

THE EFFECTIVE DATE OF THIS ORDINANCE IS JULY 21, 2020

ORDINANCE NO. 20-03-003

RE: ISSUANCE OF FREDERICK COUNTY, MARYLAND SPECIAL  
OBLIGATION REFUNDING BONDS (JEFFERSON TECHNOLOGY PARK  
PROJECT)

BACKGROUND

Under the provisions of Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Tax Increment Financing Act"), Frederick County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland (the "County") may issue and sell bonds for the purpose of financing the development, including new development, redevelopment, revitalization, and renovation, of an industrial, commercial, or residential area. The bonds authorized by the Tax Increment Financing Act may be special obligations of the County payable from a special fund created by the County for the purpose of paying the debt service on the bonds and from other assets or revenues pledged by the County for that purpose.

Before issuing bonds pursuant to the Tax Increment Financing Act, the County is required to designate a contiguous area within Frederick County as a "development district" and to pledge a portion of real property taxes derived from the development district to the special fund for the payment of the debt service on the bonds issued under the Tax Increment Financing Act. The portion of the real property taxes to be pledged is all or any portion of the amount derived from the incremental increase of the assessable base of the development district over the original assessable base of the development district as of the date specified in the Tax Increment Financing Act.

By Resolution No. 12-10 adopted on July 19, 2012, pursuant to the Tax Increment Financing Act (the "TIF Resolution" and, together with the CDA Resolution defined below, the "Resolutions"), the County created a development district in order to encourage and promote the development, including the new development, redevelopment, revitalization, and renovation, of a contiguous industrial, residential and commercial area within the County known as the "Jefferson Technology Park Development District" (the "Development District") which is described in the TIF Resolution and a special fund known as the "Jefferson Technology Park Development District Special Fund" (the "Development District Special Fund"). The County further determined by the TIF Resolution to apply the incremental real property tax revenues and the proceeds of any bonds issued under the Tax Increment Financing Act to provide facilities for the benefit of mixed-use commercial/residential development within the Development District.

Under the provisions of Chapter 517 of the Laws of Maryland of 1997, codified as Section 2-7-125 of "Article VI. Community Development Authorities" in Chapter 2-7 of

the Public Local Laws of Frederick County as amended (the “CDA Act”), the County may create community development authorities, levy ad valorem or special taxes and borrow money by issuing and selling bonds for the purpose of financing the cost of the design, construction, establishment, extension, alteration, or acquisition of adequate storm drainage systems, sewers, water systems, roads, bridges, culverts, tunnels, streets, sidewalks, lighting, parking, parks and recreation facilities, facilities for indoor and outdoor recreational and cultural uses, entrance areas, security facilities, guard houses, fencing, landscaping improvements, curbs and gutters, museums and cultural facilities, dams, flood mitigation uses, libraries, transit facilities, solid waste facilities, and other infrastructure improvements as necessary, whether situated within the community development authorities or outside the community development authorities. The bonds authorized by the CDA Act are special obligations of the County payable from a special fund created by the County for the purpose of paying the debt service on the bonds and from other assets or revenues pledged by the County for that purpose.

Before issuing bonds, the County is required to designate an area or areas within Frederick County as a “community development authority”, to provide for the levy of an ad valorem or special tax on property within the community development authority, create a special fund with respect to the community development authority and to pledge that it will pay such special tax to a special fund for the payment of the debt service on the bonds issued under the CDA Act.

Pursuant to Resolution No. 12-11 adopted on July 19, 2012, (the “CDA Resolution”), the County created a community development authority in order to encourage and promote the development of a mixed use commercial/residential community within Frederick County to be known as the “Jefferson Technology Park Community Development Authority” (the “Jefferson Technology Park CDA”), which geographic area is coincident with the Development District and was more particularly described in the CDA Resolution. The County further determined to apply the special tax revenues and the proceeds of any bonds issued under the CDA Act to provide improvements for the benefit of the property within the Jefferson Technology Park CDA.

Pursuant to the CDA Resolution, the County created the Jefferson Technology Park CDA Special Fund (the “CDA Special Fund”) as required by the CDA Act as a condition to the issuance of the bonds under the CDA Act, and covenanted to levy and collect certain special taxes (the “Jefferson Technology Park Special Taxes”) pursuant to Jefferson Technology Park Community Development Authority Rate and Method of Apportionment of Special Taxes (the “Rate and Method”).

On July 19, 2012, the County enacted Ordinance No. 12-18-613 (the “2012 Ordinance”) which authorized the issuance of special obligation bonds to finance and refinance improvements to the Jefferson Technology Park CDA.

