October 7, 2013

REGULAR SESSION #18

TOWN OF OCEAN CITY, MARYLAND
301 N. BALTIMORE AVENUE, OCEAN CITY, MARYLAND 21842

THE HONORABLE MAYOR AND CITY COUNCIL PRESIDING

MAYOR RICHARD W. MEEHAN

COUNCIL PRESIDENT LLOYD MARTIN
COUNCIL SECRETARY MARY KNIGHT

MARGARET PILLAS
DOUGLAS CYMEK
BRENT ASHLEY
DENNIS DARE
JOSEPH MITRECIC

ATTENDANCE

Mayor Rick Meehan, Council President Lloyd Martin, Council Secretary Mary Knight, Council Members Doug Cymek, Brent Ashley, Dennis Dare, Margaret Pillas and Joe Mitrecic, City Solicitor Guy Ayres, Finance Director Martha Bennett, Budget Analyst Jennie Knapp, City Engineer Terry McGean, Fire Chief Chris Larmore, Planning and Community Development Director Matt Margotta, Deputy Director of Planning and Community Development Blaine Smith, City Clerk Kelly Allmond, Members of the Press and Interested Parties.

CALL TO ORDER

Council President Lloyd Martin called the meeting to order at 6:00 p.m., in the Council Chambers of City Hall located at 301 North Baltimore Avenue in Ocean City, Maryland.

PRAYER AND PLEDGE

Council Secretary Mary Knight led the prayer and the Pledge of Allegiance.

APPROVAL OF MINUTES

The following Minutes were approved as presented:

A. Work Session dated September 10, 2013
B. Regular Session #17 dated September 16, 2013
C. Work Session dated October 1, 2013

ITEMS PRESENTED BY THE MAYOR AND CITY COUNCIL

Standing Committee Draft Agendas for October 11-15, 2013 (see Attachment A-C)

- Council Member Doug Cymek reviewed the Police Commission Agenda scheduled for October 11, 2013 at 9:00 a.m. in the Public Safety Building
- Council Secretary Mary Knight reviewed the Tourism Commission Agenda scheduled for October 11, 2013 at 3:00 p.m. in the Convention Center
- Council Member Joe Mitrecic reviewed the Recreation and Parks Committee Agenda scheduled for October 15, 2013 at 4:00 p.m. at Northside Park

CONSENT AGENDA

A. Private Event Approval for 2nd Annual Ravens vs. Steelers 5K Football Challenge –November 22, 2013
B. Private Event Approval for 2nd Annual Jingle Bell Fun Run – December 8, 2013
C. 3-Year Private Event Approval Request for Seaside 10 Mile and 5K Run – October 31, 2015
D. Request Approval to Sole Source Purchase Replacement Fire Attack and Supply Hose
E. Request Approval to Solicit Bids for Roof Replacement and Restoration
F. Bid Award Recommendation for 94th Street Water Tank Painting
G. Bid Award Recommendation for Fire Hydrant Assessment and Maintenance

Council Member Joe Mitrecic moved to approve Items A, B, D, E, and G as presented; seconded by Council Member Ashley. The vote was unanimous.

Item C: **Council Member Margaret Pillas moved to approve the event with a request for the event organizer to review the logistics to ensure that the cost to the Town is minimal; seconded by Council Secretary Knight. The vote was unanimous.**

Item F: **Council Member Joe Mitrecic moved to approve the placement of the Art League logo to the 94th Street Water tank at the Art League's expense; seconded by Council Member Ashley. The vote was unanimous.**

MISCELLEANEOUS REPORTS AND PRESENTATIONS

A. Private Event Approval Request for MD COPS Memorial Walk – October 19, 2013 **Council Secretary Mary Knight moved to approve the event; seconded by Council Member Mitrecic. The vote was unanimous.**

B. Private Event Approval Request for Rockin' Ravens Weekend – October 18-20, 2013**Council Member Brent Ashley moved to approve the event; seconded by Council Secretary Knight. The vote was unanimous.**

[*Inserted Item*] Private Event Approval Request to hold the AMSA Surf Fishing Tournament if Assateague Park is closed due to the ongoing government shut down – October 18-19, 2013 **Council Member Brent Ashley moved to approve to allow the event on the beach blocks from the Delaware Maryland Line, south; and, waive the late request fee; and, reduce the per day per block fee to a flat $150.00 fee; seconded by Council Member Mitrecic. The vote was unanimous.**

