

Sponsored by:

ORDINANCE NO. 09-O-12

MAYOR AND COMMON COUNCIL OF THE TOWN OF UNIVERSITY PARK
GENERAL OBLIGATION BOND
FUNDING THE PAST SERVICE COST OF ENTERING
THE EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND
SERIES 2009

ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF UNIVERSITY PARK, A MUNICIPAL CORPORATION OF THE STATE OF MARYLAND, PROVIDING FOR THE ISSUANCE AND SALE OF UP TO ONE MILLION SIXTY TWO THOUSAND DOLLARS (\$1,062,000) AGGREGATE PAR AMOUNT OF BONDS OF MAYOR AND COMMON COUNCIL OF THE TOWN OF UNIVERSITY PARK, TO BE KNOWN AS "MAYOR AND COMMON COUNCIL OF THE TOWN OF UNIVERSITY PARK FUNDING THE PAST SERVICE COST OF ENTERING THE EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND BONDS, 2009 SERIES", TO BE ISSUED AND SOLD PURSUANT TO THE AUTHORITY OF SECTIONS 615 AND 616 OF THE MUNICIPAL CHARTER OF THE TOWN OF UNIVERSITY PARK, AS AMENDED, AND SECTIONS 31 THROUGH 39 OF ARTICLE 23A OF THE ANNOTATED CODE OF MARYLAND, AS AMENDED, FOR THE PURPOSE OF PROVIDING FUNDS NECESSARY FOR FUNDING THE PAST SERVICE OBLIGATION COST OF ENTERING THE EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND AND PAYING THE COSTS OF ISSUING THE BONDS; PROVIDING THAT THE BONDS SHALL BE ISSUED UPON THE FULL FAITH AND CREDIT OF THE TOWN OF UNIVERSITY PARK; PROVIDING FOR THE DISBURSEMENT OF THE PROCEEDS OF THE SALE OF THE BONDS AND FOR THE LEVY OF ANNUAL TAXES UPON ALL ASSESSABLE PROPERTY WITHIN THE TOWN OF UNIVERSITY PARK FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BOND; PROVIDING FOR THE FORM, TENOR, DENOMINATION, MATURITY DATE AND OTHER PROVISIONS OF THE BONDS; PROVIDING FOR THE SALE OF THE BONDS; AND PROVIDING FOR RELATED PURPOSES.

WHEREAS, The Mayor and Common Council of the Town of University Park (the "Issuer") is a municipal corporation of the State of Maryland organized and operating under a charter (the "Charter") adopted in accordance with Article XI-E of the Constitution of Maryland and Article 23A of the Annotated Code of Maryland, as amended ("Article 23A"); and

WHEREAS, under Section 616 of the Charter, the Issuer has the power to levy ad

valorem taxes and to pledge its full faith and credit for the payment of such general obligation bonds.

WHEREAS, under Section 615 and 616 of the Charter, the Issuer is empowered to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds, notes or other certificates of indebtedness in the manner prescribed in Section 31 to 37 inclusive, of Article 23A of the Annotated Code of Maryland; and

WHEREAS, Section 31 of Article 23A empowers every municipal corporation to borrow money for any proper public purpose and to evidence such borrowing by the issue and sale of its general obligation bonds in the manner therein prescribed; and

WHEREAS, the Mayor and Council have determined that all eligible employees of the Town of University Park who are certified as employees of the Town on June 30, 2009 shall participate through the Town in the Employees' Pension System of the State of Maryland effective July 1, 2009, and that all such eligible employees shall be granted seventy percent (70%) credit for past service earned through service with the Town through June 30, 2009, subject to certain conditions; and

WHEREAS, the Mayor and Council have determined that it is appropriate to finance the required cost for past service payable to the Employees' Pension System of the State of Maryland, expected to be in the amount of One Million Sixty-one Thousand Six Hundred Ninety-two Dollars (\$1,061, 692.00), by means of a general obligation bond; and