On August 6, 2013, pursuant to the 2012 Ordinance, the County issued its Special Tax A Limited Obligation Bonds (Jefferson Technology Park Project), Series 2013A (the

“Series 2013A Bonds”) and its Tax Increment and Special Tax B Limited Obligation Bonds (Jefferson Technology Park Project), Series 2013B (the “Series 2013B Bonds” and, together with the Series 2013A Bonds, the “2013 Bonds”). As of the date hereof, the Series 2013A Bonds are outstanding in an aggregate principal amount of \$6,450,000, and the Series 2013B Bonds are outstanding in an aggregate principal amount of \$32,880,000.

The County has determined that prevailing conditions in the tax-exempt bond market will enable the County to issue its special obligation refunding bonds (the “2020 Bonds”) and apply a portion of the proceeds thereof to refinance the 2013 Bonds to realize debt service savings.

*The 2020 Bonds issued pursuant to this Ordinance will not be general obligations of the County, but will be special obligations of the County payable solely from real property revenues on the Tax Increment (defined below) and special tax revenues of the County allocated and paid into the Development District Special Fund and the CDA Special Fund, respectively, as set forth herein and in the Resolutions, and certain other monies which may be made available for such purpose. Neither the 2020 Bonds nor the principal, interest or penalties thereon shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the County within the meaning of any constitutional or charter provision of statutory limitation and that neither shall ever constitute or give rise to any pecuniary liability of the County.*

Except as may be required by the Maryland Constitution, the TIF Resolution, the CDA Resolution, this Ordinance, any order adopted in furtherance of the Resolutions or this Ordinance, the designation and creation of the Jefferson Technology Park CDA, the imposition and levy of an Jefferson Technology Park Special Tax and the issuance of the Bonds may not be subject to any referendum by reason of any other State or local law.

By this resolution, the County desires (i) to implement the authority conferred upon it by the Act to issue the 2020 Bonds, (ii) to authorize the execution and delivery of such documents as shall be necessary to be delivered in connection with the issuance of the 2020 Bonds, and (iii) to specify certain other matters relating to the 2020 Bonds.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE COUNTY COUNCIL OF FREDERICK COUNTY, MARYLAND:

Section 1. The issuance and sale of the 2020 Bonds from time to time in one or more series in the aggregate principal amount not to exceed \$50,000,000, and bearing interest at the maximum rate of interest not to exceed 9%, all as may be determined by the County, are hereby authorized and approved. The 2020 Bonds are authorized hereby to be executed by the manual or facsimile signature of the County Executive and the seal of the County shall be affixed to the 2020 Bonds and attested by the Chief Administrative Officer. Such 2020 Bonds shall not be an indebtedness of the County for which the County is obligated to levy or pledge, or has levied or pledged, general or special taxes other than the incremental real property tax revenues derived from the Development

District and the Jefferson Technology Park Special Taxes. Pursuant to the Act, the 2020 Bonds are a special obligation of the County and may not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power.

The proceeds of the 2020 Bonds shall be used (1) to refund some or all of the outstanding 2013 Bonds; (2) to fund debt service reserves or other reserves with respect to the 2020 Bonds; and (3) to pay costs of issuing the 2020 Bonds.

Section 2. Pursuant to the CDA Act and the Resolutions, the County hereby covenants to continue to levy the Jefferson Technology Park Special Taxes upon all real or personal property within the Jefferson Technology Park CDA at such rate as shall provide adequate revenues to pay the principal of, interest and redemption premium, if any, on the 2020 Bonds, to replenish any debt service reserve fund, and to make payment of any ongoing expenses of or security for the 2020 Bonds. The Jefferson Technology Park Special Taxes shall be levied pursuant to the provisions of the Rate and Method.

Section 3. The County Executive and the Director of Finance (together, the "Authorized Representative") are authorized to proceed with the sale of the 2020 Bonds.

Section 4. The Authorized Representative or other authorized officers of the County are authorized and directed to take any and all actions and to execute, attest, affix the County's seal to and deliver, and to file and record in any appropriate public offices (if applicable) all documents, instruments, certifications, forms (including but not limited to, appropriate IRS Forms in respect to the 2020 Bonds) financing statements, letters of instructions, written requests, contracts, agreements and other papers, whether or not herein mentioned, as may be necessary or convenient to evidence the approvals of the County provided in this resolution and to consummate the transactions contemplated in this resolution or in any of the documents herein authorized and approved.

