

1 **CITY COUNCIL OF THE CITY OF ANNAPOLIS**

2 **ORDINANCE NO. O-17-09 Amended**

3 **Introduced by Mayor Moyer**

LEGISLATIVE HISTORY			
First Reading:	Public Hearing:	Fiscal Impact Note:	120 Day Rule:
04/13/09	04/27/09	04/25/09	08/10/09
Referred To:	Meeting Date:	Action Taken:	
Finance	05/15/09	Favorable w/ Amendments	

7
8 **AN ORDINANCE** concerning

9 **Issuance of Bonds**

10 **FOR** the purpose authorizing and empowering the City of Annapolis to issue and sell,
11 upon its full faith and credit, Twenty Three Million Six Hundred Twenty Thousand
12 Dollars (\$23,620,000) maximum aggregate principal amount of its serial maturity
13 general obligation, fully registered bonds, pursuant to the authority of Sections 31
14 through 37, inclusive, of Article 23A of the Annotated Code of Maryland (2005
15 Replacement Volume), and Article VII, Section 11, of the Charter of the City of
16 Annapolis, as amended, to be designated as "Public Improvements Bonds, 2009
17 Series", said bonds to be issued and sold for the public purpose of financing
18 certain capital projects of the City of Annapolis.

19
20 **RECITALS**

21 Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland (2005
22 Replacement Volume) (the "Enabling Act") and Article VII, Section 11, of the Charter of
23 the City (the "Charter"), authorize the City to borrow money and incur indebtedness
24 through the issuance of general obligation bonds of the City for any proper public
25 purpose.

26
27 The City has determined to issue its general obligation bonds for the public purpose of
28 financing the costs of the construction, renovation, installation, improvement,
29 redevelopment, replacement and repair of the water system, public safety buildings,
30 public garage facilities, educational and recreational facilities, and certain roads, public
31 works and other general governmental projects, as follows (collectively, the "Projects"):

32
33 **Project Number**

Project

Bond Funding

122	Landfill Gas Mitigation	<u>\$1,350,000</u>
		<u>\$1,550,000</u>
205	Eastport Fire Station	<u>1,609,180</u>
		<u>1,859,180</u>
<u>220</u>	<u>Police Addition</u>	<u>513,000</u>
<u>349</u>	<u>Back Creek Park Improvements</u>	<u>415,000</u>
<u>350</u>	<u>Truxtun Park Improvements</u>	<u>212,000</u>
353	Waterworks Park	110,000
<u>470</u>	<u>Hanover Street Reconstruction</u>	<u>1,098,800</u>
472	Maryland Avenue Improvements	480,000
474	General Roadway Improvements	<u>2,000,000</u>
		<u>3,861,000</u>
514	Recreation Center	6,827,780
522	Public Works Garage	71,100
524	City Hall Restoration	310,000
526	Maynard Burgess House	488,980
529	Non-Profit Capital Funding	<u>385,000</u>
		<u>435,000</u>
530	Truxtun Maintenance Building	1,339,300
706	Pump Station Replacements	1,262,000
721	Watershed Restoration	140,000
722	New Water Well	2,335,000 1
724	Water Plant Upgrades	2,741,580 2
731	Harbormaster Building	147,010 3
732	Hillman Garage Replacement	700,000 4
942	Clearwell Replacement	1,198,000 5

6

NOW THEREFORE:

SECTION 1: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that, acting pursuant to the authority of the Enabling Act and the Charter, the City hereby determines that the net proceeds from the sale of its Public Improvements Bonds, 2009 Series, authorized to be issued and sold by this Ordinance, shall be used and applied for the public purposes of (a) financing the costs of the construction, renovation, installation, improvement, redevelopment, replacement and repair of the Projects, with appurtenant furnishings, fixtures, and equipment, together with the acquisition and development of land and property rights, and all planning, engineering, architectural, fiscal and legal expenses related thereto; and (b) paying the costs of issuing the Bonds.

SECTION 2: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that it is hereby determined that the City shall borrow money and incur indebtedness for the purposes set forth in the Recitals and Section 1 of this Ordinance. To evidence such borrowing and indebtedness and acting pursuant to the authority of the Enabling Act and the Charter, the City shall issue and sell, upon its full faith and credit, its general obligation, fully registered bonds in aggregate

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1 principal amount not to exceed ~~Twenty Three Million Six Hundred Twenty Thousand~~
 2 ~~Dollars (\$23,620,000)~~ Twenty Eight Million Two Hundred Thirty Thousand Dollars
 3 (\$28,230,000), said issue of Bonds to be known as "Public Improvements Bonds, 2009
 4 Series" (the "Bonds"), the net proceeds of such sale to be used and applied as provided
 5 in this Ordinance. The City shall levy and collect ad valorem taxes upon all taxable
 6 property within the City of Annapolis in rate and amount sufficient to pay the principal of
 7 and interest on the Bonds.

8
 9 **SECTION 3: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
 10 **ANNAPOLIS CITY COUNCIL**, that the Bonds shall be dated June 15, 2009, shall be in
 11 denominations of \$5,000 and integral multiples thereof and shall be numbered from one
 12 (1) consecutively upward in the order of their maturities, with each such number being
 13 prefixed by the letter "R". The Bond Registrar (hereinafter described) may make such
 14 additional provision for numbering, including additional prefixes and suffixes, as it may
 15 deem appropriate. Based on an aggregate principal amount of ~~\$23,620,000~~
 16 \$28,230,000 the Bonds shall mature, subject to their prior redemption according to
 17 provisions of this Ordinance, on June 1 in each of the years 2010 through 2029,
 18 inclusive, as set forth below

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
2010	<u>1,160,000</u>	2020	<u>1,370,000</u>
2011	<u>1,135,000</u>	2021	<u>1,415,000</u>
2012	<u>1,145,000</u>	2022	<u>1,460,000</u>
2013	<u>1,160,000</u>	2023	<u>1,515,000</u>
2014	<u>1,180,000</u>	2024	<u>1,570,000</u>
2015	<u>1,200,000</u>	2025	<u>1,625,000</u>
2016	<u>1,230,000</u>	2026	<u>1,690,000</u>
2017	<u>1,260,000</u>	2027	<u>1,755,000</u>
2018	<u>1,295,000</u>	2028	<u>1,830,000</u>
2019	<u>1,330,000</u>	2029	<u>1,905,000</u>

1 The Mayor, upon consultation with the Finance Director, may determine to issue the
2 Bonds in an aggregate principal amount less than \$23,620,000. If the Mayor makes
3 such determination, she is hereby authorized to reduce proportionately the principal
4 amount of each maturity shown above or to make such other changes to the principal
5 amount of each maturity shown above to conform with recommendations of the financial
6 advisor to the City, and to include such revised amounts in the Notice of Sale and
7 official statement described herein. In addition, the Mayor may make such changes to
8 the principal amount of each maturity shown above to conform with recommendations of
9 the financial advisor to the City.

10
11 **SECTION 4: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
12 **ANNAPOLIS CITY COUNCIL**, that the Bonds which mature on or before June 1, 2019
13 shall not be subject to redemption prior to their maturities. The Bonds which mature on
14 or after June 1, 2020 shall be subject to redemption prior to their maturities at any time
15 on or after June 1, 2019, at the option of the City, either as a whole or in part, in any
16 order of maturities selected by the City, at par, together with interest accrued to the date
17 fixed for redemption. The Mayor may make such changes to the redemption provisions
18 for the Bonds to conform with recommendations of the financial advisor to the City.

19
20 If less than all of the Bonds of any one maturity shall be called for redemption, the
21 Bonds to be redeemed shall be selected by lot by the Bond Registrar in such manner
22 as, in its sole discretion, it shall determine.