WHEREAS, pursuant to the authority of Section 615 of the Charter the Issuer has determined to issue its general obligation bonds in the principal amount of up to One Million Sixty-two Thousand Dollars (\$1,062,000), to be known as "Mayor and Common Council of

the Town of University Park Funding The Past Service Cost Of Entering The Employees' Pension System Of The State Of Maryland Bond, 2009 Series" ("the Bond") for the purpose of providing funds necessary to pay the cost for past service of Town employees (the "Project"); and

WHEREAS, the Town has determined to sell the Bond on a private placement basis; and

WHEREAS, the Issuer proposes to privately issue and sell the bond to SunTrust Bank (the "Bank"); and

WHEREAS, the faith and credit of the Town is hereby pledged for the payment of the principal of and the interest on the Bond, whether or not such pledge be stated in the Bond; and

WHEREAS, it is the intention of the Issuer by this Ordinance Number 09-O-12 to provide for the issuance and sale of the aforementioned Bond.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED:

Section 1. Recitals. That the recitals to this Ordinance are deemed to be true and correct, are a substantive part of this Ordinance and are incorporated by reference herein.

Section 2. Authorization, Terms, Form of Bonds.

(a) The Issuer shall borrow upon its full faith and credit and shall issue and sell upon its full faith and credit up to One Million Sixty-two Thousand Dollars (\$1,062,000) aggregate principal amount of its bonds, to be issued pursuant to the authority of Sections 615 of the Charter and Sections 31 through 39 of Article 23A, to be known as " Mayor and Common Council of the Town of University Park Funding The Past Service Cost Of Entering The Employees' Pension System Of The State Of Maryland Bond, 2009 Series" (the "Bond"). The proceeds from the sale of the Bond shall be used for the purpose of providing funds necessary for the Project.

(b) The Bonds shall be issued as a single fully registered bond in the principal amount of up to One Million Sixty-two Thousand Dollars (\$1,062,000), payable to the registered owner thereof. The Bonds shall be issued in such amount or such lesser amount as determined by the Mayor, which shall be the amount of the Loan to be financed under the Program.

(c) The Bonds shall be dated as of the first day of the month issued; shall be numbered R-1; shall be initially registered in the name of the SunTrust; shall bear interest from the date which is one month prior to their dated date, payable semiannually on June 30 and December 31, with the first payment due and payable on June 30, 2010. The Bond shall mature in not more than ten (10) years from issuance, and shall bear interest at a fixed rate per annum equal to 3.78% and be payable in annual installments as set forth on Exhibit A attached hereto.

(d) The Bonds shall be in substantially the form set forth on Exhibit B attached hereto and made a part hereof, which form, together with all of the covenants and conditions therein contained, is hereby adopted by the Issuer as and for the form of obligation to be incurred by the Issuer and such covenants and conditions are hereby made binding upon the Issuer, including the promise to pay therein contained.

(e) The Bonds are to be issued to finance the Project and to pay costs of issuance, bond insurance premiums and other related costs.

(f) This borrowing is in conformance with the program guidelines on debt affordability adopted by the Town and is prudent under all circumstances.

(g) THE BOND SHALL BE A GENERAL OBLIGATION OF THE TOWN AND THE POWER AND OBLIGATION OF THE TOWN TO PAY THE BOND IS

UNLIMITED AND THE TOWN SHALL LEVY AD VALOREM TAXES UPON ALL THE TAXABLE PROPERTY OF THE TOWN FOR THE PAYMENT OF THE BOND AND INTEREST THEREON. THE FAITH AND CREDIT OF THE TOWN IS HEREBY PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE BOND, WHETHER OR NOT SUCH PLEDGE BE STATED IN THE BOND. THIS PROVISION CONSTITUTES A COVENANT BINDING THE TOWN TO PROVIDE THE FUNDS, AS HEREIN SET FORTH, AS AND WHEN PRINCIPAL AND INTEREST ON THE BOND SHALL BE DUE AND PAYABLE.

(h) In consideration of the acceptance of the Bond authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Town and such holders. The covenants and agreements herein set forth to be performed by the Town shall be for the equal benefit, protection and security of the legal holder of the Bond.

(i) The Bond shall be issued in the denomination equal to the principal amount thereof. The Bond shall have a fixed interest rate per annum equal to 3.78% calculated on an actual/360-day basis.