ITEMS REFERRED TO AND PRESENTATIONS FROM THE CITY MANAGER AND STAFF

Discussion of Zoning Code Amendment Changes Concerning Required Parking Regulations presented by Planning and Community Development Director (see Attachment A) **Council Member Joe Mitrecic moved to accept the recommendation of the Planning Commission and proceed with the first reading of an ordinance amending required the required parking regulations; seconded by Council Secretary Knight. The vote was 5-0 with Council Members Pillas and Ashley abstained.**

ITEMS REFERRED TO AND PRESENTATIONS FROM THE CITY SOLICITOR

A. Second Reading – Ordinance 2013-12 to Adopt FY13 Budget Amendment #2 (See Attachment D) **Council Secretary Mary Knight moved to ratify Ordinance 2013-12; seconded by Council Member Ashley. The vote was 6-0 with Council Member Dennis Dare out of the room.**

B. Second Reading– Ordinance 2013-13 Bond Ordinance as amended (see Attachment E) **Council Secretary Mary Knight moved to ratify Ordinance 2013-13 as amended; seconded by Council Member Mitrecic. The vote was unanimous.**

COMMENTS FROM THE PUBLIC

- Herb Pawlukewicz spoke against the establishment of committees.
- Vince Gisriel said the expulsion of a citizen from the last Council Meeting was inappropriate.
- Ellie Diegelmann asked why she was removed from Council Chambers in the last Council Meeting. Council President Lloyd Martin explained that he did not order her from the chambers and that the incident resulted from non-verbal miscommunication between him and the police officer.
- Charlie Barrett said the frequent attacks against the Council are inappropriate.
- Tony Christ spoke about his plans to petition for an charter amendment to cap the Town's debt ceiling.

COMMENTS FROM THE CITY MANAGER

City Manager David Recor advised that the following items are scheduled for discussion in the October 15, 2013 Work Session:

1. Bid Openings - Energy Performance Contracting Services
2. Bid Award Recommendation for Beach Patrol Headquarters Design Services presented by City Engineer
3. Discussion of Employee Benefits Insurance Renewal presented by Rosanne Calzetta, Bolton Partners
4. Fire/EMS Update presented by Chief Larmore
5. Update on the Emergency Operations Plan
6. Request to Approve Revisions to Computer Policy Manual presented by City Engineer
7. Request to Approve 2014 Mayor and Council Meeting Schedule presented by City Manager
8. Request Approval for Taxi Medallion Transfers presented by City Clerk

COMMENTS FROM THE MAYOR AND CITY COUNCIL

- Council Member Dennis Dare said decorum in Council Meetings, which he feels has deteriorated, is important to conducting City business.
- Council Secretary Mary Knight said the name calling is insulting and unacceptable.
- Council Member Brent Ashley said the citizens have a right to be heard.
- Council Member Doug Cymek said Ellie Diegelmann is often disruptive in meetings.
- Council Member Brent Ashley asked City Manager Recor why MGH was not given notice of the Town's intent to expire the advertising contract. City Manager Recor acknowledged that an extension agreement was not prepared. **Council Member Margaret Pillas moved to ask the City Solicitor to review the terms of the MGH agreement for extension requirements; seconded by Council Member Ashley. The vote was 6-1 with Council Member Joe Mitrecic opposed.**
- Mayor Rick Meehan shared that the State of Maryland Board of Public Works approved the agreement with Whiting & Turner for the next phase of the Performing Arts Center. Also, he apologized to Ellie Diegelmann and said that something obviously went wrong when she was expelled from Council Chambers in the last meeting. He added that decorum is essential to conducting city business.

ADJOURN

Council Member Joe Mitrecic moved to adjourn at 8:12 p.m.; seconded by Council Member Pillas. The vote was unanimous.