23
24 Each \$5,000 portion of a Bond shall be treated as a separate Bond in the selection by
25 lot of Bonds to be redeemed. When less than all of a Bond in a denomination in excess
26 of \$5,000 shall be so redeemed, then upon the surrender of such Bond, there shall be
27 issued to the registered owner thereof, without charge, for the unredeemed balance of
28 the principal amount of such Bond, at the option of such owner, Bonds in any of the
29 authorized denominations, the aggregate face amount of such Bonds not to exceed the
30 unredeemed balance of the Bond so surrendered, and to bear the same interest rate
31 and to mature on the same date as said unredeemed balance.

32
33 If, in accordance with the foregoing option, the City elects to redeem all or a portion of
34 the outstanding Bonds, it will deliver a redemption notice to the Depository (hereinafter
35 defined) not less than 30 days prior to the date fixed for redemption (or such fewer
36 number of days as shall be acceptable to the Depository) by a secure means in
37 accordance with the Depository's applicable operational arrangements. If the book-
38 entry system is discontinued for the Bonds, the City shall give a redemption notice by
39 letter mailed first class, postage prepaid, to the registered owners of the Bonds to be
40 redeemed at their last addresses appearing on the registration books maintained by the
41 Bond Registrar not less than 30 days prior to the redemption date. Failure to deliver or
42 mail any such notice with respect to a particular Bond or any defect in such notice, or in
43 the delivery or mailing thereof, shall not affect the validity of the redemption
44 proceedings. The redemption notice shall state (i) whether the Bonds are to be
45 redeemed in whole or in part and, if in part, the maturities and numbers of the Bonds to
46 be redeemed, (ii) the date fixed for redemption and the redemption price or prices, (iii)

1 that the Bonds to be redeemed shall be presented for redemption at the designated
2 corporate trust office of the Paying Agent (hereinafter described), and (iv) that the
3 interest on the Bonds called for redemption shall cease to accrue on the date fixed for
4 redemption. From and after the date fixed for redemption, if funds sufficient for the
5 payment of the redemption price of the Bonds called for redemption plus accrued
6 interest due thereon are available on such date, the Bonds so called for redemption
7 shall become due and payable at the redemption price or prices provided for
8 redemption of such Bonds on such date, interest on the Bonds shall cease to accrue
9 and the registered owners of the Bonds so called for redemption shall have no rights in
10 respect thereof except to receive payment of the redemption price plus accrued interest
11 to the date fixed for redemption. Upon presentation and surrender of a Bond called for
12 redemption in compliance with the redemption notice, the Paying Agent shall pay the
13 redemption price of such Bond plus accrued interest thereon to the date fixed for
14 redemption. If Bonds so called for redemption are not paid upon presentation and
15 surrender as described above, such Bonds shall continue to bear interest at the rates
16 stated therein until paid.

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18 **SECTION 5: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
19 **ANNAPOLIS CITY COUNCIL**, that all of the Bonds authorized by this Ordinance shall
20 bear interest at the interest rate or rates fixed at the time of sale of the Bonds in
21 accordance with the provisions of this Ordinance as hereinafter provided. Each Bond
22 shall bear interest from the interest payment date next preceding the date on which it is
23 authenticated, unless authenticated upon an interest payment date, in which event it
24 shall bear interest from such interest payment date, or unless authenticated prior to the
25 first interest payment date, in which event it shall bear interest from the dated date of
26 the Bonds; provided, however, that if at the time of authentication of any Bond interest is
27 in default, such Bond shall bear interest from the date to which interest has been paid.
28 The interest on all Bonds shall be paid on December 1, 2009 (five and one-half months)
29 and semi-annually thereafter on the first day of June and December of each year in
30 which any Bonds may be outstanding.

31
32 All Bonds shall be executed in the name of the City and on its behalf by the Mayor of
33 the City (the "Mayor"). The signature of the Mayor shall be imprinted on such Bonds
34 manually or by facsimile, and the corporate seal or a facsimile of the corporate seal of
35 the City shall be imprinted on the Bonds, attested by the manual or facsimile signature
36 of the Clerk of the City, all (if by facsimile) in accordance with Sections 2-301 through 2-
37 305, inclusive, of the State Finance and Procurement Article of the Annotated Code of
38 Maryland (2006 Replacement Volume).

39
40 In the event any official whose signature shall appear on the Bonds shall cease to be
41 such official prior to the delivery of the Bonds or in the event any such official whose
42 signature shall appear on the Bonds shall have become such after the date of issuance
43 thereof, the Bonds shall nevertheless be valid and legally binding obligations of the City
44 in accordance with their terms.

45

1 All Bonds shall be issuable as fully registered Bonds without coupons and shall be
2 registered in the name or names of the owner or owners thereof, on books kept for such
3 purpose at the designated corporate trust office of the Bond Registrar. Payment of the
4 principal of and interest on the Bonds shall be made in any coin or currency which, at
5 the time of payment, is legal tender for the payment of public and private debts, to the
6 person appearing on the registration books maintained by the Bond Registrar as the
7 registered owner thereof, such principal to be payable upon presentation and surrender
8 of such Bonds at the designated corporate trust office of the Paying Agent as the same
9 become due and payable, by check mailed to such registered owner at his address as it
10 appears on the registration books maintained by the Bond Registrar and such interest to
11 be payable by electronic funds transfer or check mailed by the Paying Agent to the
12 persons in whose names the Bonds are registered on the fifteenth (15th) day of the
13 month next preceding the month in which each regular interest payment date occurs
14 (the "Regular Record Date"), at the registered owner's address as shown on the
15 registration books maintained by the Bond Registrar. Manufacturers and Traders Trust
16 Company is hereby appointed to be the Bond Registrar and Paying Agent. The Mayor
17 or the Finance Director is authorized to negotiate and to execute and deliver a written
18 agreement or agreements with the Bond Registrar and Paying Agent as either of them
19 may deem necessary or appropriate and the Mayor, the Finance Director and their
20 designees are each authorized to take all actions on behalf of the City pursuant to such
21 agreement.

22
23 Any interest on any Bond which is payable but is not punctually paid or provision for the
24 payment of which has not been made ("Defaulted Interest") shall forthwith cease to be
25 payable to the registered owner on the relevant Regular Record Date solely by virtue of
26 such registered owner having been such registered owner and such Defaulted Interest
27 may be paid by the City, at its election in each case, as provided in paragraph (1) or (2)
28 below:

29
30 (1) The City may elect to make payment of any Defaulted Interest on the Bonds to
31 the persons in whose names the Bonds are registered at the close of business on a
32 record date for the payment of such Defaulted Interest (the "Record Date") which shall
33 be fixed in the following manner. The City shall notify the Paying Agent in writing of the
34 amount of Defaulted Interest proposed to be paid on the Bonds and the date of the
35 proposed payment (which date shall be such as will enable the Paying Agent to comply
36 with the next sentence hereof), and at the same time the City shall deposit or cause to
37 be deposited with the Paying Agent an amount of money equal to the aggregate amount
38 proposed to be paid in respect of such Defaulted Interest or shall make arrangements
39 satisfactory to the Paying Agent for such deposit prior to the date of the proposed
40 payment, such money when deposited to be held in trust for the benefit of the persons
41 entitled to such Defaulted Interest as provided in this paragraph. Thereupon the Paying
42 Agent shall fix a Special Record Date for the payment of such Defaulted Interest which
43 shall be not more than fifteen (15) nor less than ten (10) days prior to the date after the
44 receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent
45 shall promptly notify the City of such Special Record Date and, in the name of the City,
46 shall cause notice of the proposed payment of such Defaulted Interest and the Special

1 Record Date therefor to be mailed first class, postage prepaid, to each registered owner
2 at his address as it appears in the registration books maintained by the Bond Registrar
3 not less than ten (10) days prior to such Special Record Date. The Paying Agent may,
4 in its discretion, in the name of the City, cause a similar notice to be published at least
5 once in a newspaper of general circulation in each of Baltimore, Maryland, and New
6 York, New York, but such publication shall not be a condition precedent to the
7 establishment of such Special Record Date. Notice of the proposed payment of such
8 Defaulted Interest and the Special Record Date therefor having been mailed as
9 described above, such Defaulted Interest shall be paid to the registered owners of the
10 Bonds as of the close of business on such Special Record Date.

