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FIVE MILLION SIX HUNDRED EIGHTY-SEVEN THOUSAND DOLLARS (\$5,687,000) PURSUANT TO THE AUTHORITY OF SECTIONS 31 TO 37, INCLUSIVE, OF ARTICLE 23A OF THE ANNOTATED CODE OF MARYLAND AND SECTIONS 81 AND 82A OF THE CHARTER OF THE CITY OF CUMBERLAND, THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING, REIMBURSING OR REFINANCING COSTS OF CERTAIN PROJECTS IDENTIFIED HEREIN AS: WATER MAIN REPLACEMENTS, OTHER STREET IMPROVEMENT PROJECTS, REPLACEMENT OF HYDRANTS AND VALVES, EAST SIDE STATION ROOF REPLACEMENT, FORT HILL RESERVOIR VALVE REPLACEMENT, UPGRADE OF WATER SYSTEM CROSS CONNECTION PROGRAM, NEW CHLORINE FEED AND STORAGE FACILITY, WATER FILTRATION PLANT OUTFALL RELOCATION PROJECT, AND MEMORIAL CAMPUS FACILITY DEMOLITION, TOGETHER WITH RELATED COSTS, RESERVES AND COSTS OF ISSUANCE; AUTHORIZING THE MAYOR AND CITY COUNCIL BY RESOLUTION TO DETERMINE, APPROVE OR PROVIDE FOR VARIOUS MATTERS RELATING TO THE AUTHORIZATION, SALE, SECURITY, ISSUANCE, DELIVERY, PAYMENT AND PREPAYMENT OF AND FOR

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EACH SERIES OF THE BONDS; AUTHORIZING AND EMPOWERING THE ISSUANCE AND SALE FROM TIME TO TIME OF ONE OR MORE SERIES OF THE CITY'S GENERAL OBLIGATION BOND ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FIVE MILLION SIX HUNDRED EIGHTY-SEVEN THOUSAND DOLLARS (\$5,687,000), PRIOR TO AND IN ANTICIPATION OF ANY SERIES OF BONDS, IN ORDER TO FINANCE OR REIMBURSE COSTS OF THE PROJECTS ON AN INTERIM BASIS AND FUND RELATED COSTS, RESERVES AND COSTS OF ISSUANCE; AUTHORIZING AND EMPOWERING THE ISSUANCE AND SALE FROM TIME TO TIME OF ONE OR MORE SERIES OF THE CITY'S GENERAL OBLIGATION BONDS IN ORDER TO REFUND ANY OF THE BONDS ISSUED PURSUANT TO THE AUTHORITY OF THIS ORDINANCE (INCLUDING FUNDING RELATED COSTS, RESERVES, COSTS OF ISSUANCE AND INTEREST ON SUCH REFUNDING BONDS), PROVIDED THAT, THE AGGREGATE PRINCIPAL AMOUNT OF ANY SUCH SERIES OF REFUNDING BONDS DOES NOT EXCEED ONE HUNDRED THIRTY PERCENT (130%) OF THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS REFUNDED THEREFROM; PROVIDING THAT ANY SUCH SERIES OF BOND ANTICIPATION NOTES OR REFUNDING BONDS SHALL BE SOLD BY PRIVATE (NEGOTIATED) SALE, UNLESS OTHERWISE DETERMINED BY THE MAYOR AND CITY COUNCIL BY RESOLUTION, AND AUTHORIZING THE MAYOR AND CITY COUNCIL TO DETERMINE CERTAIN MATTERS RELATING TO ANY SUCH SERIES OF BOND ANTICIPATION NOTES OR REFUNDING BONDS BY