Section 5. Prior to the issuance, sale and delivery of the 2020 Bonds, the County Executive by written order shall specify, prescribe, determine, provide for, or approve, for the purposes and within the limitations of the Act and this Resolution, all matters, details, forms, documents, and procedures pertaining to the sale, security, issuance, delivery, and payment of or for one or more series of the 2020 Bonds, including, without limitation, the following:

- (1) The actual principal amount of the 2020 Bonds to be issued,
- (2) The actual rate or rates of interest the 2020 Bonds are to bear,
- (3) The manner in which and terms upon which the 2020 Bonds are to be sold,
- (4) The manner in which and the times and places that the interest on the 2020 Bonds is to be paid,

(5) The time or times that the 2020 Bonds may be executed, issued, and delivered,

(6) The form and tenor of the 2020 Bonds and the denominations in which the 2020 Bonds may be issued,

(7) The manner in which and the times and places that the principal of the 2020 Bonds is to be paid, within the limitations set forth in the Act and this Resolution,

(8) Provisions pursuant to which any or all of the 2020 Bonds may be called for redemption prior to their stated maturity dates,

(9) Provisions for obtaining insurance of 2020 Bonds or for the issuance of a guaranty, letter of credit, line of credit, or similar credit support for the 2020 Bonds,

(10) The form and contents of, and provisions for the execution and delivery of, such financing documents as the County Executive shall deem necessary or desirable to evidence, secure or effectuate the issuance, sale and delivery of the 2020 Bonds, including (without limitation) any fiscal agent agreements, development agreements, funding agreements, security agreements, assignments, guarantees, financing agreements or escrow agreements;

(11) The creation of security for the 2020 Bonds and the priority thereof for payment of series of 2020 Bonds, and provision for the administration of the 2020 Bonds, including (without limitation) the appointment of such trustees, escrow agents, fiscal agents, payment agents, registrars or other agents as the County Executive shall deem necessary or desirable to effectuate the transactions authorized hereby;

(12) Provisions for the preparation and distribution of both a preliminary and a final official statement, placement memorandum, or offering circular in connection with the sale of any series of the 2020 Bonds, if such preliminary official statement and final official statement, placement memorandum, or offering circular are determined to be necessary or desirable for the sale the 2020 Bonds;

(13) The determination of the manner of sale of the 2020 Bonds which may be either a public or a private (negotiated) sale, and the form and contents of, and provisions for the execution and delivery of, any contract or contracts for the purchase and sale of the 2020 Bonds (or any portion thereof);

(14) To the extent that other obligated persons with respect to the 2020 Bonds have not assured compliance with, or to the extent that the offering of the 2020 Bonds is not exempt from the requirements of, Rule 15c2-12 of the United States Securities and Exchange Commission, the determination of the form and contents of any written agreement or contract required by law for the benefit of the holders of the 2020 Bonds under which agreement or contract the County will undertake to provide annual financial

information, audited financial statements, material events notices, and other information to the extent required by such Rule; and

(15) The determination of, or the provision for, such other matters in connection with the authorization, issuance, execution, sale, delivery, and payment of the 2020 Bonds, the security for the 2020 Bonds, and the consummation of the transactions contemplated by this Resolution as may be deemed appropriate by the County Executive, including without limitation, establishing procedures for the execution, acknowledgment sealing, and delivery of such other and further agreements, documents, and instruments, and the authorization of the officials of the County to take any and all actions, as are or may be necessary or appropriate to consummate the transactions contemplated by this Resolution in accordance with the Act and this Resolution.

Section 6. The County Executive, the Chief Administrative Officer, the Treasurer, the Director of Finance and all other officials of the County are hereby authorized and empowered to do any and all such things as shall be deemed necessary by them to facilitate the issuance of the Bonds and are hereby authorized and empowered to do all such things and execute such documents and certificates as may be determined by them to be necessary to carry out and comply with the provisions of the Act and this Resolution.

Section 7. The Resolutions and all findings therein are hereby ratified and confirmed.

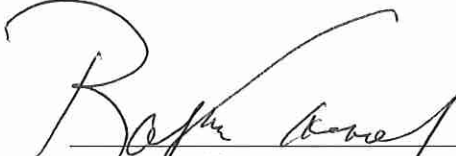
Section 8. This Ordinance shall take effect from the date of its adoption.

[signatures appear on following page]

ENACTED this 21<sup>st</sup> day of July, 2020.

ATTEST:

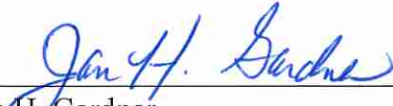
COUNTY COUNCIL OF  
FREDERICK COUNTY, MARYLAND

  
\_\_\_\_\_  
Ragen L. Cherney  
Council Chief of Staff

By:   
\_\_\_\_\_  
M. C. Keegan-Ayer C.K.  
President

RECEIVED BY THE COUNTY EXECUTIVE: July 30, 2020

COUNTY EXECUTIVE ACTION: APPROVED  VETOED:

  
\_\_\_\_\_  
Jan H. Gardner  
Frederick County Executive

Date: 7/30/20