Principal and Interest on the Bond shall be paid semi-annually on each June 30 and December 31 until maturity, commencing on June 30, 2010 until the Maturity Date or optional redemption, in an amount of \$64,242.39, as per attached Exhibit A, based upon the interest rate and a ten (10) year amortization period; provided, however, the final maturity of the Bond shall be the Maturity Date.

Because of the characteristics of the Bond, prevailing market conditions, and

additional savings to be realized from an expeditious sale of the Bond, it is in the best interest of the Town to accept the offer of the Purchaser to purchase the Bond at a private negotiated sale. Prior to the issuance of the Bond, the Town shall receive a Purchaser's Certificate from the Purchaser in the form attached hereto as Exhibit C.

The principal of and the interest on the Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of the Bond shall be payable only to the registered Holder or his legal representative, and payment of the interest on the Bond shall be made by the Town as set forth herein to the person appearing on the registration books of the Town hereinafter provided for as the registered Holder thereof, by wire transfer or check mailed to such registered Holder at his address as it appears on such registration books on the 15th day of the calendar month (whether or not a business day) preceding the payment date. Payment of the principal of the Bond shall be made upon the presentation and surrender of such Bond as the same shall become due and payable.

(j) Said Bond shall be signed by the Mayor, shall be attested by the Clerk, and shall be approved as to form and correctness by the Town Attorney. The official seal of the Town shall be imprinted on the Bond.

(k) In the event that any officer whose signature shall appear on the Bond shall cease to be such officer before the delivery of such Bond, said signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery. The Bond may be signed by such person who, at the actual time of the execution of such Bond, shall be the proper officer to sign such Bond although, at the date of said Bond, such person may not have been such an officer.

(l) The Town shall keep books for the registration of transfers of the Bond as provided in this Resolution. The transfer of any Bond may be registered only upon such books and only upon surrender thereof to the Town together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Town. Upon any such registration of transfer, the Town shall execute, and deliver in exchange for such Bond, a new Bond registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of the Bond.

(m) In case the Bond shall become mutilated, or be destroyed, stolen or lost, the Town may, in its discretion, cause to be executed, a new Bond of like date and tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may prescribe and paying such expenses as the Town may incur. The Bond so surrendered shall be canceled by the Town. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and if such Bond is lost, stolen or destroyed, without surrender thereof.

(n) The Bonds shall be subject to redemption in whole at the option of the Town, upon seven (7) days prior written notice to the Purchaser, at a redemption price equal to 100% of the principal amount of the Bond, plus interest accrued to the redemption date.

(o) The Bond is a general obligation of the Town. For so long as the Bond is outstanding, the power and obligation of the Town to pay the Bond is unlimited and the Town shall levy ad valorem taxes upon all the taxable property of the Town for the payment of the Bond and interest thereon. The faith and credit of the Town is hereby pledged for the payment of the principal of and the interest on the Bond, whether or not such pledge be stated in the Bond. All taxes levied pursuant to this Resolution, as collected, held in trust for the payment of the principal and interest on the Bond as it becomes due and shall be expended for no other purpose. Until disbursed, the funds shall be secured as may from time to time be provided by law.

(p) The Issuer hereby designates the Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. The Town and any issuer of "tax-exempt" debt that issues "on behalf of" the Town do not reasonably expect during the calendar year 2009 to issue more than \$10,000,000 of "tax-exempt" obligations including the Bond, exclusive of any private activity bonds as defined in Section 141(a) of the Code (other than "qualified 501(c)(3) bonds" as defined in Section 145 of the Code).

(q) No use will be made of the proceeds of the Bond which will cause the same to be an "arbitrage bond" within the meaning of the Code. The Town, at all times while the Bond and the interest thereon are outstanding, will comply with the requirements of Section 103(c) of the Code and applicable rules and regulations of the Internal Revenue Service.

(r) With respect to the Bond for which the Town intends on the date of issuance thereof for the interest thereon to be excluded from gross income for purposes of federal income taxation:

(i) The Town shall not use or permit the use of any proceeds of the Bond or any other funds of the Town, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Town with respect to the Bond in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Bond to be a "private activity bond" within the meaning of Section 141 or an "arbitrage bond" within the meaning of Section 148, or "federally guaranteed" within the meaning of Section 149(b), of the Code, or otherwise cause interest on such Bond to become subject to federal income taxation.