Approved on 10.21.13

ATTACHMENT A

Ocean City, Maryland
Police Commission

Meeting Agenda

October 11, 2013 – 9:00 AM
Public Safety Building

1. Call to Order
2. Approval of Minutes of the September 9, 2013 Meeting
3. Chief's Update on September Crime Stats
4. Update on Highway Safety and Enforcement
5. ECD/Taser Update
6. Adjournment

ATTACHMENT B

Tourism Commission Meeting
Agenda
3 p.m.
Friday, October 11, 2013
Room 214, Convention Center

1) Approval of minutes

2) Ococean enhanced listings update

3) Strategic planning discussion

4) Organizational reports

ATTACHMENT C

OCEAN CITY, MARYLAND
RECREATION & PARKS COMMITTEE
Tuesday, October 15, 2013
4:00 P.M.
Northside Park Community Room

AGENDA

1. Call to Order and Attendance

2. Approval of Minutes of September 10, 2013

3. Presentation on Baseball Tournaments at NSP in 2014 by Moose Holland

4. Caroline Street Boardwalk Stage Procedure

5. 2015 Town Sponsored Special Events Schedule

6. New Private Special Events

7. Kayak Rentals Concession RFP

8. Other Business

9. Adjournment

RECOMMENDATION TO MAYOR AND CITY COUNCIL

TO AMEND ARTICLE V CODE SECTION 110-932(b)(22) RELATED TO PARKING REGULATIONS DETERMINING HOW TO CALCULATE REQUIRED PARKING IN SHOPPING CENTERS, PLAZAS, RETAIL STORES, PERSONAL SERVICE ESTABLISHMENTS, & CONVENIENCE FOOD STORES GREATER THAN 5,000 SQUARE FEET

File PZ #13-14100002

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On Wednesday, September 4, 2013, the Planning Commission conducted a public hearing to consider amending Code Section 110-932(b)(22) related to parking regulations, determining how to calculate required parking spaces in shopping centers, shopping plazas, retail stores, personal service establishments and convenience food stores greater than 5,000 square feet of gross floor area:

a) One space per 225 square feet gross floor area, except for movie theaters, which shall comply with the parking requirements as set forth in subsection (24), hereof.

b) When restaurants, fast food establishments, cocktail lounges, taverns, nightclubs, or other establishments for the consumption of food or beverage on or off the premises are located in a shopping center:

i) If these establishments, individually or in total, comprise ~~less than~~ 25 percent ***or less*** of the gross floor area of the shopping center, the parking requirements shall be that for shopping centers;

ii) ii) If these eating and drinking establishments, individually or in total, comprise more than 25 percent of the gross floor area of the shopping center, parking shall be provided for ***the gross floor area of*** those uses ***in excess of the 25 percent*** in accordance with their separate requirements. The parking calculations shall be computed for the retail and eating and drinking establishments separately and then combined.

The Planning Commission initiated this amendment. There were no comments from the public concerning the proposal.

The Planning Commission reviewed the current ordinance and listened to testimony from Zoning Administrator Blaine Smith as to how parking is tabulated for the above mixed use centers over 5,000 square feet of gross floor area. The Commission found that by amending the code as recommended it would allow for clarification and not penalize an entire project by increasing its entire restaurant use to the higher parking demand of 1 parking space per 100 square feet of gross floor area, but only the gross square footage of restaurant use in excess of 25%.

Restaurant use up to 25% of the total shopping center, plaza, etc., would be calculated as that for shopping centers, 1 parking space per 225 square feet of gross floor area.

At the conclusion of the meeting, the Commission voted unanimously (6-0) to forward the recommendation. For your information, the transcript of the public hearing is also included.

/ks

FOR ITEM 8A

INTERDEPARTMENTAL MEMORANDUM

To: Mayor and City Council
From: R. Blaine Smith, Asst. Director of Planning and Zoning
Date: October 7, 2013
Subject: Amendment to parking regulations

The following examples represent existing shopping centers with restaurants and required parking based on the proposed amendment:

Shopping Center at 5601 Coastal Highway

Gross Floor Area: 8,322 square feet
25% Restaurant 2,081 square feet allowed (existing center max-ed out)

Shopping Center at 3300 Coastal Highway

Gross Floor Area: 12,139 square feet
25% Restaurant 3,035 square feet allowed (4,812 square feet pre-existing and a special parking waiver for TCBY, 1761 square feet granted by BZA, April 2013)

Shopping Center at 6701 Coastal Highway

Gross Floor Area: 20,727 square feet
25% Restaurant 5,182 square feet allowed (additional parking over 25% required at 1 parking space per 100 square feet over the 25% allowance)

Interpretation of current regulations would require 51.82 parking spaces versus 23.03 parking spaces for the initial 5,182 square feet, a difference of 28.79 (29) parking space.