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RESOLUTION; PROVIDING FOR THE LEVY AND COLLECTION OF AD VALOREM TAXES SUFFICIENT FOR, AND PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY TO, THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON EACH SERIES OF THE BONDS, THE BOND ANTICIPATION NOTES AND THE REFUNDING BONDS ISSUED PURSUANT TO THE AUTHORITY OF THIS ORDINANCE (THE “OBLIGATIONS”); PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON EACH SERIES OF THE OBLIGATIONS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; AUTHORIZING AND DIRECTING OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL ACTION NECESSARY TO COMPLETE AND CLOSE THE SALE, ISSUANCE AND DELIVERY OF THE OBLIGATIONS AUTHORIZED HEREBY; PROVIDING THAT CERTAIN OFFICIALS MAY TAKE CERTAIN ACTIONS ON BEHALF OF THE CITY IN THE EVENT OF A REISSUANCE OF ANY OF THE OBLIGATIONS AUTHORIZED HEREBY; PROVIDING THAT ANY OF THE OBLIGATIONS AUTHORIZED HEREBY MAY BE CONSOLIDATED WITH OTHER AUTHORIZED CITY OBLIGATIONS AND ISSUED AS A SINGLE SERIES OF BONDS, BOND ANTICIPATION NOTES AND/OR REFUNDING BONDS; PROVIDING THAT THIS TITLE SHALL BE DEEMED A FAIR SUMMARY OF THIS ORDINANCE FOR ALL PURPOSES; AND OTHERWISE GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE OBLIGATIONS AUTHORIZED HEREBY.

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RECITALS

1. Mayor and City Council of Cumberland, a municipal corporation of the State of Maryland (the “City”), is authorized and empowered by Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Enabling Act”), and Sections 81 and 82A of the Charter of the City of Cumberland, as published in Municipal Charters of Maryland, Volume 3, 2008 Replacement Edition, as replaced, supplemented or amended (the “Charter”), to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds.

2. The City has determined to undertake the public purpose projects identified in Section 2 of this Ordinance.

3. The City has determined to authorize the issuance 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 of the public purpose projects identified in Section 2 of this Ordinance and related costs, including reserves deemed necessary or desirable and costs of issuance.

4. Prior to issuing one or more series of the bonds authorized hereby, the City may need to obtain interim financing in order to finance or reimburse applicable project costs on a timely basis through the issuance from time to time of general obligation bond anticipation notes in one or more series pursuant to the authority of Section 12 of Article 31 of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Bond Anticipation Note Enabling Act”).

5. Subsequent to the issuance of any bonds provided for herein, the City may desire to refund or advance refund all or a portion of such bonds through the issuance from time to time of one or more series of its general obligation refunding bonds pursuant to the authority of Section 24

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of Article 31 of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Refunding Act”).

6. The City has determined to pledge its full faith and credit and unlimited taxing power to the prompt payment of debt service on the bonds, bond anticipation notes or refunding bonds authorized hereby.

7. Although Section 82A of the Charter provides that the City shall determine the manner of selling any bonds by resolution, it is the expectation of the Mayor and City Council of the City (the “Mayor and City Council”) that the bonds authorized hereby shall be sold by private sale unless the Mayor and City Council determines otherwise by resolution.

8. As provided in the Charter, the City shall issue any 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 Mayor and City Council pursuant to this Ordinance.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF CUMBERLAND:

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 or other applicable law 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 capacity under the Charter or other applicable law, and/or (iii) to the extent an identified official commonly uses another title not

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provided for in the Charter or the City Code, the official, however known, who is charged under the Charter, the City Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

SECTION 2. (a) Pursuant to the authority of the Enabling Act and the Charter, the City hereby determines to borrow money and incur indebtedness from time to time for the public purpose of financing, reimbursing or refinancing costs (as defined in subsection (b) below) of certain projects identified as follows:

	<u>Project Name</u>
1.	Water Main Replacements
2.	Other Street Improvement Projects
3.	Replacement of Hydrants and Valves
4.	East Side Station Roof Replacement
5.	Fort Hill Reservoir Valve Replacement
6.	Upgrade of Water System Cross Connection Program
7.	New Chlorine Feed and Storage Facility
8.	Water Filtration Plant Outfall Relocation Project
9.	Memorial Campus Facility Demolition
10.	Reserves Deemed Necessary or Desirable
11.	Costs of Issuance

The projects, reserves deemed necessary or desirable and costs of issuance identified in items 1 - 11 above are collectively referred to herein as the “Projects”.