11
12 (2) The City may make payment of any Defaulted Interest in any other lawful manner
13 not inconsistent with the requirements of any securities exchange on which the Bonds
14 may be listed, and upon such notice as may be required by such exchange, if, after
15 notice given by the City to the Paying Agent of the proposed payment pursuant to this
16 paragraph, such payment shall be deemed practicable, and approved in writing, by the
17 Paying Agent.

18
19 **SECTION 6: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
20 **ANNAPOLIS CITY COUNCIL**, that the Bonds shall be subject to transfer and exchange
21 as set forth in the form of Bond set forth in Section 7 of this Ordinance.

22
23 The Bonds shall initially be maintained under a book-entry system with The Depository
24 Trust Company, New York, New York ("DTC"). So long as any of the Bonds shall be
25 maintained under a book-entry system with DTC or any other securities depository for
26 the Bonds appointed pursuant to this Section (each a "Depository"), the provisions of
27 this Section shall apply to the Bonds.

28
29 The principal or redemption price of and interest on the Bonds shall be payable to the
30 Depository, or registered assigns, as the registered owner of the Bonds, in same day
31 funds on each date on which the principal or redemption price of or interest on the
32 Bonds is due as set forth in this Ordinance and in the Bonds. Such payments shall be
33 made to the offices of the Depository specified by the Depository to the City and the
34 Paying Agent in writing. Without notice to or the consent of the beneficial owners of the
35 Bonds, the City, the Paying Agent and the Depository may agree in writing to make
36 payments of principal and interest in a manner different from that set out herein.
37 Neither the City nor the Paying Agent shall have any obligation with respect to the
38 transfer or crediting of the appropriate principal and interest payments to the direct or
39 indirect participants of the Depository (the "Participants") or the beneficial owners of the
40 Bonds or their nominees.

41
42 In the event that part but not all of any Bond is to be retired (by redemption or
43 otherwise), the Depository, in its discretion, (i) may request the Registrar to authenticate
44 and deliver a new Bond in accordance with Section 4 of this Ordinance upon
45 presentation and surrender of such Bond to the Bond Registrar or (ii) shall make
46 appropriate notation on the Bond certificate indicating the date and amount of each

1 principal payment, provided that payment of the final principal amount of any Bond shall
2 be made only upon presentation and surrender of such Bond to the Paying Agent.
3

4 So long as the Depository or its nominee is the registered owner of the Bonds, the City
5 and the Paying Agent will recognize the Depository or its nominee, respectively, as the
6 holder of all of the Bonds for all purposes, including (without limitation) the payment of
7 the principal or redemption price of, and interest on, the Bonds, the giving of notices and
8 any consent or direction required or permitted to be given to, or on behalf of, the holders
9 of the Bonds under this Ordinance.
10

11 The City may, in its discretion, at any time, replace any Depository as the depository for
12 the Bonds with another qualified Depository or discontinue the maintenance of the
13 Bonds under a book-entry system upon at least 30 days prior notice to the Depository
14 (or such fewer number of days as shall be acceptable to the Depository). A copy of
15 such notice shall be delivered promptly to the Bond Registrar and the Paying Agent.
16

17 If the City discontinues the maintenance of the Bonds under a book-entry system, the
18 City will issue or cause to be issued replacement certificated bonds directly to the
19 Participants as shown on the records of the Depository or, to the extent requested in
20 writing by any Participant, to the beneficial owners of Bonds as further described in this
21 Section. The City shall make provisions to notify Participants and the beneficial owners
22 of the Bonds, by mailing an appropriate notice to the Depository, or by other means
23 deemed appropriate by the City in its discretion, that it will issue replacement bonds
24 directly to the Participants as shown on the records of the Depository or, to the extent
25 requested in writing by any Participant, to the beneficial owners of Bonds shown on the
26 records of such Participant, as of a date set forth in such notice, which shall be a date at
27 least 10 days after the date of mailing of such notice (or such fewer number of days as
28 shall be acceptable to the Depository). In the event that replacement bonds are to be
29 issued to Participants or to beneficial owners of the Bonds, the City shall promptly have
30 prepared replacement bonds in certificated form registered in the names of such
31 Participants as shown on the records of the Depository or, if requested in writing by
32 such Participants, in the names of the beneficial owners of the Bonds, as shown on the
33 records of such Participants as of the date set forth in the notice delivered in
34 accordance with this paragraph. Replacement bonds issued to Participants or to
35 beneficial owners shall be in authorized denominations and be in fully registered form in
36 substantially the form set forth in Section 7 of this Resolution.
37

38 In the event that replacement bonds are to be printed in certificated form, the City is
39 hereby authorized to modify the forms of the Bonds set forth in Section 7 of this
40 Resolution to provide for printing of the text of the Bonds on the obverse and reverse
41 sides of the certificate. The City may also include language on the face of the Bonds in
42 substantially the following form: "REFERENCE IS HEREBY MADE TO THE FURTHER
43 PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF,
44 WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME
45 EFFECT AS IF SET FORTH AT THIS PLACE."
46

1 Replacement bonds issued to a Depository shall have the same terms, form and
2 content as the Bonds initially registered in the name of the Depository to be replaced or
3 its nominee except for the name of the record owner and any changes to the forms of
4 Bonds made pursuant to this Section.

5
6 Each Depository and its Participants and the beneficial owners of the Bonds, by their
7 acceptance of the Bonds, agree that neither the City nor the Paying Agent shall have
8 any liability for the failure of any Depository to perform its obligations to the Participants
9 and the beneficial owners of the Bonds, nor shall the City or the Paying Agent be liable
10 for the failure of any Participant or other nominee of the beneficial owners to perform
11 any obligation the Participant may incur to a beneficial owner of the Bonds.

12
13 **SECTION 7: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
14 **ANNAPOLIS CITY COUNCIL**, that except as provided hereinafter or in ordinances or
15 resolutions of the City adopted prior to the issuance and delivery of the Bonds, all
16 Bonds shall be substantially in the following form, with appropriate insertions as therein
17 indicated, which form and all of the covenants therein contained are hereby adopted by
18 the City as and for the form of obligation to be incurred by the City, and such covenants
19 and conditions are hereby made binding upon the City, including the promise to pay
20 therein contained:
21

(FORM OF BOND)

REGISTERED

REGISTERED

No. R- ____

\$ _____

UNITED STATES OF AMERICA

STATE OF MARYLAND

**CITY OF ANNAPOLIS, MARYLAND
PUBLIC IMPROVEMENTS BOND, 2009 SERIES**

Interest Rate

Dated Date

Maturity Date

CUSIP

_____%

June 15, 2009

June 1, 20__

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____ Dollars (\$_____)

City of Annapolis (the "City"), a municipal corporation created and existing under the laws of the State of Maryland, hereby acknowledges itself indebted and, for value