ATTACHMENT D

FIRST READING: 09/16/2013
SECOND READING: 10/07/2013

MAYOR AND CITY COUNCIL OF OCEAN CITY
ORDINANCE NO. 2013-13

AN ORDINANCE to authorize and empower Mayor and City Council of Ocean City to issue and sell, upon its full faith and credit, not to exceed Twelve Million Seven Hundred Thousand Dollars ($12,700,000) maximum aggregate principal amount of its serial maturity, general obligation, fully registered bonds, pursuant to the authority of Sections 31 through 37, inclusive, of Article 23A of the Annotated Code of Maryland (2011 Replacement Volume), as amended (recodified as Sections 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Volume), effective October 1, 2013) and Section C-719 of the Charter of Mayor and City Council of Ocean City, as amended, to be designated as "General Obligation Municipal Purpose Bonds of 2013", said bonds to be issued and sold for the public purposes of (i) financing or refinancing, in whole or in part, certain costs of acquisition, construction and/or improvements to the Projects (as defined below) and (ii) paying the costs of issuance of said bonds, which expenses include costs of document production and reproduction, and financial advisory and counsel fees and expenses; providing for the sale of said bonds by private sale or by solicitation of competitive bids; prescribing the form and tenor of said bonds; determining other matters relating to the issuance and sale of said bonds, including the form of a notice of sale to be published in connection with any public sale of said bonds; providing for the disbursement of the proceeds of said bonds; authorizing the preparation and distribution of a preliminary official statement and an official statement in connection with any public sale of said bonds; providing that the proceeds of said bonds, or any moneys which may be deemed to be proceeds, will not be used in a manner which would cause said bonds to be arbitrage bonds; providing for the appointment of a paying agent and bond registrar for said bonds; covenanting to levy and collect all taxes necessary to provide for the payment of the principal of and interest on said bonds; and generally relating to the issuance, sale and delivery of said bonds.

RECITALS

The authority for the powers herein exercised is contained in Section C-719 of the Charter (the "Charter") of Mayor and City Council of Ocean City (the "City") and in Sections 31 through 37, inclusive, of Article 23A of the Annotated Code of Maryland (2011 Replacement Volume), as amended (recodified as Sections 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Volume), effective October 1, 2013) (the "Enabling Act", and together with the Charter, the "Authorizing Legislation").

The Authorizing Legislation authorizes and empowers the City to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds in accordance with the procedure prescribed by the Authorizing Legislation, subject to the limitation that no bonds shall be issued by the City pursuant to the authority of the Authorizing Legislation if, by the issuance thereof, the total bonded indebtedness of the City represented by its bonds payable from its general tax revenues then would exceed the amount permitted pursuant to the Authorizing Legislation.

The City proposes to spend the proceeds of the Bonds (as defined below) (i) to finance or refinance, in whole or in part, certain costs of acquisition, construction and/or improvements to the public projects described on Exhibit A attached hereto and (ii) to pay the costs of issuing the Bonds, which expenses include costs of document production and reproduction, and financial advisory and counsel fees and expenses.

The Charter contains no limitations upon the rate at which ad valorem taxes may be levied by the City for the payment of the principal of and interest on said bonded indebtedness.

Since the adoption of Article XI-E as an amendment of the Constitution of Maryland, the General Assembly has passed no law proposing a limitation upon the rate at which taxes may be levied by the City, or a limitation upon the amount of bonded indebtedness which may be incurred by the City.

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

Section 1: Acting pursuant to the authority of the Authorizing Legislation, the City hereby determines that the net proceeds from the sale of its General Obligation Municipal Purpose Bonds of 2013, authorized to be issued and sold by this Ordinance, shall be used and

applied for the public purposes of (a) financing or refinancing, in whole or in part, certain costs of acquisition, construction and/or improvements to the following public projects (which may represent the City's share or contribution to the financing or refinancing of such projects): (a) the design, construction, furnishing and equipping of an addition to and other repairs and improvements to the Roland E. Powell Convention Center to provide a performing arts auditorium and related facilities (the "Convention Center Project"), (b) construction of a new Beach Patrol Headquarters Building, (c) roof replacements for the Public Safety Building and Service Center, (d) upgrades to the Effluent Disinfection System (items (b) – (d) are collectively referred to herein as the "Public Facilities Projects" and, together with the Convention Center Project, the "Projects"), and (e) paying the costs of issuing the Bonds (as defined below), which expenses include costs of document production and reproduction, and financial advisory and counsel fees and expenses, all as stated in the Recitals to this Ordinance.