(b) With respect to the Projects, the word “costs” as used in this Ordinance shall include, as applicable, land and right-of-way acquisition and development; site and utility improvements; acquisition, demolition, construction, expansion, upgrading, reconstruction, replacement, renovation, rehabilitation, removal, improvement, installation, furnishing and equipping activities and expenses and related activities and expenses; planning, design,

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architectural, engineering, feasibility, surveying, inspection, construction management, financial and legal expenses and other related activities and expenses; paving, repaving, sidewalk, curb, gutter and drain work and expenses and related activities and expenses; costs of funding any reserves deemed necessary or desirable; costs of issuance (which may include costs of bond insurance or other credit or liquidity enhancement); capitalized interest (whether or not expressly so stated); and any such costs which may represent the City's share or contribution to the financing or refinancing of any such project. It is the intention of the City that proceeds of the Bonds (as defined in Section 3(a) hereof) or of any of the BANs (as defined in Section 6 hereof), as applicable, may be spent on any applicable costs (as defined above) relating to the Projects.

SECTION 3. (a) To evidence the borrowing and indebtedness authorized in Section 2(a) of this Ordinance, the City, acting pursuant to the authority of the Enabling Act and the Charter, hereby determines to issue and sell from time to time, in one or more series, upon its full faith and credit, its general obligation bonds in an aggregate principal amount not to exceed Five Million Six Hundred Eighty-seven Thousand Dollars (\$5,687,000) (collectively, the "Bonds"). Any series of the Bonds may consist of one or more bonds and any such bond may be issued in installment form.

(b) In the event the City issues any series of the BANs identified in Section 6 of this Ordinance, proceeds of the Bonds of any series in anticipation of which such 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 Enabling Act, and such application shall be deemed the payment of costs of the Projects for purposes of this Ordinance.

(c) By resolution (which, with respect to any series of the Bonds, may be the Resolution (as defined in Section 5 hereof)), the Mayor and City Council may determine or provide

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for the determination of how any unexpended proceeds of any series of the Bonds (or any series of the BANs, as applicable), premium realized upon sale and/or any investment earnings on proceeds of any such series of the Bonds or of the BANs shall be expended, which may include, without limitation, on costs of the Projects or on debt service payable on such series of the Bonds or of the BANs, as applicable.

SECTION 4. The proceeds of the Bonds shall be used and applied by the City exclusively and solely for the public purposes described in Section 2 of this Ordinance, unless a supplemental ordinance is enacted by the Mayor and City 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 5. Pursuant to the authority of the Charter and this Ordinance, the Mayor and City Council, prior to the issuance, sale and delivery of each series of the Bonds, shall adopt a resolution or resolutions (in each such case and, collectively, the “Resolution”) specifying, prescribing, determining, providing for or approving such matters, details, forms (including, without limitation, the complete forms of the Bonds of such series), documents or procedures as may be required by the Enabling Act, the Charter or this Ordinance or as the Mayor and City Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment, prepayment or redemption of or for such series of the Bonds. The Resolution shall set forth, determine or provide for the determination of, 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 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

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installments payable on such series of the Bonds; 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 the Bonds of such series or adjustments to interest rates in appropriate circumstances; the purchase price for such series of the Bonds; provisions relating to the prepayment or redemption of such series of the Bonds at the City's option or by mandatory sinking fund payments; provisions allowing the registered owners of such series of the Bonds to put or cause the prepayment or redemption of the same at their option; the manner of selling the Bonds, which may be either at public or private sale; the specific Projects the costs of which are to be financed, reimbursed or refinanced from proceeds of such series of the Bonds; provisions for the appropriation, disposal and investment of proceeds of 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, including, without limitation, any determinations to be made or provided for by resolution as contemplated by Section 82A(d) of the Charter to the extent not determined or provided for in this Ordinance. Among other matters, the Mayor and City Council, pursuant to the Resolution, may authorize, approve or otherwise provide for (i) any commitment fee or similar fee and other costs payable in connection with any series of the Bonds and any compensation payable to the purchaser or purchasers of such series of the Bonds in the event the City fails to deliver such series of the Bonds, (ii) the obtaining of credit or liquidity enhancement for any series of the Bonds (and the execution and delivery of any agreements or documents relating thereto), and (iii) any other agreements or documents necessary to enhance the marketability of or

