

COUNCIL OF THE TOWN OF RIVERDALE PARK

ORDINANCE 2012-OR-05

Introduced By: CM Thompson

Date Introduced: April 19, 2012

Date Enacted: May 1, 2012

Date Effective: May 22, 2012

An Ordinance concerning

GENERAL OBLIGATION REFUNDING BONDS

FOR the purpose of authorizing and empowering Town of Riverdale Park (the "Town") 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 Three Million One Hundred Seventy-five Thousand Dollars (\$3,175,000.00) (the "Original Refunding Bonds") pursuant to the authority of Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland, Section 24 of Article 31 of the Annotated Code of Maryland, Sections 618 through 620 of the Charter of the Town of Riverdale Park, and any other applicable law, the proceeds of the sale thereof to be used and applied for the public purpose of (i) refunding or advance refunding in whole the Town's outstanding Town of Riverdale Park General Obligation Certificate of Indebtedness, Series 2006, including paying any prepayment premium and/or accrued and unpaid interest thereon, (ii) paying or reimbursing costs of issuance of the Original Refunding Bonds, and/or (iii) to the extent determined by the Council, paying interest on the Original Refunding Bonds; authorizing the Town to issue and sell from time to time, upon its full faith and credit, general obligation bonds in one or more series (the "Subsequent Refunding Bonds") in order to refund or advance refund in whole or in part any of the Original Refunding Bonds issued pursuant to the authority of this Ordinance, including paying redemption or prepayment premiums and/or accrued and unpaid interest on such refunded Original Refunding Bonds, costs of issuance of such Subsequent Refunding Bonds and/or interest on such Subsequent Refunding Bonds, provided that, the aggregate principal amount of any such issue of Subsequent Refunding Bonds shall not exceed one hundred thirty percent (130%) of the aggregate principal amount of the Original Refunding Bonds refunded therefrom; providing that each series of the Original Refunding Bonds and the Subsequent Refunding Bonds will be sold on a negotiated basis without solicitation of bids unless the Council determines otherwise by resolution; providing for the adoption of a resolution or resolutions of the Council to determine, approve or provide for various matters relating to the authorization, sale, security, issuance, delivery, payment, redemption or prepayment of and for each series of the Original Refunding Bonds and the Subsequent Refunding Bonds (the "Obligations"); 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 Town to, the prompt payment of principal and interest on each series of 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 Town for such purpose; providing that any of the Obligations authorized hereby may be consolidated with any bonds and/or refunding bonds authorized by the Council and issued as a single series of bonds and/or refunding bonds; authorizing certain officials to take certain actions with respect to the Obligations authorized hereby; 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 the Obligations authorized hereby.

RECITALS

WHEREAS, Town of Riverdale Park, a municipal corporation of the State of Maryland (the "Town"), is authorized and empowered by Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Enabling Act"), and Sections 618 through 620 of the Charter of the Town of Riverdale Park, 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, pursuant to Section 24 of Article 31 of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Refunding Act"), the Town is further authorized to issue bonds for the purpose of refunding any of its bonds or other evidences of obligation, by whatever name known, then outstanding for the public purpose of realizing debt service savings or debt restructuring; and

WHEREAS, pursuant to the Refunding Act, the procedures for the issuance of refunding bonds shall be the same as those applicable to the bonds or obligations being refunded, except that refunding bonds may be sold on a negotiated basis without solicitation of bids if the Town determines in a public meeting that such procedure is in the public interest; and

WHEREAS, on August 8, 2006, the Town issued and delivered to LaSalle Bank National Association its Town of Riverdale Park General Obligation Certificate of Indebtedness, Series 2006 in the aggregate principal amount of \$3,500,000 (the "2006 Certificate") pursuant to the authority of the Enabling Act, the Charter, Resolution 2006-R-07, adopted by the Mayor and Common Council of the Town (which is currently referred to as the Council under the Charter) on August 4, 2006 and effective on August 4, 2006 (the "2006 Resolution"); and