The costs of the Projects may include (without limitation) the costs of the planning, construction, reconstruction, demolition, improvement, refurbishing, renovation, restoration, extension, alteration, installation, repair, acquisition, conversion and modernization of structures; the acquisition of structures and sites for structures; architectural and engineering services, including preparation of plans, drawings and specifications; development and restoration of grounds; and all customary and necessary furnishings and fixed permanent equipment for structures.

Section 2: The City is hereby authorized to 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 Authorizing Legislation, the City shall issue and sell, upon its full faith and credit, not to exceed Twelve Million Seven

Hundred Thousand Dollars ($12,700,000) maximum aggregate principal amount of its serial maturity, general obligation, fully registered bonds, said issue of bonds to be known as "General Obligation Municipal Purpose Bonds of 2013" (the "Bonds"), the net proceeds of such sale to be used and applied as provided in this Ordinance. The principal of and interest on that portion of the Bonds that is attributable to the Convention Center Project (the "Convention Center Portion") are payable in the first instance from the proceeds of a food and beverage tax to be levied and collected by County Commissioners of Worcester County, Maryland, for such purpose pursuant to Section 13H of Article 25B of the Annotated Code of Maryland (2011 Replacement Volume) (recodified as Section 20-602 of the Local Government Article of the Annotated Code of Maryland (2013 Volume), effective October 1, 2013) (the "Food and Beverage Tax"). The City shall levy and collect ad valorem taxes upon all taxable property within the City in rate and amount sufficient to pay the principal of and interest on the remaining portion of the Bonds (the "Public Facilities Portion"). If the proceeds of the Food and Beverage Tax are insufficient to provide for the payment of the principal of and interest on the Convention Center Portion of the Bonds in any fiscal year, then the City shall also levy and collect ad valorem taxes upon all taxable property within the corporate limits of the City in rate and amount sufficient to provide for such deficiency in each such fiscal year.

Section 3: The Bonds shall all be dated as of the date of delivery (or such other date as the Mayor of the City (the "Mayor") may determine based upon the advice of the financial advisor to the City (the "Financial Advisor")), shall be in the denominations of $5,000 or any integral multiple thereof, shall be numbered from one (1) consecutively upward in the order of their maturities and each such number shall be prefixed by the letter "R". The Bond Registrar (as defined herein) may make such additional provision for numbering, including additional

prefixes and suffixes, as it may deem appropriate. Based on a preliminary aggregate principal amount of $12,700,000, the Bonds shall mature on November 1 in each of the years 2014 through 2023, inclusive, as set forth below:

(See Exhibit B attached hereto for a breakout of the Bonds into the Convention Center Portion and Public Facilities Portion.)

Maturing November 1	Preliminary Principal Amount*	Maturing November 1	Preliminary Principal Amount*
2014	$1,110,000	2019	$1,275,000
2015	1,130,000	2020	1,320,000
2016	1,160,000	2021	1,365,000
2017	1,200,000	2022	1,425,000
2018	1,235,000	2023	1,480,000

*Preliminary, subject to change

In connection with any sale of the Bonds by solicitation of competitive bids at public sale as described in Section 6, the Mayor or his designee is authorized to establish (i) an aggregate principal amount of the Bonds which is less than the maximum aggregate principal amount authorized in Section 2, and to fix such amount as the Preliminary Amount to be set forth in the Notice of Sale authorized by this Ordinance, (ii) the Revised Amount of the Bonds upon which bids will be received, as described in the Notice of Sale authorized by this Ordinance, such Revised Amount to be the final aggregate principal amount and the final principal amount of each maturity of Bonds to be issued hereunder, (iii) the amount of each principal payment on the Convention Center Portion of the Bonds and the expected revenues from the Food and Beverage Tax available for debt service payments on the Convention Center Portion of the Bonds; and (iv) the dates on which the principal of and interest on each of the Convention Center Portion and the Public Facilities Portion of the Bonds will be paid. The Mayor or his designee is further

authorized to establish different maturities and different annual maturing principal amounts from those set forth above to reflect the Preliminary Amount of the Bonds in the Notice of Sale or Revised Amount of the Bonds upon which bids will be received. The Mayor or his designee are authorized to give notice of such changes to bidders by TM3 as provided in the Notice of Sale authorized by this Ordinance.

