

TOWN OF HAMPSTEAD
ORDINANCE NO. 537

AN ORDINANCE concerning:

GENERAL OBLIGATION BONDS
FOR WATER MAIN AND SERVICE LINES REPLACEMENT PROJECT

FOR the purpose of authorizing and empowering the Town of Hampstead (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 Seven Hundred Forty Thousand Dollars (\$740,000) pursuant to the authority of Sections 19-301 to 19-309 of the Local Government Article of the Annotated Code of Maryland, as amended, and Section C7-17 of the Charter of the Town of Hampstead, the proceeds of the sale thereof to be used and applied for the public purpose of financing, reimbursing or refinancing costs of replacing aging water main infrastructure located on side streets in the Town’s Main Street Revitalization area and Lower Beckleysville, together with related costs and costs of issuance as further identified herein (collectively, the “Project”); determining that the bonds of one or more series shall be sold by private (negotiated) sale without advertisement or solicitation of competitive bids, unless by resolution the Council of the Town (the “Council”) provides for the public sale after publication or dissemination of the notice of sale of any series of the bonds; authorizing 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, prepayment or redemption of and for each series of the bonds; authorizing and empowering the issuance and sale by the Town from time to time of one or more series of general obligation bonds to refund any of the bonds issued pursuant to the authority of this Ordinance (including paying related 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 refunding bonds shall be sold by private (negotiated) sale, unless otherwise determined by the Council by resolution, and authorizing the Council to determine certain matters relating to any such series of refunding bonds by 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 Town to, the prompt payment of the principal of and interest on each series of the bonds 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 Town for such purpose; providing that certain officials may take certain actions on behalf of the Town 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 any bonds and/or refunding bonds authorized by the Council and issued as a single series of bonds and/or refunding bonds; authorizing and directing officials and employees of the Town to take any and all action necessary to complete and close the sale, issuance and delivery of the Obligations authorized hereby; determining the official intent of the Town to be reimbursed for certain cost incurred prior to the effective date of this Ordinance; and otherwise generally relating to the issuance, sale, delivery and payment of and for the obligations authorized hereby.

RECITALS

WHEREAS, the Town of Hampstead, a municipal corporation of the State of Maryland (the “Town”), is authorized and empowered by Sections 19-301 to 19-309 of the Local Government Article of the Annotated Code of Maryland, as supplemented or amended (the “Enabling Act”), and Section C7-17 of the Charter of Town of Hampstead, as replaced, supplemented or amended (the “Charter”), to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds; and

WHEREAS, the Town has determined to (i) remove and replace the remainder of the 1936 water mains and service lines located in Town limits, including, without limitation, by acquiring, constructing, improving and replacing water mains, service lines, valves, hydrants and related components of the Town’s water supply system on side streets in the Town’s Main Street Revitalization area, (ii) remove and replace the water main on Lower Beckleysville, including, without limitation, by acquiring, constructing, improving and replacing water mains, service lines, valves, hydrants and related components, and (iii) acquire or pay for, as applicable, necessary property rights and equipment, related site and utility improvements, related labor cost, related architectural, financial, legal, planning, design, engineering, permitting, construction management, acquisition, construction, demolition or removal, paving, repaving, reconstruction, improvement, installation, furnishing and equipping expenses, functionally related activities at or near the locations at which such undertakings occur (including, without limitation, related grading, drainage, sidewalk, walkway, curb, gutter, water and, to the extent applicable, sewer and stormwater work), costs of issuance of any related borrowing (including, but not limited to counsel fees and bank fees) and, to the extent determined by the Council of the Town (the “Council”) by resolution, interest during construction and for a reasonable period thereafter (collectively, the “Project”); and

WHEREAS, the Town has determined to authorize the issuance and sale from time to time of one or more series of its general obligation bonds in order to finance, reimburse or refinance all or any portion of the costs of the Project; and

WHEREAS, subsequent to the issuance of any series of bonds authorized by this Ordinance the Town may desire to refund or advance refund all or a portion of such series of 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 19-207 of the Local Government Article of the Annotated Code of Maryland (as supplemented or amended) (the “Refunding Act”); and

WHEREAS, the Town shall issue any series of the bonds or refunding bonds authorized hereby in accordance with the terms and conditions provided for in a resolution or resolutions (the “Resolution”) to be adopted by the Council pursuant to the authority of the Enabling Act, Section C7-17 of the Charter, this Ordinance and other applicable law (including, to the extent applicable the Refunding Act); and

WHEREAS, the Town has determined to pledge its full faith and credit and unlimited taxing power to the prompt payment of debt service on the bonds and the refunding bonds authorized hereby.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF HAMPSTEAD, THAT:

SECTION 1. (a) The Recitals to this Ordinance are deemed a substantive part of this Ordinance and are 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 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.