1 received, promises to pay to the Registered Owner shown above or registered assigns
2 or legal representatives on the Maturity Date shown above (unless this Bond shall be
3 redeemable, shall have been called for prior redemption and payment of the redemption
4 price made or provided for), the Principal Amount shown above or so much thereof as
5 shall not have been paid upon prior redemption, in any coin or currency which, at the
6 time of payment, is legal tender for the payment of public and private debts, upon
7 presentation and surrender of this Bond on the date such principal is payable or, if such
8 date is not a Business Day (hereinafter defined), then on the next succeeding Business
9 Day, at the designated corporate trust office of Manufacturers and Traders Trust
10 Company (the "Paying Agent") by check mailed to such registered owner at his address
11 as it appears on the registration books (the "Bond Register") maintained by
12 Manufacturers and Traders Trust Company (the "Bond Registrar"), with interest on such
13 principal amount at the Interest Rate per annum shown above until payment of such
14 principal amount, or until the prior redemption hereof, such interest being payable on
15 December 1, 2009 (five and one-half months), and semi-annually thereafter on the first
16 day of June and December in each year, in like coin or currency, to the registered
17 owner in whose name this Bond is registered on the Bond Register as of the close of
18 business on the fifteenth (15th) day of the month next preceding each regular interest
19 payment date (the "Regular Record Date"), and shall be made by electronic funds
20 transfer or check mailed by the Paying Agent to such person at such person's address
21 as it appears on the Bond Register.
22

23 Any such interest not so punctually paid or duly provided for shall forthwith cease to be
24 payable to the registered owner on the Regular Record Date, and may be paid to the
25 person in whose name this Bond is registered at the close of business on a date fixed
26 by the Paying Agent for such defaulted interest payment (the "Special Record Date")
27 notice of which is given to the registered owner hereof not less than ten (10) days prior
28 to such Special Record Date, or may be paid at any time in any other lawful manner not
29 inconsistent with the requirement of any securities exchange on which the Bonds of this
30 series may be listed and upon such notice as may be required by such exchange.
31

32 "Business Day" means a day other than a Saturday, Sunday or day on which banking
33 institutions under the laws of the state governing the Paying Agent are authorized or
34 obligated by law or required by executive order to remain closed.
35

36 The full faith and credit and unlimited taxing power of the City are hereby irrevocably
37 pledged to the prompt payment of the principal of and interest on this Bond according to
38 its terms, and the City does hereby covenant and agree to pay the principal of this Bond
39 and the interest thereon, at the dates and in the manner mentioned herein, according to
40 the true intent and meaning thereof.
41

42 This Bond is one of a duly authorized issue of general obligation bonds of the City
43 aggregating ~~Twenty Three Million Six Hundred Twenty Thousand Dollars (\$23,620,000)~~
44 Twenty Eight Million Two Hundred Thirty Thousand Dollars (\$28,230,000) in principal
45 amount, which are in denominations of \$5,000 and integral multiples thereof and mature

1 serially in installments on the first day of June in each of the years 2010 to 2029,
2 inclusive, as follows:

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
2010		2020	
2011		2021	
2012		2022	
2013		2023	
2014		2024	
2015		2025	
2016		2026	
2017		2027	
2018		2028	
2019		2029	

5
6 The Bonds are numbered from one (1) consecutively upwards prefixed by the letter “R”
7 and are of like tenor and effect except as to maturity, number, interest rate,
8 denomination and redemption provisions, and are issued pursuant to and in full
9 conformity with the provisions of Sections 31 to 37, inclusive, of Article 23A of the
10 Annotated Code of Maryland (2005 Replacement Volume) and Article VII, Section 11, of
11 the Annapolis City Charter and by virtue of due proceedings had and taken by the
12 Aldermen of the City of Annapolis, particularly an Ordinance adopted on the 44th 18th
13 day of May, 2009 (approved May 18, 2009) (the “Ordinance”).

14
15 The Bonds which mature on or before June 1, 2019, are not subject to redemption prior
16 to their maturities. The Bonds which mature on or after June 1, 2020, are subject to
17 redemption prior to their maturities at any time on or after June 1, 2019, at the option of
18 the City, either as a whole or in part in any order of maturities selected by the City, at
19 par, together with interest accrued to the date fixed for redemption. If less than all of the
20 Bonds of any one maturity shall be called for redemption, the Bonds to be redeemed
21 shall be selected by lot by the Bond Registrar in such manner as, in its discretion, it
22 shall determine.

23
24 Each \$5,000 portion of a Bond shall be treated as a separate Bond in the selection by
25 lot of Bonds to be redeemed. When less than all of a Bond in a denomination in excess
26 of \$5,000 shall be so redeemed, then upon the surrender of such Bond, there shall be
27 issued to the registered owner thereof, without charge, for the unredeemed balance of
28 the principal amount of such Bond, at the option of such owner, Bonds in any of the
29 authorized denominations, the aggregate face amount of such Bonds not to exceed the
30 unredeemed balance of the Bond so surrendered, and to bear the same interest rate
31 and to mature on the same date as such unredeemed balance.
32

1 Notice of call for redemption shall be delivered to the Depository by a secure means as
2 prescribed in the Ordinance. If the book-entry system is discontinued for the Bonds, the
3 City shall give a redemption notice by letter mailed first class, postage prepaid, to the
4 registered owners of the Bonds to be redeemed at their last addresses appearing on the
5 registration books maintained by the Bond Registrar not less than 30 days prior to the
6 redemption date. Failure to deliver or mail any such notice with respect to a particular
7 Bond or any defect in such notice, or in the delivery or mailing thereof, shall not affect
8 the validity of the redemption proceedings. The redemption notice shall state (i) whether
9 the Bonds are to be redeemed in whole or in part and, if in part, the maturities and
10 numbers of the Bonds to be redeemed, (ii) the date fixed for redemption and the
11 redemption price or prices, (iii) that the Bonds to be redeemed shall be presented for
12 redemption at the principal office of the Paying Agent and (iv) that the interest on the
13 Bonds so called for redemption shall cease to accrue on the date fixed for redemption.
14

15 From and after the date fixed for redemption, if funds sufficient for the payment of the
16 redemption price of the Bonds called for redemption plus accrued interest due thereon
17 are available on such date, the Bonds so called for redemption shall become due and
18 payable at the redemption price or prices provided for redemption of such Bonds on
19 such date, interest on the Bonds shall cease to accrue and the registered owners of the
20 Bonds so called for redemption shall have no rights in respect thereof except to receive
21 payment of the redemption price plus accrued interest to the date fixed for redemption.
22 Upon presentation and surrender of a Bond called for redemption in compliance with the
23 redemption notice, the Paying Agent shall pay the redemption price of such Bond plus
24 accrued interest thereon to the date fixed for redemption. If Bonds so called for
25 redemption are not paid upon presentation and surrender as described above, such
26 Bonds shall continue to bear interest at the rates stated therein until paid.
27

28 This Bond is transferable only upon the registration books kept at the designated
29 corporate trust office of the Bond Registrar, by the registered owner hereof in person, or
30 by its attorney duly authorized in writing, upon surrender hereof together with a written
31 instrument of transfer in the form attached hereto and satisfactory to the Bond Registrar
32 duly executed by the registered owner or its duly authorized attorney, and thereupon,
33 within a reasonable time, the City shall issue in the name of the transferee a new
34 registered Bond or Bonds of any authorized denominations in aggregate principal
35 amount equal to the principal amount of this Bond or the unredeemed portion hereof,
36 and maturing on the same date and bearing interest at the same rate. Said new Bond
37 or Bonds shall be delivered to the transferee only after payment of any tax or
38 governmental charge required to be paid with respect to, and any shipping expenses or
39 insurance relating to, such transfer and only after due authentication thereof by an
40 authorized officer of the Bond Registrar. The City shall not be required to issue, transfer
41 or exchange any Bond during the period beginning fifteen (15) days before any
42 selection of Bonds to be redeemed and ending on the day of publication and mailing of
43 the notice of redemption or to transfer or exchange any Bond called or being called for
44 redemption in whole or in part. The City may deem and treat the person in whose name
45 this Bond is registered as the absolute owner hereof for the purpose of receiving