The Mayor or his designee is further authorized to issue the Bonds as one series or as more than one series in order to accomplish the purposes set forth in Section 1 of this Ordinance, and each such series may be issued at such times and in such amounts as are necessary to accomplish the purposes for which each such series is issued, upon the advice of bond counsel to the City ("Bond Counsel") and the Financial Advisor. The designation of the Bonds of each series may be modified appropriately to differentiate each series. The provisions and covenants set forth in this Ordinance shall apply with equal force and effect to each series of Bonds. Without limiting the foregoing, each series may have a different dated date and principal and interest payment dates, different interest rates, different redemption provisions and different principal payment schedules (so long as the aggregate principal amount of Bonds issued hereunder does not exceed the maximum authorized amount), and the covenants related to tax-exemption of the Bonds (if applicable) and the levy of taxes to pay the Bonds shall apply to each such series.

Section 4: Except as provided hereinafter or in an ordinance or resolution of the City adopted prior to the issuance of the Bonds, the Bonds shall not be subject to redemption prior to their stated maturities.

Notwithstanding the foregoing, the Mayor may, upon the advice of the City's Financial Advisor, determine to issue the Bonds, or any series thereof, with provisions permitting such Bonds to be subject to redemption prior to their maturities.

Section 5: All of the Bonds authorized by this Ordinance shall bear interest at the interest rate or rates fixed at the time of the awarding of the Bonds in accordance with the Notice of Sale and provisions of this Ordinance as hereinafter provided. Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated upon an interest payment date, in which event it shall bear interest from such interest payment date, or unless authenticated prior to the first interest payment date, in which event it shall bear interest from the date of the Bonds; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

Except as provided hereinafter or in an ordinance or resolution of the City adopted prior to the issuance of the Bonds, the interest on all Bonds shall be paid on May 1, 2014, November 1, 2014, and semi-annually thereafter on the first day of May and November of each year in which any Bonds may be outstanding.

The Bonds shall be executed in the name of the City and on its behalf by the Mayor. Such signature of the Mayor shall be manual or shall be imprinted on such Bonds by facsimile; an imprint of the corporate seal of the City (or a facsimile thereof) shall also be affixed thereon, attested by the manual or facsimile signature of the City Clerk of the City (the "City Clerk"); all in accordance with and pursuant to the authority of the Maryland Uniform Facsimile Signature of Public Officials Act. In the event any official whose signature shall appear on the Bonds shall cease to be such official prior to the delivery of the Bonds, or in the event any such official

whose signature shall appear on the Bonds shall have become such after the date of issue thereof, the Bonds shall nevertheless be valid and legally binding obligations of the City in accordance with their terms.

The Bonds shall be issued as fully registered bonds without coupons and shall be registered in the name or names of the owner or owners thereof, on books kept for such purpose at the principal office of the Bond Registrar. Except as provided hereinafter or in an ordinance or resolution of the City adopted prior to the issuance and delivery of the Bonds, the Bonds initially will be issued in book-entry form without any physical distribution of Bond certificates made to the owners. DTC will act as securities depository for the Bonds and the Bonds will be registered in the name of DTC's partnership nominee, Cede & Co. The City reserves the right to terminate maintenance of the Bonds in a book-entry only system and to issue fully certificated bonds. The Mayor or his designee is hereby authorized to appoint a financial institution to act as bond registrar and as paying agent (the "Bond Registrar" and "Paying Agent") for the Bonds, unless the Mayor determines after consulting with the Financial Advisor to the City that the City shall act as the Bond Registrar or the Paying Agent or both. Payment of the principal of and interest on the Bonds shall be made to the person appearing on the registration books maintained by the Bond Registrar as the registered owner thereof, such principal to be payable at the principal office of the Paying Agent upon presentation and surrender of such Bonds as the same become due and payable, and such interest to be payable by electronic funds transfer or check mailed by the Paying Agent to the persons in whose names the Bonds are registered on the fifteenth day of the month immediately preceding the month in which each regular interest payment date occurs (the "Regular Record Date") at the registered owner's address as shown on the registration books maintained by the Bond Registrar; *provided, however*, that so long as the

Bonds are registered in book-entry form, the principal of, redemption premium, if any, and interest on the Bonds shall be payable in accordance with DTC's payment procedures or the procedures of any successor depository for the Bonds.

