

THE MAYOR AND COUNCIL OF ROCKVILLE

Ordinance No. 24-19

AN ORDINANCE of The Mayor and Council of Rockville to authorize, pursuant to the authority of Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended, Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Rockville, as amended, the issuance and sale, upon its full faith and credit, of its general obligation, fully registered bonds, in an aggregate principal amount not to exceed Fourteen Million Dollars (\$14,000,000) to be designated as "The Mayor and Council of Rockville General Obligation Refunding Bonds, Series 2020A"; said bonds to be issued and sold for the public purpose of (i) refunding certain outstanding maturities of the General Obligation Bonds of 2010 of the City of Rockville, as more fully set forth in Exhibit A attached hereto; and (ii) paying the costs incurred by the City in connection with the issuance, sale and delivery of said bonds; prescribing the form and tenor of such bonds and determining other matters relating to the issuance and sale thereof; determining that the best interests of the City will be served by selling said bonds at a private (negotiated) sale on a forward delivery basis; determining other details in connection with said sale; providing for the disbursement of the proceeds of said bonds; providing for the levy and collection of all *ad valorem* taxes necessary to provide for the payment of the interest on, and the principal of, said bonds as they become due, such taxes to be levied upon all property subject to assessment for unlimited municipal taxation within the corporate limits of the City of Rockville; providing that the proceeds of said bonds, or any moneys which may be deemed to be proceeds, will not be used in a manner which would cause said bonds to be arbitrage bonds and making certain other covenants to assure the exclusion of interest on said bonds from gross income for federal income tax purposes; appointing a paying agent and registrar for said bonds; and generally providing for the issuance, sale and delivery of all said bonds.

RECITALS

For convenience of reference, The Mayor and Council of Rockville, a municipal corporation of the State of Maryland, is hereinafter referred to as the “City.”

The authority for the powers herein exercised is contained in Article VII, Section 11 of the Charter of the City of Rockville (hereinafter sometimes referred to as the “Charter”), in Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended (the “City Enabling Act”), and in Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as amended (the “Refunding Act”), such authority being hereinafter sometimes referred to collectively as the “Enabling Act.”

The Enabling Act enables the City to issue bonds for the purpose of refunding any of its outstanding bonds.

The City finds it to be in the public interest to borrow money to (i) refund some or all of the maturities of the bonds of the City listed on Exhibit A attached hereto, and (ii) pay the costs incurred by the City in connection with the issuance, sale and delivery of said bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF ROCKVILLE, that:

Section 1: Acting pursuant to the authority of the Enabling Act, the City hereby determines that the net proceeds from the sale of its General Obligation Refunding Bonds, Series 2020A, authorized to be issued and sold by this Ordinance (the “Series 2020A Bonds”), shall be used and applied to (i) refund some or all of the maturities of the bonds of the City listed on Exhibit A attached hereto, and (ii) pay the costs incurred by the City in connection with the issuance, sale and delivery of the Series 2020A Bonds. The City Manager of the City is hereby authorized and directed to determine to refund some, all or none of the bonds listed on Exhibit A, in order to further the best interests of the City.

Section 2: It is hereby determined that the City shall borrow money and incur indebtedness for the purposes set forth in this Ordinance. To evidence such borrowing and indebtedness and acting pursuant to the authority of the Enabling Act, the City shall issue and sell, upon its full faith and credit, its general obligation, fully registered bonds, said issue of bonds to be known as “The Mayor and Council of Rockville General Obligation Refunding Bonds, Series 2020A” in an aggregate principal amount not to exceed Fourteen Million Dollars (\$14,000,000). The City Manager of the City is hereby authorized and directed to determine the aggregate principal amount and the principal amount per maturity of the Series 2020A Bonds to be issued in order to further the best interests of the City.

Section 3: All of the Series 2020A Bonds authorized by this Ordinance shall mature on such dates and in such amounts, and shall bear interest at such interest rate or rates, on

the dates, at the places and in the manner as shall be specified in the agreements authorized by Section 5 hereof.