(ii) The Town shall, at all times, do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to ensure that interest paid on such Bond will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being so excluded.

(s) The members of the Town Council of the Town and the Town's officers, attorneys and other agents and employees, including but not limited to the Mayor, the Treasurer, the Clerk, and the Town Attorney, are hereby authorized to perform all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bond and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Special Tax Counsel or the Purchaser of the Bond to effectuate the sale of the Bond to said purchasers.

(t) Neither the members of the Town Council of the Town nor any person executing the Bond shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 3: Be it further resolved that this resolution shall become effective twenty (20) days after enactment by the Mayor and Common Council of University Park, Maryland.

Section 4: Be it further resolved that a complete and exact copy of this proposed Ordinance shall be posted on the entrance door of the Town Building of University Park, Maryland, for a period of not less than ten (10) days, and a fair summary of this Ordinance shall be published at least once in a newspaper having general circulation in the community.

APPROVED this _____ day of _____, 2009.

ATTEST:

MAYOR AND COMMON COUNCIL
TOWN OF UNIVERSITY PARK

Amy S. Headley, Town Clerk

By: _____
John Rogard Tabori, Mayor

APPROVED AS TO FORM AND SUFFICIENCY:

Suellen M. Ferguson, Town Attorney

Schedule of Payments

TOWN OF UNIVERSITY PARK, MD

Amount Financed	\$	\$1,061,692
Annual Interest Rate		3.78%
Accrual Days / Year		360
Term (in years)		10.00
Payment Frequency		S (a=annual, s=semi-annual, q=quarterly, m=monthly)
Payment Schedule		2 (# of pmts/year)
Total # of Payments		20
Payment Timing		0 (0=Arrears or 1=Advance)
Closing/Funding Date		11/22/2009
First Payment Date		6/30/2010
Odd Days to First Payment		0
Odd Days Per Diem Interest	\$	0.000
Odd Days Interest	\$	-

PMT \$64,242.39

Payment #	Date	Principal Balance	Payments	Interest	Principal	Ending Balance
Totals			1,284,848	223,156	1,061,692	

0	11/22/2009	1,061,692				
1	6/30/2010	1,061,692	64,242.39	20,065.98	44,176.42	1,017,515.58
2	12/30/2010	1,017,516	64,242.39	19,231.04	45,011.35	972,504.23
3	6/30/2011	972,504	64,242.39	18,380.33	45,862.06	926,642.17
4	12/30/2011	926,642	64,242.39	17,513.54	46,728.86	879,913.31
5	6/30/2012	879,913	64,242.39	16,630.36	47,612.03	832,301.28
6	12/30/2012	832,301	64,242.39	15,730.49	48,511.90	783,789.38
7	6/30/2013	783,789	64,242.39	14,813.62	49,428.77	734,360.61
8	12/30/2013	734,361	64,242.39	13,879.42	50,362.98	683,997.63
9	6/30/2014	683,998	64,242.39	12,927.56	51,314.84	632,682.79
10	12/30/2014	632,683	64,242.39	11,957.70	52,284.69	580,398.10
11	6/30/2015	580,398	64,242.39	10,969.52	53,272.87	527,125.23
12	12/30/2015	527,125	64,242.39	9,962.67	54,279.73	472,845.50
13	6/30/2016	472,846	64,242.39	8,936.78	55,305.61	417,539.89
14	12/30/2016	417,540	64,242.39	7,891.50	56,350.89	361,189.00
15	6/30/2017	361,189	64,242.39	6,826.47	57,415.92	303,773.07
16	12/30/2017	303,773	64,242.39	5,741.31	58,501.08	245,271.99
17	6/30/2018	245,272	64,242.39	4,635.64	59,606.75	185,665.24
18	12/30/2018	185,665	64,242.39	3,509.07	60,733.32	124,931.92
19	6/30/2019	124,932	64,242.39	2,361.21	61,881.18	63,050.74
20	12/30/2019	63,051	64,242.39	1,191.66	63,050.74	(0.00)