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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. Any Resolution may determine 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 Enabling Act, the City is hereby authorized and empowered to issue and sell from time to time, upon its full faith and credit, one or more series of its general obligation bond anticipation notes in an aggregate principal amount not to exceed Five Million Six Hundred Eighty-seven Thousand Dollars (\$5,687,000.00) (collectively, the “BANs”) prior to and in anticipation of the sale of any series of the Bonds in order to finance or reimburse costs of any of the Projects identified in items 1 – 9 of Section 2(a) hereof on an interim basis, and to finance or reimburse any reserves deemed necessary or desirable and costs of issuance of the BANs. Any such series of the BANs may consist of one or more notes and any such 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 Mayor and City Council shall adopt a resolution or resolutions pursuant to the authority of the Bond Anticipation Note Enabling Act, 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 types of matters, details, forms, documents or procedures and determinations specified to be made in Section 5 hereof 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 Mayor and City Council determines otherwise in a resolution providing for any series of the BANs, pursuant to the authority

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of the Bond Anticipation Note Enabling Act, each series of the BANs shall be sold by private negotiation, without advertisement or publication of notice of sale or solicitation of competitive bids, due to the ability to time the market, negotiate terms and thereby achieve a beneficial interest rate or rates and other beneficial terms by undertaking a private (negotiated) sale, and the lower costs of issuance typically incurred with a negotiated sale.

(b) As authorized by the Bond Anticipation Note Enabling Act, by resolution the Mayor and City 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.

SECTION 7. Pursuant to the authority of the Enabling Act, the Refunding Act and the Charter, the City is hereby authorized and empowered to issue and sell from time to time one or more series of its general obligation bonds (collectively, the “Refunding Bonds”) for the purpose of refunding or advance refunding any of the Bonds authorized hereby then outstanding, including paying any prepayment or redemption premium and any interest accrued or to accrue to the dates of prepayment, redemption, purchase or maturity of the Bonds to be refunded, funding any reserves deemed necessary or desirable, paying costs and expenses in connection with the issuance, sale and delivery of such Refunding Bonds, and, to the extent determined by the Mayor and City Council by resolution, paying interest on such Refunding Bonds, for the public purpose of realizing savings to the City in the aggregate cost of debt service on either a direct comparison or present value basis or in order to accomplish any debt restructuring that is permitted by applicable law; provided that, the aggregate principal amount of any such series of the Refunding Bonds shall not exceed one hundred thirty percent (130%) of the outstanding

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aggregate principal amount of the Bonds refunded therefrom. Any such series of the Refunding Bonds may consist of one or more bonds and any such bond may be issued in installment form. Prior to the issuance, sale and delivery of each series of the Refunding Bonds, the Mayor and City 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 types of matters, details, forms, documents, procedures and determinations specified to be made in Section 5 hereof with respect to each 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 Mayor and City Council determines otherwise in a resolution providing for any series of the Refunding Bonds, pursuant to the authority of the Refunding Act, each series of the Refunding Bonds shall be sold on a negotiated basis without solicitation of bids, due to the ability to time the market, negotiate terms and thereby serve the public interest by achieving a beneficial rate or rates and other beneficial terms by undertaking a private (negotiated) sale, and the lower costs of issuance typically incurred with a negotiated sale.

SECTION 8. (a) The City shall levy or cause to be levied, for each and every fiscal year during which each such series of the Bonds, the BANs or the Refunding Bonds (individually or collectively, the “Obligations”) may be outstanding, ad valorem taxes upon all real and tangible personal property within its corporate limits subject to assessment for unlimited municipal taxation in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on such series of the Obligations payable in each such fiscal year. In the event the proceeds from

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the collection of the taxes so levied may prove inadequate for such purposes in any fiscal year, additional taxes shall be levied in the subsequent fiscal year to make up any deficiency.

(b) The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the prompt payment of the principal of and interest on each series of the Obligations as and when the same are payable and to the levy and collection of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of such series of the Obligations. The City hereby covenants with the registered owner of each Obligation to take any action that may be lawfully 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.

(c) The foregoing provisions shall not be construed so as to prohibit the City 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 City (including, without limitation, (i) with respect to any series of the BANs, from proceeds of any series of the Bonds, and (ii) with respect to any series of the Bonds, from proceeds of any series of the Refunding Bonds) or from any other funds legally available for that purpose. Subject to any applicable limitations of the Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations promulgated thereunder, the City 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 City for the purpose of assisting the City in accomplishing the type of project or projects which such series of the Obligations are issued to finance or refinance or are otherwise available for such purpose, and to the

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extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately.

SECTION 9. By resolution, the Mayor and City 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 City’s behalf) in the event the right of any registered owner of any 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 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.