All Series 2020A Bonds shall be executed in the name of the City and on its behalf by the Mayor of Rockville. Such signature of the Mayor of Rockville may be manually affixed or may be imprinted on such Series 2020A Bonds by facsimile; either a facsimile or an original of the corporate seal of Rockville shall also be imprinted thereon, attested by the manual or facsimile signature of the City Clerk/Director of Council Operations of Rockville.

There shall accompany each Series 2020A Bond the text of the approving legal opinion of Venable LLP, Bond Counsel, with respect to such Series 2020A Bond.

In the event any official whose signature shall appear on such Series 2020A Bonds shall cease to be such official prior to the delivery of the Series 2020A Bonds, or in the event any such official whose signature shall appear on the Series 2020A Bonds shall have become such after the date of issue thereof, the Series 2020A Bonds shall nevertheless be valid and legally binding obligations of the City in accordance with their terms.

The City is hereby designated as the Bond Registrar and as the Paying Agent for the Series 2020A Bonds, subject to further action by the City.

Any interest on any Series 2020A Bond which is payable but not punctually paid or duly provided for ("Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date and such Defaulted Interest may be paid by the City, at its election in each case, as provided in paragraph (a) or (b) below:

(a) The City may elect to make payment of any Defaulted Interest on the Series 2020A Bonds to the persons in whose names such Series 2020A Bonds are registered at the close of business on a record date for the payment of such Defaulted Interest (the "Special Record Date"), which shall be fixed in the following manner. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on the Series 2020A Bonds and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the City shall deposit or cause to be deposited with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as provided in this paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name of the City, shall cause notice of the payment date for such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner as of a date not

less than ten (10) days prior to such Special Record Date at such owner's address as it appears in the registration books maintained by the Bond Registrar. The Paying Agent may, in its discretion, in the name of the City, cause a similar notice to be published at least once in a newspaper of general circulation in each of Baltimore, Maryland and the Borough of Manhattan, New York, New York but such publication shall not be a condition precedent to the establishment of such Special Record Date Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid on the date fixed for such payment to the registered owners of the Series 2020A Bonds as of the close of business on the Special Record Date.

(b) The City may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2020A Bonds may be listed, and upon such notice as may be required by such exchange, if, after notice given by the City to the Paying Agent of the proposed payment pursuant to this paragraph, such payment shall be deemed practicable, and approved in writing, by the Paying Agent.

Section 4: The City has been advised by Davenport & Company LLC, its financial advisors, that the current interest rate environment is such that it is advisable to sell the Series 2020A Bonds directly to one or more underwriters or financial institutions via a private negotiated sale. Such sale method is expected to enable the City to realize savings by providing the flexibility to sell the Series 2020A Bonds at such time or times as shall be most advantageous to secure favorable interest rates for the Series 2020A Bonds, and to minimize costs of issuance. Consequently, the Series 2020A Bonds hereby authorized shall be sold at private, negotiated sale to one or more underwriters or financial institutions, based upon a solicitation process conducted by the City's financial advisors. The form of solicitation (the "Solicitation") is attached hereto as Exhibit B. The City hereby finds and determines that such procedure is in the public interest, and hereby ratifies and adopts the term of the Solicitation.

The City Manager is hereby authorized and directed to select one or more underwriters or financial institutions as purchasers of the Series 2020A Bonds as will be, in his judgment, in the best interests of the City, based upon the procedure described above. The execution of the Series 2020A Bonds and delivery of them to such underwriters or financial institutions shall constitute conclusive evidence of the City Manager's selection of such banks or financial institutions in accordance with the provisions hereof.

The City has been further advised by Venable LLP, Bond Counsel, that the Series 2020A Bonds may not be issued on a tax-exempt basis any sooner than March 2, 2020. Consequently, the Series 2020A Bonds hereby authorized shall be sold on a forward delivery basis, with the City entering into a bond purchase contract or similar purchase agreement with such underwriters or financial institutions that will specify a delivery date for the Series 2020A Bonds that is no sooner than March 2, 2020. The City Manager and the Chief

Financial Officer are each authorized and directed to enter into such a bond purchase contract.