1 payment of or on account of the principal or redemption price hereof and interest due
2 hereon and for all other purposes.
3

4 So long as all of the Bonds shall be maintained in Book-Entry Form with a Depository in
5 accordance with the Ordinance: (1) in the event that fewer than all Bonds of any one
6 maturity shall be called for redemption, the Depository, and not the Bond Registrar, will
7 select the particular accounts from which Bonds or portions thereof will be redeemed in
8 accordance with the Depository's standard procedures for redemption of obligations
9 such as the Bonds; (2) in the event that part, but not all, of this Bond shall be called for
10 redemption, the holder of this Bond may elect not to surrender this Bond in exchange
11 for a new Bond in accordance with the provisions hereof and in such event shall make a
12 notation indicating the principal amount of such redemption and the date thereof on the
13 Payment Grid attached hereto; and (3) payments of principal or redemption price of and
14 interest on this Bond shall be payable to the Depository or its assigns in accordance
15 with the provisions of the Ordinance. For all purposes, the principal amount of this
16 Bond outstanding at any time shall be equal to the lesser of (A) the principal sum shown
17 on the face hereof and (B) such principal sum reduced by the principal amount of any
18 partial redemption of this Bond following which the holder of this Bond has elected not
19 to surrender this Bond in accordance with the provisions hereof. The failure of the
20 holder hereof to note the principal amount of any partial redemption on the Payment
21 Grid attached hereto, or any inaccuracy therein, shall not affect the payment obligation
22 of the City hereunder. THEREFORE, IT CANNOT BE DETERMINED FROM THE
23 FACE OF THIS BOND WHETHER A PART OF THE PRINCIPAL OF THIS BOND HAS
24 BEEN PAID.
25

26 It is hereby certified and recited that all conditions, acts and things required by the
27 Constitution or statutes of the State of Maryland, the Charter of the City and the
28 Ordinance to exist, to have happened or to have been performed precedent to or in the
29 issuance of this Bond, exist, have happened and have been performed, and that the
30 issue of Bonds of which this is one, together with all other indebtedness of the City, is
31 within every debt and other limit prescribed by such Constitution or statutes or Charter,
32 and that due provision has been made for the levy and collection of an ad valorem tax
33 or taxes, to the extent necessary, upon all legally assessable property within the
34 corporate limits of the City in rate and amount sufficient to provide for the payment,
35 when due, of the principal of and interest on this Bond.
36

37 This Bond shall not be valid or become obligatory for any purpose until this Bond shall
38 have been authenticated by an authorized officer of the Bond Registrar.
39

40 IN WITNESS WHEREOF, this Bond has been executed by the [manual/facsimile]
41 signature of the Mayor of the City, which signature has been imprinted hereon and [a
42 facsimile of] the corporate seal of the City has been imprinted hereon, attested by the
43 [manual/facsimile] signature the Clerk of the City, as of the Dated Date set forth above.
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[SEAL]

CITY OF ANNAPOLIS

ATTEST:

By: _____
Mayor

Clerk

CERTIFICATE OF AUTHENTICATION

The undersigned hereby certifies that this Bond is one of the registered Bonds of City of Annapolis Public Improvements Bonds, 2009 Series.

Manufacturers and Traders Trust
Company, Bond Registrar

By: _____
Authorized Officer

Date of Authentication:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto_____

(Please Print or Type Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably does constitute and appoint

to transfer the within Bond on books kept for the registration thereof, with full power of substitution in the premises.

Dated:_____

Signature Guaranteed: _____
(Signature of Registered Owner)

Notice: The signature above must correspond with the name of the registered owner as it appears on the front of this Bond in every particular without alteration or enlargement or any change whatsoever.

(Please Insert Social Security or other Identifying Number of Assignee)

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1 The Finance Director of the City is hereby authorized and directed to make all
2 necessary arrangements for the tabulation and comparison of the electronic bids
3 received, including the employment of specially qualified personnel, if necessary, so
4 that the officer conducting the sale will be able promptly to determine the bid which
5 produces the lowest true interest cost for the Bonds sold.
6

7 The Mayor and the Finance Director are hereby authorized to prepare and distribute a
8 preliminary official statement and an official statement in connection with the sale of the
9 Bonds.
10

11 The Notice of Sale shall be substantially in the following form, with the insertions therein
12 indicated. The complete text of the Notice of Sale shall be included in the preliminary
13 official statement and official statement distributed in connection with the sale of the
14 Bonds. The terms and conditions stated in the Notice of Sale are hereby adopted and
15 approved as the terms and conditions under which and the manner in which the Bonds
16 shall be sold, issued and delivered subject to such insertions, alterations, additions or
17 deletions as the Mayor or the Finance Director may deem advisable due to financial or
18 market conditions prevailing at the time. Without limiting the generality of the foregoing,
19 the Mayor or the Finance Director is authorized to obtain a policy of municipal bond
20 insurance with respect to the Bonds and, if a commitment for the issuance of such a
21 policy of insurance is acquired, an appropriate reference to such commitment may be
22 inserted in the Notice of Sale and in the form of Bond set forth in Section 7.

NOTICE OF SALE

**\$23,620,000
CITY OF ANNAPOLIS, MARYLAND
PUBLIC IMPROVEMENTS BONDS
2009 SERIES**

(Dated June 15, 2009)

**Electronic bids via *PARITY*®
Will be received until 11 o'clock a.m., local Baltimore, Maryland time, on
Tuesday, June 23, 2009**

Electronic bids via *PARITY*® will be received at the Offices of City of Annapolis, located at the Municipal Building, 160 Duke of Gloucester Street, Annapolis, Maryland 21401, for the purchase of the above-described bonds aggregating ~~\$23,620,000~~ \$28,230,000, (the "Bonds"). The Bonds will be dated June 15, 2009, and bear interest payable semi-annually on December 1, 2009 (five and one-half months), and thereafter on the first day of June and December until maturity or redemption. The Bonds will be issued under the authority of Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland (2005 Replacement Volume) and Article VII, Section 11 of the Charter of the City of Annapolis, and by virtue of due proceedings had and taken by the City of Annapolis, particularly an Ordinance adopted on May ~~11~~ 18, 2009 (the "Ordinance").

Terms of the Bonds

The Bonds will mature, subject to prior redemption as herein stated, on the first day of June in the following years and aggregate amounts:

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
2010		2020	
2011		2021	
2012		2022	
2013		2023	
2014		2024	
2015		2025	
2016		2026	
2017		2027	
2018		2028	
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1 The proceeds of the Bonds will be used to finance a portion of the costs of (i) the
2 construction, renovation, installation, improvement, redevelopment, replacement and
3 repair of the water system, public safety buildings, public garage facilities, educational
4 and recreational facilities, and certain roads, public works and other general
5 governmental projects, (ii) architectural, financial, legal, planning and engineering
6 services related thereto, and (iii) issuing the Bonds.

7
8 The Bonds will constitute an irrevocable pledge of the full faith and credit and unlimited
9 taxing power of the City.