WHEREAS, the 2006 Resolution and other documents relating to the 2006 Certificate provide that proceeds of the 2006 Certificate were to be applied to the costs of certain municipal and street improvements, including building improvements; and

WHEREAS, as originally issued and delivered, the 2006 Certificate matures on May 30, 2026, bears interest at the rate of five and twenty-four hundredths percent (5.24%) per annum, and principal and interest installment payments are due on the 2006 Certificate on November 30, 2006,

November 30, 2007, and thereafter on each May 30 and November 30 until maturity or prior prepayment in whole; and

WHEREAS, the 2006 Certificate is subject to prepayment in whole, but not in part, on each installment payment date upon payment of the prepayment price indicated on Exhibit A to the 2006 Certificate that is applicable to the prepayment date, following at least 30 days prior written notice of prepayment given in accordance with the provisions of the 2006 Certificate; and

WHEREAS, Davenport & Company LLC, the financial advisor working with the Town, has advised that under current market conditions the Town may achieve favorable interest rate savings by issuing its general obligation bonds in order to provide for the prepayment in whole of the outstanding 2006 Certificate and related costs, thereby undertaking a refunding of the 2006 Certificate; and

WHEREAS, even if market conditions do not remain favorable for a refunding of the 2006 Certificate in spring 2012, the Council of the Town (the "Council") desires to put in place authorization for the refunding of the 2006 Certificate so that the Town is in a position to undertake the same at a later date if and when conditions become favorable; and

WHEREAS, the Town has determined to authorize the issuance from time to time of one or more series of its general obligation bonds in order to (i) refund or advance refund in whole the then-outstanding and unpaid principal amount of the 2006 Certificate and, in connection therewith, to pay all or any portion of any applicable prepayment price and/or to pay all or any portion of interest accrued or to accrue to the date of prepayment of the refunded 2006 Certificate, for the public purpose of (X) realizing savings in the aggregate cost of debt service on a direct comparison or present value basis, or (Y) debt restructuring that in the aggregate effects such a reduction in the cost of debt service or is determined by the Council 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, as contemplated in the Refunding Act and as to be determined pursuant to a resolution or resolutions of the Council, (ii) to pay all or a portion of the related costs of issuance of such refunding bonds, and/or (iii) to the extent determined by the Council by a resolution or resolutions, to pay interest on such refunding bonds; and

WHEREAS, subsequent to the issuance of any original refunding bonds authorized hereby to refund the 2006 Certificate, the Town may desire to refund or advance refund all or a portion of such original refunding bonds through the issuance from time to time of one or more series of its refunding bonds pursuant to the authority of the Enabling Act, Refunding Act and any other applicable law; and

WHEREAS, the Town pledged its full faith and credit and unlimited taxing power to the prompt payment of the 2006 Certificate, and the Town has determined to pledge its full faith and credit and unlimited taxing power to the prompt payment of debt service on the original refunding bonds and the subsequent refunding bonds authorized hereby; and

WHEREAS, it is the present expectation of the Council, that, as authorized by the Refunding Act, each series of the original refunding bonds and the subsequent refunding bonds authorized hereby shall be sold on a negotiated basis without solicitation of bids due to the ability to time the market, negotiate terms and the lower costs of issuance typically incurred with a negotiated sale as opposed to public sale by competitive bid, but the Council, based on then-current market conditions and the advice of any professionals engaged by the Town, and as authorized by the Enabling Act and the Refunding Act, may determine by resolution to sell any such series of original refunding bonds or subsequent refunding bonds by public sale at competitive bid; and

WHEREAS, the Town shall issue any original refunding bonds or subsequent refunding bonds authorized hereby in accordance with the terms and conditions provided for in a resolution or resolutions to be adopted by the Council.

SECTION 1: BE IT ENACTED BY THE COUNCIL OF THE TOWN OF RIVERDALE PARK that (a) the Recitals to this Ordinance are deemed a substantive part of this Ordinance and incorporated by reference herein. Capitalized terms used in the Recitals to this Ordinance and not otherwise defined in the Sections of this Ordinance shall have the meanings given to such terms in the Recitals.