Section 5: The City Manager is hereby authorized to execute and deliver such agreements and certificates as may be necessary or advisable to accomplish the sale of the Series 2020A Bonds to the underwriters or financial institutions selected in accordance with the provisions of Section 4 hereof. Such agreements and certificates may include, without limitation, a financing agreement or similar agreement with the underwriters or financial institutions selected in accordance with Section 4. Such agreements may specify the form and tenor of the Series 2020A Bonds, the dates of maturity of the Series 2020A Bonds and the time, place and manner of payment thereof, the interest rate or rates thereon or the manner of determining the same, the authorized denominations of the Series 2020A Bonds, the terms and conditions on which the Series 2020A Bonds may be paid prior to the maturity thereof, and such other matter relating to the terms and conditions of the Series 2020A Bonds as the City Manager shall determine, his execution and delivery of such agreements to constitute conclusive evidence of his approval of such matters. The City Manager is authorized to take such further action and to execute such other documents as are necessary or desirable in connection with the issuance of the Series 2020A Bonds.

Section 6: Pursuant to Section 11(f) of Article VII of the Charter of the City of Rockville, Davenport & Company LLC is hereby recognized and appointed as the Financial Advisor to the City in connection with the issuance of the Series 2020A Bonds.

Section 7: The City shall apply such amount of the proceeds of the Series 2020A Bonds as shall be deemed necessary by the Chief Financial Officer to the payment in full of the bonds of the City to be refunded with the proceeds of the Series 2020A Bonds pursuant to the terms hereof (the "Refunded Bonds"). The Mayor, the City Manager and the Chief Financial Officer are each authorized to cause the City to enter into one or more escrow deposit agreements with a bank or trust company located within or without the State of Maryland and selected by the City Manager or the Chief Financial Officer and deposit such proceeds thereunder if, in their judgment, doing so shall further the best interests of the City. Such amounts shall be invested upon the direction of the Chief Financial Officer, pending their application in accordance with the provisions hereof.

The Chief Financial Officer shall apply proceeds of the Series 2020A Bonds to the payment of the costs of issuance thereof. Such amounts shall be invested upon the direction of the Chief Financial Officer, pending their application in accordance with the provisions hereof.

(d) The Refunded Bonds shall be called for redemption and shall be redeemed on the earliest call date for such Bonds that is reasonably practical, as determined by the Chief Financial Officer in his discretion.

The Chief Financial Officer shall give notice of redemption of the Refunded Bonds, signed in the name of the City and identifying the Refunded Bonds being called and designating the redemption date and the redemption price to be paid. Such notice of redemption shall be published, filed and mailed as provided in the respective ordinances of the City authorizing the issuance of the Refunded Bonds; but failure so to publish or file or mail any such notice shall not affect the validity of the proceedings for such redemption.

Notice having been given in the manner and under the conditions hereinabove provided, the Refunded Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided in the respective ordinance authorizing the issuance of the Refunded Bonds called for redemption, for the redemption of such Refunded Bonds on such date, and from and after the date of redemption so designated (unless default shall be made in the payment of the Refunded Bonds called for redemption) interest on such Refunded Bonds so called for redemption shall cease to accrue and the interest coupons (if any) appertaining to such Bonds which mature after the redemption date shall become void.

The City hereby finds and determines that the issuance of the Series 2020A Bonds and the refunding of the Refunded Bonds will realize for the City a savings in the total cost of debt service on a present value basis, is in the best interests of the City, is consistent with the City's long-term financial plan, and realizes the City's financial objective of generating net present value debt service savings on an aggregate basis.

Section 8: For the purpose of paying the principal of and interest on the Series 2020A Bonds authorized to be issued by this Ordinance, the City shall levy or cause to be levied, and there is hereby levied, in each and every fiscal year in which any of the Series 2020A Bonds are outstanding, an *ad valorem* tax or taxes upon all of the legally assessable property within the corporate limits of the City in rate and amount sufficient to provide for the payment, when due, of the principal of all of the Series 2020A Bonds maturing in each such fiscal year and of all of the interest on the Series 2020A Bonds coming due in each such fiscal year, and, in the event the proceeds from the taxes so levied in each such fiscal year shall prove inadequate for the above purposes, additional taxes shall be, and are hereby, levied in the subsequent fiscal year to make up any deficiency. It is the intent of this Ordinance that the rate of said *ad valorem* taxes shall be so computed in each fiscal year that the proceeds of such *ad valorem* taxes, together with any other funds then lawfully available for the purpose, shall provide sufficient funds to meet said maturing principal of and interest on all of the Series 2020A Bonds.