10
11 The Bonds shall be issued only in fully registered book-entry form without coupons and
12 The Depository Trust Company, New York, New York ("DTC") will act as securities
13 depository for the Bonds. One Bond representing each maturity will be issued to and
14 registered in the name of Cede & Co., as nominee of DTC, as registered owner of the
15 Bonds and each such Bond shall be immobilized in the custody of DTC or with the Bond
16 Registrar to be held under DTC's "FAST" system. Individual purchases will be made in
17 book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof.
18 Purchasers will not receive physical delivery of certificates representing their interest in
19 the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will
20 be required to deposit the bond certificates representing each maturity with DTC.
21 Interest on the Bonds will be payable when due and principal or redemption price of the
22 Bonds will be payable at maturity or upon earlier redemption to DTC or its nominee as
23 registered owner of the Bonds. Transfer of principal and interest payments to beneficial
24 owners of the Bonds by participants of DTC ("Participants") will be the responsibility of
25 Participants and other nominees of beneficial owners. The City will not be responsible
26 or liable for such transfers of payments or for maintaining, supervising or reviewing the
27 records maintained by DTC Participants or persons acting through Participants.

28
29 The Bonds maturing on June 1, 2020 and thereafter are subject to redemption prior to
30 their respective maturities, at the option of the City, either as a whole or in part at any
31 time on or after June 1, 2019, in any order of maturities, at par plus accrued interest
32 thereon to the date fixed for redemption.

33
34 If less than all of the Bonds of any maturity shall be called for redemption, the particular
35 Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond
36 Registrar in such manner as, in its discretion, it shall determine, except that so long as
37 DTC or its nominee is the sole registered owner of the Bonds, the particular Bonds or
38 portion to be redeemed shall be selected by lot by DTC, in such manner as DTC shall
39 determine. Each \$5,000 portion of a Bond shall be treated as a separate Bond in the
40 selection by lot of Bonds to be redeemed.

41
42 **Electronic Bids**

43
44 Electronic bids will be received via **PARITY**®, in the manner described below, until
45 11:00 a.m. local Baltimore, Maryland time, on June 23, 2009.
46

1 Bids may be submitted electronically via **PARITY**® pursuant to this Notice of Sale until
2 11:00 a.m. local Baltimore, Maryland time, but no bid will be received after the time for
3 receiving bids specified above. To the extent any instructions or directions set forth in
4 **PARITY**® conflict with this Notice of Sale, the terms of this Notice of Sale shall control.
5 For further information about **PARITY**® potential bidders may contact **PARITY**® at
6 Dalcomp (212) 849-5021.

7
8 **Disclaimer**

9
10 Each prospective bidder shall be solely responsible to register to bid via **PARITY**® as
11 described above. Each prospective bidder shall be solely responsible to make
12 necessary arrangements to access **PARITY**® for the purposes of submitting its bid in a
13 timely manner and in compliance with the requirements of this Notice of Sale. Neither
14 the City nor **PARITY**® shall have any duty or obligation to provide or assure access to
15 **PARITY**® to any prospective bidder, and neither the City nor **PARITY**® shall be
16 responsible for a bidder's failure to register to bid or for proper operation of, or have any
17 liability for any delays or interruptions of, or any damages caused by, **PARITY**®. The
18 City is using **PARITY**® as a communication mechanism, and not as the City's agent, to
19 conduct the electronic bidding for the Bonds. The City is not bound by any advice and
20 determination of **PARITY**® to the effect that any particular bid complies with the terms
21 of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All
22 costs and expenses incurred by prospective bidders in connection with their registration
23 and submission of bids via **PARITY**® are the sole responsibility of the bidders, and the
24 City is not responsible, directly or indirectly, for any of such costs or expenses. If a
25 prospective bidder encounters any difficulty in submitting, modifying or withdrawing a
26 bid for the Bonds, it should telephone **PARITY**® at Dalcomp (212) 849-5021 and notify
27 the City's Financial Advisor, A. Samuel Ketterman at Davenport & Company LLC by
28 facsimile at (410) 296-8517.

29
30 **Electronic Bidding Procedures**

31
32 Electronic bids must be submitted for the purchase of the Bonds (all or none) via
33 **PARITY**®. Bids will be communicated electronically to the City at 11:00 a.m., local
34 Baltimore, Maryland time, on June 23, 2009. Prior to that time on the sale date, a
35 prospective bidder may (1) submit the proposed terms of its bid via **PARITY**®, (2)
36 modify the proposed terms of its bid, in which event the proposed terms as last modified
37 will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or
38 (3) withdraw its proposed bid. Once the bids are communicated electronically via
39 **PARITY**® to the City, each bid will constitute an irrevocable offer to purchase the Bonds
40 on the terms therein provided. For purposes of the electronic bidding process, the time
41 as maintained on **PARITY**® shall constitute the official time.

42
43 **Bid Specifications**

44
45 The City will not accept and will reject any bid for less than all of the above described
46 Bonds. The right is reserved to reject any and all bids.

1
2 Each bid must specify the amount bid for the Bonds, which shall be not less than 100%
3 of par or more than 110% of par, plus accrued interest from June 15, 2009 to the date of
4 delivery of the Bonds. Each bid must specify in multiples of one-eighth (1/8) or one-
5 twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the
6 Bonds are to bear but shall not specify (a) more than one interest rate for any Bonds
7 having the same maturity, (b) a zero rate of interest, (c) any interest rate for any Bonds
8 which exceeds the interest rate stated in such bid for any other Bonds by more than 3%
9 or (d) any interest rate that exceeds 5.25%. The Bonds will be awarded to the bidder
10 naming the lowest true interest cost for all Bonds in any legally acceptable bid. The
11 lowest true interest cost will be determined by doubling the semiannual interest rate,
12 compounded semiannually, necessary to discount the debt service payments from the
13 payment dates to the date of the Bonds and to the amount bid, not including interest
14 accrued to the date of delivery. The true interest cost shall be as determined by the
15 financial advisor to the City based on the terms of this Notice of Sale and all
16 amendments thereto and on each bid as submitted. If two or more bidders offer to
17 purchase the Bonds at the same lowest true interest cost, then such award will be made
18 to the bidder offering the highest premium. If two or more bidders offer to purchase the
19 Bonds at the same lowest true interest cost, with the same premium, the Bonds will be
20 awarded by lot to one of such bidders. The right is reserved to the City to reject any or
21 all bids and to waive any irregularity or informality in any bid. The City's judgment shall
22 be final and binding upon all bidders with respect to the form and adequacy of any bid
23 received and as to its conformity to the terms of this Notice of Sale. Any award of the
24 Bonds may be made as late as 2:00 p.m. local Baltimore, Maryland time on the sale
25 date. All bids remain firm until an award is made.

26 27 **Good Faith Deposit**

28
29 A good faith deposit (the "Deposit") is required in connection with the sale and bid for
30 the Bonds. The Deposit may be provided in the form of (i) a federal funds wire transfer
31 in the amount of ~~\$472,400~~ \$564,600 to be submitted to the City by the successful bidder
32 not later than 3:00 p.m. local Baltimore, Maryland time (the "Deposit Deadline") on the
33 date of sale or (ii) a financial surety bond (a "Surety Bond") from an insurance company
34 acceptable to the City and licensed to issue such a bond in the State of Maryland in the
35 amount of ~~\$472,400~~ \$564,600, each option as described in more detail below. The
36 Deposit of the successful bidder will be retained by the City to be applied in partial
37 payment for the Bonds and no interest will be allowed or paid upon the amount thereof,
38 but in the event the successful bidder shall fail to comply with the terms of the
39 respective bid, the proceeds thereof will be retained as and for full liquidated damages.