(b) References in this Ordinance to any official of the Town by title shall be deemed to be (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, and/or (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. The titles of officials used in this Ordinance correspond to the titles of officials as referred to in the Charter.

SECTION 2: AND BE IT FURTHER ENACTED that pursuant to the authority of the Enabling Act, the Refunding Act, the Charter and any other applicable law, the Town hereby determines to borrow money and incur indebtedness for the public purpose of (i) refunding or advance refunding in whole the then-outstanding and unpaid principal amount of the 2006 Certificate and, in connection therewith, paying all or a portion of any applicable prepayment premium and/or paying all or a portion of interest accrued or to accrue to the date of prepayment of such refunded 2006 Certificate, in order to realize an objective authorized by the Refunding Act, as determined in the Resolution (as defined in Section 6 hereof), (ii) paying or reimbursing all or a portion of related costs of issuance of such refunding bonds, including, without limitation, legal and financial costs and costs of any credit enhancement, and/or (iii) to the extent determined by the Council pursuant to the Resolution, paying interest on such refunding bonds (collectively, the "Original Refunding Project"). The total cost of the portion of the Original Refunding Project to be paid from proceeds of the bonds authorized by this Section 2 will not exceed Three Million One Hundred Seventy-five Thousand Dollars (\$3,175,000.00). Although the 2006 Certificate is subject to prepayment only in whole, nothing in this Ordinance shall be construed to prevent the Town from using funds on hand, in addition to proceeds of any series of Original Refunding Bonds, to pay all or a portion of the costs of any component of the Original Refunding Project.

SECTION 3: AND BE IT FURTHER ENACTED that to evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the Town, acting pursuant to the authority of the Enabling Act, the Refunding Act, the Charter and any other applicable law, 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 Three Million One Hundred Seventy-five Thousand Dollars (\$3,175,000.00) (the "Original Refunding Bonds"). Any series of the Original Refunding Bonds may consist of one or more bonds and any such bond may be issued in installment form.

SECTION 4: AND BE IT FURTHER ENACTED that the proceeds of the Original Refunding Bonds shall be used and applied by the Town exclusively and solely for the public purposes described in Section 2 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 Refunding Act, the Charter and/or other applicable law.

SECTION 5: AND BE IT FURTHER ENACTED that, unless the Council determines by the Resolution that it would better serve the public interest to sell any series of the Original Refunding Bonds by public sale after solicitation of bids, each series of the Original Refunding Bonds shall be sold on a negotiated basis without solicitation of bids due to the lower costs of issuance typically incurred with a sale on a negotiated basis, the ability to time the market, and the ability to negotiate with potential purchasers and thereby achieve a beneficial interest rate or rates and other beneficial terms (including restructuring terms, if applicable) by undertaking a sale on a negotiated basis.

SECTION 6: AND BE IT FURTHER ENACTED that the Council, prior to the issuance, sale and delivery of each series of the Original Refunding Bonds, shall adopt a resolution or resolutions (in each such case and, collectively, the "Resolution") specifying, prescribing, determining or providing for the determination of, providing for, or approving or providing for the approval of, such matters, details, forms (including, without limitation, the complete forms of the Original Refunding Bonds of such series and the bond purchase agreement or any similar agreement with the purchaser or purchasers of such series of Original Refunding Bonds, if deemed necessary or desirable, or if such series of the Original Refunding Bonds are sold by solicitation of competitive bids at public sale, the form of notice of sale of such series of Original Refunding Bonds), documents or procedures as may be required by the Enabling Act, the Refunding 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 Original Refunding Bonds, including the purposes of the Refunding Act to be achieved by the issuance of such series of the Original Refunding Bonds. The Resolution shall set forth, determine or provide for the determination of, provide for, or approve or provide for the approval of, among other things, as applicable, the designation, date of issue, denomination or denominations, form or forms and tenor of the Original Refunding Bonds of such series; the aggregate principal amount of the Original Refunding Bonds of such series; the maturities of or principal installments payable on the Original Refunding Bonds of such series; the rate or rates of interest, or the method of determining the rate or rates of interest, which may be fixed or variable, payable on the Original Refunding Bonds of such series; provisions for the payment of late fees and/or additional interest or