The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the payment to maturity of the principal of and interest on the Series 2020A Bonds authorized by this Ordinance as and when the same respectively mature 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 the Series 2020A Bonds hereby authorized to be issued. The City hereby solemnly

covenants and agrees with each registered owner (from time to time) of the Series 2020A Bonds to levy and collect the taxes hereinabove described and to take any other action that may be appropriate from time to time during the period that any of the Series 2020A Bonds remain outstanding and unpaid to provide the funds necessary to make principal and interest payments thereon.

Section 9: (a) The City intends to issue the Series 2020A Bonds with the expectation that the interest thereon will be excludable from the gross income of the holders thereof for federal income tax purposes. The Chief Financial Officer shall be the officer of the City responsible for the issuance of the Series 2020A Bonds within the meaning of the Arbitrage Regulations (defined herein). The Chief Financial Officer shall also be the officer of the City responsible for the execution and delivery (on the date of the issuance of the Series 2020A Bonds) of a certificate of the City (the "Tax and Section 148 Certificate") which complies with the requirements of Section 148 of the Internal Revenue Code of 1986 ("Section 148"), and the applicable regulations thereunder (the "Arbitrage Regulations"), and such officer is hereby authorized and directed to execute and deliver the Tax and Section 148 Certificate to counsel rendering an opinion on the validity of the Series 2020A Bonds on the date of the issuance of the Series 2020A Bonds.

(b) The City shall set forth in the Tax and Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Series 2020A Bonds or of any moneys, securities or other obligations to the credit of any account of the City which may be deemed to be proceeds of the Series 2020A Bonds pursuant to Section 148 or the Arbitrage Regulations (collectively, the "Bond Proceeds"). The City covenants and agrees with the registered owners of the Series 2020A Bonds that the facts, estimates and circumstances set forth in the Tax and Section 148 Certificate will be based on the City's reasonable expectations on the date of issuance of the Series 2020A Bonds and will be, to the best of the certifying officers' knowledge, true and correct as of that date.

(c) The City covenants and agrees with the registered owners of the Series 2020A Bonds that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds that would cause the Series 2020A Bonds to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. The City further covenants that it will comply with Section 148 of the Internal Revenue Code of 1986 (or any successor provision thereto) and the regulations thereunder which are applicable to the Series 2020A Bonds on the date of issuance of the Series 2020A Bonds and which may subsequently lawfully be made applicable to the Series 2020A Bonds.

(d) The City further covenants that it shall make such use of the proceeds of the Series 2020A Bonds, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Series 2020A Bonds. All officers, employees and agents of the City are hereby authorized and directed to take such actions, and to provide

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such certifications of facts and estimates regarding the amount and use of the proceeds of the Series 2020A Bonds, as may be necessary or appropriate from time to time to comply with, or to evidence the City's compliance with, the covenants set forth in this Section.

Section 10: This Ordinance shall take effect from and after the date of final passage.

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THE FOREGOING ORDINANCE was introduced at a meeting of the Mayor and Council of Rockville held on October 21, 2019, and, its title having been included on the published agenda for the meeting of October 21, 2019, and all other requirements of law for published notice or hearing having been complied with, was finally passed by the Mayor and Council of Rockville on October 21, 2019.


City Clerk/Director of Council Operations

Exhibit A

REFUNDED BONDS

General Obligation Bonds of 2010:

<u>Maturity</u> <u>Date June 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Number</u>
2021	\$1,570,000	3.000	774217 2K8
2022	1,165,000	3.000	774217 2L6
2023	1,165,000	3.250	774217 2M4
2024	1,160,000	3.375	774217 2N2
2025	1,160,000	3.500	774217 2P7
2026	1,160,000	3.625	774217 2Q5
2027	1,160,000	3.700	774217 2R3
2028	1,160,000	3.800	774217 2S1
2029	1,160,000	4.000	774217 2T9
2030	1,160,000	4.000	774217 2U6
2031	1,160,000	4.100	774217 2V4

Exhibit B

SOLICITATION