40
41 If a federal funds wire transfer is used, the City shall distribute wiring instructions for
42 the Deposit to the successful bidder upon verification of the bids submitted by the
43 bidders and prior to the Deposit Deadline. If the Deposit is not received by the Deposit
44 Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled
45 by the City in its discretion without any financial liability of the City to the successful

1 bidder or any limitation whatsoever on the City's right to sell the Bonds to a different
2 purchaser upon such terms and conditions as the City shall deem appropriate.
3

4 If a Surety Bond is used, it must be submitted to the City prior to 5:00 p.m. local
5 Baltimore, Maryland time on the day prior to the date for receipt of bids, and must be in
6 form and substance acceptable to the City, including (without limitation) identifying the
7 bidder whose Deposit is guaranteed by such Surety Bond. If the Bonds are awarded to
8 a bidder utilizing a Surety Bond, then such successful bidder is required to submit its
9 Deposit to the City not later than 12:00 p.m. local Baltimore, Maryland time on the next
10 business day following the award in accordance with wire instructions delivered by the
11 City to such bidder. If such Deposit is not received by that time, the Surety Bond may
12 be drawn by the City to satisfy the Deposit requirement.
13

14 **Postponement of Sale**

15
16 The City reserves the right to postpone, from time to time, the date established for the
17 receipt of bids. Any such postponement will be announced by TM3 News Service
18 ("TM3") by notice given not later than 1:00 p.m., local Baltimore, Maryland time, on the
19 last business day prior to any announced date for receipt of bids. If any date fixed for
20 the receipt of bids and the sale of the Bonds is postponed, any alternative sale date will
21 be announced via TM3 at least 48 hours prior to such alternative sale date. In addition,
22 the City reserves the right, on the date established for the receipt of bids, to reject all
23 bids and establish a subsequent alternative sale date. If all bids are rejected and an
24 alternative sale date for receipt of bids established, notice of the alternative sale date
25 will be announced via TM3 not less than 48 hours prior to such alternative sale date. On
26 any such alternative sale date, any bidder may submit an electronic bid via **PARITY**®
27 for the purchase of the Bonds in conformity in all respects with the provisions of this
28 Notice of Sale except for the date of sale and except for any changes announced by
29 TM3 at the time the sale date and time are announced.
30

31 **Approving Legal Opinion; Closing Papers**

32
33 The Bonds will be issued and sold subject to approval as to legality by McGuireWoods
34 LLP, Baltimore, Maryland, Bond Counsel, whose approving opinion substantially in the
35 form included in the Preliminary Official Statement referred to below will be delivered,
36 upon request, to the successful bidder for the Bonds, without charge. In order to assist
37 bidders in complying with SEC Rule 15c2-12(b)(5), the City will execute and deliver a
38 continuing disclosure agreement on or before the date of issuance of the Bonds
39 pursuant to which it will undertake to provide certain information annually and notices of
40 certain events. A description of this agreement is set forth in the Preliminary Official
41 Statement and will also be set forth in the Official Statement. The Bonds will be
42 accompanied by the customary closing documents, including a no-litigation certificate,
43 effective as of the date of delivery, stating that there is no litigation pending affecting the
44 validity of any of the Bonds. It shall be a condition to the obligation of the successful
45 bidder to accept delivery of and pay for the Bonds that, simultaneously with or before
46 delivery and payment for the Bonds, the successful bidder shall be furnished a

1 certificate or certificates of the Mayor and Finance Director to the effect that, to the best
2 of their knowledge and belief, the Official Statement (and any amendment or
3 supplement thereto) (except for the Reoffering Information (defined below) provided by
4 the successful bidder and information regarding DTC and DTC's book entry system
5 provided by DTC, as to which no view will be expressed) as of the date of sale and as of
6 the date of delivery of the Bonds does not contain any untrue statement of a material
7 fact and does not omit to state a material fact necessary to make the statements
8 therein, in the light of the circumstances under which they were made, not misleading
9 and that between the date of sale and the date of delivery of the Bonds there has been
10 no material adverse change in the financial position or revenues of the City, except as
11 reflected or contemplated in the Official Statement (and any amendment or supplement
12 thereto).

14 **Preliminary Official Statement; Official Statement**

16 Not later than seven (7) business days after the award of the Bonds to the successful
17 bidder on the day of sale, the City will authorize an Official Statement, which is expected
18 to be substantially in the form of the Preliminary Official Statement referred to below. If
19 so requested by the successful bidder at or before the close of business on the date of
20 the sale, the City will include in the Official Statement such pricing and other information
21 with respect to the terms of the reoffering of the Bonds by the successful bidder
22 ("Reoffering Information"), if any, as may be specified and furnished in writing by such
23 bidder. If no Reoffering Information is specified and furnished by the successful
24 bidder, the Official Statement will include the interest rates on the Bonds resulting from
25 the bid of the successful bidder and the other statements with respect to reoffering
26 contained in the Preliminary Official Statement. The successful bidder shall be
27 responsible to the City and its officials for the Reoffering Information, and for all
28 decisions made by such bidder with respect to the use or omission of the Reoffering
29 Information in any reoffering of the Bonds, including the presentation or exclusion of any
30 Reoffering Information in any documents, including the Official Statement.

32 In the event that all or any part of the Bonds are initially reoffered with bond insurance
33 secured by the successful bidder, the successful bidder shall be required to notify
34 promptly the Finance Director of the City at the time of sale of such event and shall
35 provide the Finance Director with any information he reasonably requests regarding
36 such bond insurance including the amounts paid for such insurance. The City will, at
37 the request and expense of the successful bidder, include customary language in the
38 Official Statement and the form of Bond regarding the insurance policy upon receipt of
39 such opinions or certificates as the City reasonably may request regarding the accuracy
40 of any information to be included in the Official Statement and the binding nature of the
41 obligations contained in the insurance policy with respect to the Bonds. The City shall
42 have no obligation to provide the successful bidder or the bond insurance company with
43 any other documents or opinions relating to the Bonds.

45 The successful bidder will also be furnished, without cost, with up to 300 copies of the
46 Official Statement (and any amendments or supplements thereto).

1
2 **Delivery**
3

4 When delivered, the Bonds shall be duly executed and authenticated and registered in
5 the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds.
6 Delivery of the Bonds, without expense, will be made by the City on or about July 8,
7 2009, or as soon as practicable thereafter, for the account of the successful bidder
8 through the facilities of DTC, and, thereupon, the successful bidder will be required to
9 accept delivery of the Bonds and pay, in Federal funds, the balance of the purchase
10 price due.

11
12 It is anticipated that CUSIP identification numbers will be printed on the Bonds, but
13 neither the failure to print such number on any Bond nor any error with respect thereto
14 shall constitute cause for failure or refusal by the successful bidder to accept delivery of
15 and pay for the Bonds in accordance with the terms of this Notice of Sale.

16
17 **Miscellaneous**
18

19 As a condition to the award of the Bonds, the successful bidder shall be required to
20 communicate to the City the initial offering prices at which a bona fide offering of the
21 Bonds has been made to the public, which prices are to be shown on the cover of the
22 Official Statement (the "Initial Offering Prices"). Furthermore, as a condition to the
23 delivery of the Bonds, the successful bidder shall be required to furnish to the City a
24 written certificate acceptable to the City's bond counsel to the effect that the successful
25 bidder has made a bona fide public offering of the Bonds at the Initial Offering Prices
26 and that a substantial portion of each maturity of the Bonds has been sold to the public
27 (excluding bond houses, brokers and other intermediaries) at the respective Initial
28 Offering Prices. Such certifications shall be made based on actual facts known to the
29 successful bidder as of the sale date. For purposes of the successful bidder's
30 certificate, a substantial portion of the Bonds is at least 10% in par amount of each
31 maturity of the Bonds. If the successful bidder cannot deliver the certificate as
32 described above, the City's bond counsel will be required to evaluate the facts and
33 circumstances of the offering and sale of the Bonds to confirm compliance with statutory
34 requirements of avoiding the establishment of an artificial price for the Bonds.