SECTION 10. By resolution, the Mayor and City Council may determine that any of the Bonds, the BANs or the Refunding Bonds authorized hereby may be consolidated with any bonds, bond anticipation notes and/or refunding bonds authorized by the Mayor and City Council and issued as a single series of bonds, bond anticipation notes and/or refunding bonds.

SECTION 11. The Mayor, the City Administrator, the Treasurer, the Comptroller, the City Clerk and all other appropriate officials and employees of the City are hereby authorized and directed to take any and all action necessary to complete and close the issuance, sale and delivery of any series of the Bonds, the BANs or the Refunding Bonds authorized hereby and to approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith.

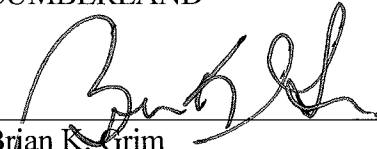
SECTION 12. The title of this Ordinance shall be deemed to be, and is, a fair summary of this Ordinance for publication and all other purposes.

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SECTION 13. This Ordinance shall become effective thirty (30) days after its passage pursuant to the provisions of Section 82A of the Charter, subject to the petition-to-referendum provisions of Section 82A(c) of the Charter.


MAYOR AND CITY COUNCIL OF
CUMBERLAND

(SEAL)



Brian K. Grim
Mayor

ATTEST:



Marjorie A. Eirich, City Clerk

Introduced: September 25, 2012

Passed: October 09, 2012

Votes for passage: 5

Votes against passage: 0

Effective: November 08, 2012

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BULLET POINTS SUMMARY OF
ORDINANCE RE: BORROWING FOR VARIOUS PROJECTS

- Ordinance Recitals trace borrowing powers and the City's intention to undertake certain projects identified therein as (1) Water Main Replacements, (2) Other Street Improvement Projects, (3) Replacement of Hydrants and Valves, (4) East Side Station Roof Replacement, (5) Fort Hill Reservoir Valve Replacement, (6) Upgrade of Water System Cross Connection Program, (7) New Chlorine Feed and Storage Facility, (8) Water Filtration Plant Outfall Relocation Project, and (9) Memorial Campus Facility Demolition and to borrow money to finance, reimburse or refinance project and related costs, including reserves deemed necessary or desirable and costs of issuance, through the issuance of bonds and, to the extent applicable, bond anticipation notes and/or refunding bonds.

- Section 1 - Provides that Recitals are an integral part of the Ordinance and terms defined therein and not otherwise defined in the Ordinance Sections shall have meanings given to such terms in the Ordinance, any official referred to by title in the Ordinance shall include any person serving in absence or disability of a titled official or in an acting capacity and any person generally referred to by another title (titles used in the Ordinance conform to titles used in the Charter or the City Code).

- Sections 2 – (a) The City determines to borrow money and incur indebtedness for the public purpose of financing, reimbursing or refinancing costs of the Projects identified in such subsection. (b) Broad definition of “costs” set forth.

- Section 3(a) – The City authorized to issue its general obligation bonds in one or more series from time to time in an aggregate principal amount not to exceed \$5,687,000 (the “Bonds”). (b) In the event the City issues bond anticipation notes as authorized by Section 6 (“BANs”), application of Bond proceeds to pay or prepay principal, interest and/or interest on the BANs will be deemed application for costs of the Projects. (c) By resolution the Mayor and City Council may determine how to apply unexpended proceeds, sale premium and/or investment proceeds of Bonds or BANs, including on costs of the Projects or debt service.