penalties or adjustments to interest rates with respect to the Original Refunding Bonds of such series in appropriate circumstances; the purchase price or the method of determining the purchase price payable for the Original Refunding Bonds of such series; provisions allowing the registered owners of the Original Refunding Bonds of such series to put or cause the redemption or prepayment of the same at their option; provisions relating to the redemption or prepayment of the Original Refunding Bonds of such series at the option of the Town; the procedure for the sale of the Original Refunding Bonds of such series on a negotiated basis without solicitation of bids, unless the Resolution provides for the sale of such series by competitive bid at public sale and matters relating thereto; provisions for the appropriation, disposal and investment of the proceeds of the Original Refunding Bonds of such series, and any documents, agreements or filings relating to the same; how any unexpended proceeds, premium realized upon sale or investment earnings on proceeds of the Original Refunding Bonds of such series shall be expended, which may include, without limitation, on debt service payable on such series of the Original Refunding Bonds; certifications, representations, determinations, designations or elections relating to the tax-exempt or taxable status of the Original Refunding Bonds of such series; and all other terms and conditions pursuant to which the Original Refunding Bonds of such series will be issued, sold and delivered. Among other matters, the Council, pursuant to the Resolution, may authorize, approve or otherwise provide for (i) the commitment of the Town to pay to the purchaser or purchasers of such series of the Original Refunding Bonds (A) any commitment fee or similar fee and any other costs in connection with such purchaser's or purchasers' agreement to purchase such series of the Original Refunding Bonds and/or (B) any breakage compensation or other amount that may be determined to be due to such purchaser or purchasers in the event the Town fails to deliver such series of the Original Refunding Bonds and, in connection therewith, to approve or provide for the approval, and the execution and delivery of, any agreement relating to such payment or payments (which such agreement may, but shall not be required to be, contained within any purchase or similar agreement for such series of the Original Refunding Bonds), (ii) the obtaining of credit enhancement for such series of the Original Refunding Bonds (and the execution and delivery of any agreements or documents relating thereto), and (iii) any other agreements necessary to enhance the marketability of or as security for such series of the Original Refunding Bonds, including (without limitation) any ratings, any official statement or similar disclosure document and any continuing disclosure undertaking required to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12. Any Resolution may address the matters identified in this Section 6 for more than one series of the Original Refunding Bonds.

SECTION 7: AND BE IT FURTHER ENACTED that pursuant to the authority of the Enabling Act, the Refunding Act, the Charter and any other applicable law, the Town is hereby authorized and empowered to issue and sell from time to time, in one or more series, upon its full faith and credit, its general obligation refunding bonds (collectively, the "Subsequent Refunding Bonds"), for the public purpose of (i) refunding or advance refunding all or a portion of the then-outstanding and unpaid principal amounts of one or more series of the Original Refunding Bonds issued under the authority of this Ordinance and, in connection therewith, paying all or a portion of any applicable redemption or prepayment premiums and/or paying all or a portion of interest accrued or to accrue to the dates of maturity, redemption or prepayment of such refunded Original Refunding Bonds, in order to realize an objective authorized by the Refunding Act, as determined by the Council by resolution, (ii) paying or reimbursing all or a portion of related costs of issuance