35
36 NOTE: The City may revise this Notice of Sale by publishing notice of any revisions on
37 TM3 at or before the time for submission of bids. Any bid submitted shall be in
38 accordance with, and incorporate by reference, this Notice of Sale including any
39 revisions made pursuant to this paragraph.
40

41 The Preliminary Official Statement, together with this Notice of Sale, may be obtained
42 from the Finance Director, Municipal Building, 160 Duke of Gloucester Street,
43 Annapolis, Maryland 21401, or from Davenport & Company LLC, Suite 324, 8600
44 LaSalle Road, Towson, Maryland, 21286 (410) 296-9426. Such Preliminary Official
45 Statement is deemed final by the City as of its date for purposes of SEC Rule 15c2-12

1 but is subject to revision, amendment and completion in the Official Statement referred
2 to above.

3
4 CITY OF ANNAPOLIS

5
6 By: Ellen O. Moyer, Mayor
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9

10 **SECTION 10: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
11 **ANNAPOLIS CITY COUNCIL**, that if the Bonds are sold pursuant to the foregoing
12 Notice of Sale, the award shall be made by the Mayor or the Finance Director. The
13 Mayor or the Finance Director shall evidence the awarding of the Bonds by a written
14 order which shall state (1) the identity of the successful bidder to which the Bonds are
15 awarded and (2) the interest rate or rates to be borne by the Bonds as specified by the
16 successful bidder in the winning bid. Immediately after such sale, the Mayor or the
17 Finance Director shall cause the Bonds to be suitably printed. The Bonds shall
18 thereupon be signed, as provided above, and delivered to the successful bidder upon
19 payment of the balance of the purchase price therefor.
20

21 **SECTION 11: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
22 **ANNAPOLIS CITY COUNCIL**, that the proceeds from the sale of the Bonds shall be
23 paid to the Finance Director, who shall deduct from the proceeds of the Bonds the
24 amount paid on account of accrued interest on such Bonds, which amount he shall set
25 apart for payment on account of the first interest payment on the Bonds. After the
26 aforementioned deduction has been made, the Finance Director shall pay, from the
27 proceeds of the Bonds, all expenses incurred in the issuance of the Bonds, including
28 costs of advertising, printing, document production and reproduction, counsel fees and
29 expenses. The Finance Director shall use the balance of said proceeds for the public
30 purposes described in Section 1 hereof. In the event that the amount of funds
31 allocated to one or more Projects identified in this Ordinance exceeds the amount
32 needed for such Project, the excess may be allocated to other Projects identified in this
33 Ordinance or may be allocated to additional projects which are authorized by the Mayor
34 and City Council. If the proceeds received from the sale of the Bonds exceed the
35 amount actually expended or required for such public purposes, the amount of such
36 unexpended excess shall be set apart in a separate fund and applied to the payment of
37 the next principal maturity of the Bonds or to the redemption of any part of the Bonds or
38 to the purchase and cancellation of Bonds, unless an ordinance is adopted by Mayor
39 and City Council to provide for the expenditure of that excess for some other valid
40 purpose authorized by the Enabling Act.
41

42 **SECTION 12: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
43 **ANNAPOLIS CITY COUNCIL**, that the City covenants that it will take, or refrain from
44 taking, any and all actions necessary to comply with the applicable provisions of Section
45 103 and Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, as
46 amended (the "Code") and the Income Tax Regulations thereunder, in order to preserve

1 the status of the interest on the Bonds as excluded from gross income for Federal
2 income tax purposes. Without limiting the generality of the foregoing covenant, (a) the
3 City will not use or permit the use of any of the proceeds of the Bonds or any of the
4 funds of the City in such manner as would cause the interest on the Bonds to be
5 included in gross income for Federal income tax purposes, (b) the City will regulate the
6 investment of the proceeds of the Bonds so as not to cause any of the Bonds to be an
7 "arbitrage bond" within the meaning of Section 148 of the Code and the Income Tax
8 Regulations thereunder, (c) the City will, if and to the extent necessary, make periodic
9 determinations of the rebate amount and timely pay any rebate amount, or installment
10 thereof, to the United States of America, (d) the City will prepare and timely file Internal
11 Revenue Service Form 8038-G, Information Return for Tax-Exempt Governmental
12 Obligations, and (e) the Mayor and/or the Finance Director are hereby authorized and
13 directed to prepare or cause to be prepared and to execute any certificate or other
14 document which may be required in order to assure compliance with the applicable
15 provisions of Section 103 and Sections 141 through 150, inclusive, of the Code, and the
16 Income Tax Regulations thereunder.

17
18 **SECTION 13: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
19 **ANNAPOLIS CITY COUNCIL**, that in order to provide for the payment of the principal
20 of, and interest on, the Bonds hereby authorized when due, there shall be appropriated
21 in the next ensuing fiscal year of the City and in each fiscal year thereafter, so long as
22 any of the Bonds hereby authorized are outstanding and unpaid or until a sufficient fund
23 has been accumulated and irrevocably set aside for the purpose, an amount sufficient
24 to meet the debt service on the Bonds coming due in such fiscal year. There shall be
25 levied ad valorem taxes upon all property within the corporate limits of the City subject
26 to assessment for City taxes, in rate and amount sufficient in each such year, together
27 with other funds which the City has appropriated for such purposes, to fund such
28 appropriations and to provide, to the extent necessary, for the payment, when due, of
29 the principal of and interest on all Bonds maturing in each such fiscal year. In the event
30 the proceeds from the taxes so levied in each such fiscal year shall prove inadequate
31 for the above purposes, additional taxes shall be levied in the subsequent fiscal year to
32 make up any deficiency.

33
34 Prior to each principal and interest payment date, the City shall deposit with the Paying
35 Agent, from the tax proceeds above described and from any other funds then legally
36 available for such purpose, the amounts needed to pay the principal of and interest on
37 the Bonds hereby authorized coming due on each such payment date. All moneys so
38 deposited with the Paying Agent shall be deemed and treated by the Paying Agent as
39 trust funds for the use and benefit of the holders from time to time of the Bonds hereby
40 authorized. Any such trust funds held by the Paying Agent for the payment of particular
41 Bonds for periods of more than two (2) years respectively from the dates of such Bonds,
42 and the failure of the holders of such Bonds to present them for payment within such
43 period, shall be returned by the Paying Agent to the City and, thereafter, the holders of
44 any such Bonds shall have claims only against the City for payment of the obligations
45 held by them, and the Paying Agent shall be relieved of the trust hereby imposed.

To assure the performance by the City of the provisions of this Section, 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 Bonds as and when the same respectively mature and become payable and to the levy and collection of the taxes described as and when such taxes may become necessary to provide sufficient funds to meet the debt service requirements of the Bonds; this pledge is made for the benefit of the holders, from time to time, of the Bonds.

The City solemnly covenants and agrees with each holder of any of the Bonds to levy and collect the taxes herein described and to take any other action that may be appropriate from time to time during the period that any of the Bonds remain outstanding and unpaid to provide the funds necessary to make principal and interest payments thereon when due.

SECTION 14: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL, that CUSIP numbers may be printed on the Bonds; however, the printing of CUSIP numbers on the Bonds (even if incorrect) shall have no legal effect and shall not in any way affect the enforceability or validity of any Bond. Any expenses in relation to the printing of CUSIP numbers on the Bonds, including any CUSIP Service Bureau charge for assignment of such numbers, in the discretion of the Finance Director, may be paid for the City from the proceeds of the Bonds.

SECTION 15: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL, that the Mayor or her designee is expressly authorized to approve the form of, and execute and deliver and on behalf of the City, a continuing disclosure agreement to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 16: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL, that this Ordinance shall take effect upon the signing of this Ordinance by the Mayor following adoption by the City Council.

ADOPTED this 18th day of May, 2009.

ATTEST:

THE ANNAPOLIS CITY COUNCIL

Regina C. Watkins-Eldridge, CMC

BY: _____
ELLEN O. MOYER, MAYOR