SECTION 2. The Town, acting pursuant to the authority of the Enabling Act and the Charter is hereby authorized and empowered to issue and sell from time to time, in one or more series, upon its full faith and credit and unlimited taxing power, its general obligation bonds in an aggregate principal amount not to exceed Seven Hundred Forty Thousand Dollars (\$740,000) (collectively, the "Bonds") for the public purpose of financing, reimbursing or refinancing all or any portion of the costs of the Project. Any series of the Bonds may be issued as one or more general obligation bonds and any such bond may be issued in installment form and/or draw-down form.

SECTION 3. Pursuant to the authority of the Enabling Act and the Charter, the Town hereby determines that it is in the public interest of the Town to sell each series of the Bonds by private (negotiated) sale without advertisement or solicitation of competitive bids due to the ability to time the market, negotiate terms and thereby obtain a beneficial interest rate or rates and other beneficial terms, and the lower costs of issuance typically associated with a private (negotiated) sale, unless the Council determines pursuant to a resolution that it would be more advantageous to the Town to sell a series of the Bonds at public sale after publication or dissemination of the notice of sale.

SECTION 4. The proceeds 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 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 5. Pursuant to the authority of the Enabling Act, the Charter and this Ordinance, the 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 and the form of bond purchase agreement or any similar agreement with the purchaser or purchasers of such series of the Bonds, if deemed necessary or desirable or, if such series of Bonds are to be sold by public sale at competitive bid, the form of any notice of sale for such series of the Bonds), documents or procedures as may be required by the Enabling Act, the Charter or this Ordinance or as the Council may deem appropriate for the authorization, sale, security, issuance, delivery, payment, prepayment or redemption of or for such series of the Bonds. 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 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; 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 Town'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 procedures for the sale of the Bonds of such series by private (negotiated) sale without advertisement or solicitation of competitive bids, unless the Resolution shall provide for the sale of the Bonds of such series by public sale at competitive bid after publication or dissemination of the notice of sale, in which case the Resolution shall set forth the procedures for the sale of the Bonds of such series at public sale (including any advertising or bidding requirements) and the award of such series of the Bonds to the successful bidder, if appropriate; 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 the Bonds of such series, which may include, without limitation, on costs of the Project or on debt service payable on the Bonds of such series; 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. Among other matters, the 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 Town 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, documents, instruments or determinations necessary to enhance the marketability of or as security for any series of the Bonds, including (without limitation) any ratings, any official statement or similar disclosure document or any continuing disclosure undertaking required to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12. Any Resolution may determine the matters identified in this Section 5 for more than one series of the Bonds.

SECTION 6. Pursuant to the authority of the Enabling Act, the Refunding Act and the Charter, 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 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 in whole or in part outstanding principal, any prepayment or redemption premium and any interest accrued or to accrue to the date of prepayment, redemption, purchase or maturity of the Bonds to be refunded, paying costs and expenses in connection with the issuance, sale 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 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 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 such bond may be issued in installment form and/or draw-down form. Prior to the issuance, sale 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 specified to be made or addressed 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 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 7. (a) The Town shall levy or cause to be levied, for each and every fiscal year during which each such series of the Bonds 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 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 Town 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 Town 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 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 with respect to any Bonds, from proceeds of any Refunding Bonds authorized hereby) or from any other funds legally available for that purpose. Subject to any applicable limitations of the Internal Revenue Code of 1986, as amended, or Maryland 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 type of project which such series of the Obligations are issued to finance 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 levied may be reduced proportionately.

SECTION 8. 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 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 9. The Town reasonably expects that a portion of the Project costs will be paid by the Town prior to the issuance of the Obligations and that certain proceeds of the Obligations will be used to reimburse the Town for those Project costs incurred and paid by the Town prior to the issuance of the Obligations. The Town intends that the adoption of this Ordinance shall be and constitute an “official intent resolution” within the meaning of Section 1.150-2 of the Income Tax Regulations prescribed by the U.S. Treasury Department.

SECTION 10. By the Resolution the Council may determine that any of the Bonds or the 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 bonds and/or refunding bonds.

SECTION 11. The Mayor, the Town Manager, the Clerk to the Council 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 issuance, sale and delivery of each series of the Bonds or the Refunding Bonds authorized hereby and to negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith, (including, without limitation, engaging bond counsel or any financial advisors).

SECTION 12. This Ordinance shall become effective twenty (20) calendar days following approval by the Mayor or passage by the Council over the Mayor’s veto, subject to the provisions of Section C2-11 of the Charter.

Introduced this 13th day of October, 2020.

Tammi Ledley
Clerk of the Council

Passed this ____ day of November, 2020 by a vote of __ Council members in favor, __ Council members opposed, and __ abstentions.

Delivered to the Mayor for his approval or disapproval this ____ day of November, 2020.

APPROVED AND ATTESTED:

Tammi Ledley

Christopher M. Nevin

Clerk of the Council

Mayor

Effective This ____ day of November, 2020.

Approved as to form and legal sufficiency this _____ day of _____, 2020.

By: _____