of such Subsequent Refunding Bonds, including, without limitation, legal and financial costs and costs of any credit enhancement, and/or (iii) to the extent determined by the Council by resolution, paying interest on such Subsequent Refunding Bonds; provided that, the aggregate principal amount of any issue of the Subsequent Refunding Bonds shall not exceed one hundred thirty percent (130%) of the aggregate principal amount of the Original Refunding Bonds refunded therefrom. Any such series of the Subsequent 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 any series of the Subsequent Refunding Bonds, the Council shall adopt a resolution or resolutions authorizing such series of the Subsequent Refunding Bonds and specifying, determining, providing for or approving with respect to such series of the Subsequent Refunding Bonds the types of matters, details, forms, documents or procedures and determinations specified to be made in Section 6 hereof by the Resolution with respect to each series of the Original Refunding Bonds, and as otherwise may be authorized or required by applicable law. Unless the Council shall determine otherwise in a resolution providing for any series of the Subsequent Refunding Bonds, pursuant to the authority of the Refunding Act, each series of the Subsequent Refunding Bonds shall be sold on a negotiated basis without solicitation of bids. Any such sale on a negotiated basis is hereby determined to be in the public interest due to the lower costs of issuance typically incurred with a sale on a negotiated basis, the ability to time the market, and the ability to negotiate with potential purchasers and thereby achieve a beneficial interest rate or rates and other beneficial terms (including restructuring terms, if applicable) by undertaking a sale on a negotiated basis.

SECTION 8: AND BE IT FURTHER ENACTED that (a) for the purpose of paying the principal of and interest on each series of the Original Refunding Bonds or the Subsequent Refunding Bonds (in any such case, a series of the "Obligations") when due, the Town shall levy or cause to be levied, for each and every fiscal year during which any series of 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 prompt payment, when due, of the principal of and interest on such series of the Obligations in each such fiscal year. If the proceeds from the taxes so levied in any such fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency.

(b) The full faith and credit and unlimited taxing power of the Town are hereby irrevocably pledged to the prompt payment of the principal of and interest on each series of the Obligations as and when they become due and 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 Town hereby covenants and agrees with the registered owners, from time to time, of each series of the Obligations to levy and collect the taxes hereinabove described and to take any further lawful action that may be appropriate from time to time during the period that such series of the Obligations remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

(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 or from any other funds legally available for that purpose (including, without limitation, with respect to the Original Refunding Bonds, from the proceeds of the Subsequent Refunding Bonds authorized hereby). Subject to the provisions of applicable law, the Town may apply to the payment of the principal of or interest on any 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 such funds are granted, paid or available to the Town for the purpose of assisting the Town in the types of projects which the Obligations of such series are issued to finance, reimburse or refinance, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately.

(d) By resolution the Council may provide that all or a portion of the principal of and interest on any series of the Obligations may be payable in the first instance from any other source or sources designated in such resolution to the extent such moneys are available for such purposes.

SECTION 9: AND BE IT FURTHER ENACTED that by resolution, the Council may determine that any series of the Original Refunding Bonds or the Subsequent Refunding Bonds authorized hereby may be consolidated with any bonds and/or refunding bonds authorized by the Council and issued as a single series of obligations.

SECTION 10: AND BE IT FURTHER ENACTED that the Mayor, the Town Administrator, and all other appropriate officials and employees of the Town are hereby authorized and directed to take any and all action necessary to complete and close the sale, issuance and delivery of the Original Refunding Bonds and the Subsequent Refunding Bonds authorized hereby and to approve, execute and deliver all closing documents, certificates and instruments necessary or appropriate in connection therewith.

SECTION 11: AND BE IT FURTHER ENACTED that the title of this Ordinance shall be deemed to be, and is, a fair summary of this Ordinance for publication and all other purposes.

SECTION 12: AND BE IT FURTHER ENACTED that this Ordinance shall become effective at the expiration of twenty (20) calendar days following passage by at least four (4) members of the Council, subject to the provisions of Section 211 of the Charter.

[CONTINUED ON NEXT PAGE]

ATTEST:

COUNCIL OF THE TOWN OF
RIVERDALE PARK


Sara Imhulse, Town Administrator


Vernon S. Archer, Mayor

EXPLANATION:

Underlining indicates amendments to Ordinance as introduced.

~~Strike Out~~ indicates matter stricken by amendment from Ordinance as introduced.

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