- Section 4 – Proceeds of the Bonds will be used solely for the public purposes described in Section 2 of the Ordinance unless the Mayor and City Council enacts a supplemental ordinance to provide otherwise.
- Section 5 - Prior to issuing any series of the Bonds, and as required by the Charter, the Mayor and City Council shall adopt one or more resolutions fixing, determining, approving or providing for all details relating to such series. Section 5 sets forth the types of determinations to be made by resolution.
- Section 6 - (a) The City is authorized to issue and sell from time to time one or more series of general obligation BANs in an aggregate principal amount not to exceed \$5,687,000 in order to finance or reimburse costs of the Projects on an interim basis (including funding reserves and paying costs of issuance). As required by the Charter, details regarding each series of BANs will be determined by resolution of the Mayor and City Council, and any such resolution shall make or provide for the same types of determinations provided for in Section 5 with respect to the Bonds, to the extent applicable to the BANs. Unless the Mayor and City Council determine otherwise by resolution, each series of BANs will be sold by private negotiation. (b) The Ordinance provides that the Mayor and City Council may provide for renewal of any BANs at maturity with or without resale and for any modifications to the BANs. (Note: BAN issuance authority is contained in the Ordinance in case interest rates have moved up at the time the City is ready to pursue Project financing and the City decides to incur a short-term borrowing in order to finance or reimburse costs of the Projects on an interim basis. If BANs are issued, the expectation is that Bonds will be issued at a later date to pay/prepay the BANs at or prior to maturity.)
- Section 7 - The City is authorized to issue and sell from time to time one or more series of general obligation bonds in order to refund or advance refund any Bonds issued pursuant to the Ordinance, including funding reserves, issuance costs and funded interest, provided that the maximum principal amount of any series of refunding bonds may not exceed 130% of the maximum principal amount of the bonds refunded therefrom (the “Refunding Bonds”). As required by the Charter, details regarding each series of Refunding Bonds will be determined by resolution of the Mayor and City Council, and any such resolution shall make or provide for the same types of determinations provided for in Section 5 with respect to the Bonds, to the extent applicable to the Refunding Bonds. Unless the Mayor and City Council determine otherwise by resolution, each series of Refunding Bonds will be sold on a negotiated basis. (Notes: The reason the maximum principal amount of each series of Refunding Bonds is expressed as a percentage of the outstanding principal amount of the Bonds being refunded is because refunding bonds are usually sized to cover not only outstanding principal of Bonds being

refunded but also accrued interest, any prepayment premium and costs of issuance of the Refunding Bonds. Also, refunding authority included in this Ordinance because if market moves in the right direction at a later date that makes it advantageous for the City to refund any of the Bonds, the City can move quickly because it can determine the details by resolution rather than having to first authorize the refunding bonds by ordinance at that time.)

- Section 8 – The City pledges its full faith and credit and unlimited taxing power to the payment of the Bonds, the BANs and the Refunding Bonds (collectively, the “Obligations”); to the extent other moneys are available for such purpose, the City may apply such other moneys to pay debt service on such Obligations as long as such application does not violate federal tax code limitations, if applicable.
- Section 9 – By resolution the Mayor and City Council may make appropriate arrangements in the event any put option, change in interest rate or modification of any issued Obligation could lead to a reissuance of the same for tax code purposes.
- Section 10 - By resolution, the Mayor and City Council may determine that any series of the Obligations may be consolidated with any other bonds, bond anticipation notes or refunding bonds of the City, as applicable, and issued as a single series.
- Section 11 – Appropriate officials authorized to take all action necessary to complete and close the sale and delivery of each series of the Obligations.
- Section 12 – Title of Ordinance is deemed a fair summary thereof for publication and all other purposes.
- Section 13 - Ordinance will be effective 30 days after its passage, subject to the petition-to-referendum rights contained in the Charter.

Notes:

(1) Even though it is currently expected that the City will issue all the authorized Bonds at the same time, we always authorize bonds to be issued in one or more series from time to time at a stated not-to-exceed aggregate principal amount in case the City decides to undertake the contemplated borrowing in stages.

(2) This ordinance authorizes Bonds to be issued for the same projects authorized by the ordinance relating to the CDA loan that was introduced on 09/11/12 and is the subject of a public hearing on 09/25/12. However, the maximum principal amount of Bonds authorized by this ordinance is more (\$5,687,000 vs. \$5,250,000 in the CDA loan ordinance) in order to cover the possibility that in order to sell Bonds by private placement with a bank the City may have to establish a reserve fund.

(3) Sections 6 and 7 refer to selling the BANs and the Refunding Bonds, respectively, “by private negotiation” and “on a negotiated basis”. These mean the same thing, but those phrases track the specific language used in the Bond Anticipation Note Enabling Act (as identified in the Ordinance) and the Refunding Act (as identified in the Ordinance) with respect to the BANs and the Refunding Bonds, respectively. As noted in Recital 7, the Charter specifies that the method of selling the Bonds will be determined by resolution, but a private sale is expected for those as well.

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