The Bond Registrar and the Paying Agent shall be designated by the Mayor or by resolution of the City Council to be passed at a regular or special meeting. The identity of the Bond Registrar and Paying Agent, the place of payment of the Bonds at maturity or redemption and the place of transfer or exchange of the Bonds may be changed by the City upon 30 days' written notice to the registered owners of the Bonds at their addresses specified in the bond registration books maintained by the Bond Registrar.

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

(1) The City may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bond is registered at the close of business on a record date for the payment of such Defaulted Interest (the "Special Record Date"), which shall be fixed in the following manner. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the City shall deposit or cause to be deposited with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the

proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as provided in this paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at his address as it appears in the registration books maintained by the Bond Registrar not less than ten (10) days prior to such Special Record Date. The Paying Agent may in its discretion, in the name of the City, cause a similar notice to be published at least once in a newspaper of general circulation in each of Ocean City, Maryland and New York, New York but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the registered owners of the Bonds as of the close of business on such Special Record Date.

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

Except as provided hereinafter or in resolutions or ordinances of the City adopted prior to the issuance and delivery of the Bonds, the Bonds shall be substantially in the following form.

Appropriate variations and insertions may be made to provide dates, numbers and amounts, and modifications not altering its substance may be made by the Mayor to carry into effect the purposes of this Ordinance or to comply with the recommendations of legal counsel or the Financial Advisor. Such form and all of the covenants therein contained are hereby adopted by the City as and for the form of obligation to be incurred by the City, and such covenants are hereby made binding upon the City, including the promise to pay therein contained:

No. R.-- $_____

[Form of Bond]

UNITED STATES OF AMERICA

STATE OF MARYLAND

MAYOR AND CITY COUNCIL OF OCEAN CITY

GENERAL OBLIGATION MUNICIPAL PURPOSE BOND OF 2013

Interest Rate Per Annum	**Maturity Date**	**Date of Original Issue**	**CUSIP**
_____%	November 1, _____	December __, 2013	

REGISTERED OWNER:

PRINCIPAL AMOUNT DOLLARS

Mayor and City Council of Ocean City (the "City"), a municipal corporation created and existing under the laws of the State of Maryland, hereby acknowledges itself indebted, and, for value received, promises to pay to the Registered Owner shown above or registered assigns or legal representatives on the Maturity Date shown above, the Principal Amount shown above, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts, upon presentation and surrender of this bond on the date such principal is payable, or if such date is not a Business Day (hereinafter defined) then on the next succeeding Business Day, at the principal office of the Paying Agent (hereinafter defined), and to pay interest on said principal amount at the Interest Rate shown above until payment of such principal amount, such interest being payable on May 1, 2014, November 1, 2014, and semi-annually thereafter on the first days of May and November in each year, in like coin or currency, to the registered owner in whose name this bond is registered on the registration books maintained by the Bond Registrar (hereinafter defined) (the "Bond Register") as of the close of business on the fifteenth (15th) day of the month immediately preceding each regular interest payment date (the "Regular Record Date"), and shall be made by electronic funds transfer or check mailed by the Paying Agent to such person at such person's address as it appears on the Bond Register; provided, however, that so long as the bonds are registered in book-entry form, the principal of and interest on the bonds shall be payable in accordance with DTC's (as defined below) payment procedures or the procedures of any successor depository for the bonds. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on the Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a date fixed by the Paying Agent for such defaulted interest payment (the "Special Record Date"), notice of which is given to the registered owner hereof not less than ten (10) days prior to such Special Record Date, or may be paid at any time in any other lawful manner not

inconsistent with the requirement of any securities exchange on which the bonds of this series may be listed and upon such notice as may be required by such exchange.

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

This bond is one of a duly authorized issue of general obligation bonds of the City aggregating _____ Dollars ($_____) in principal amount, which are in denominations of $5,000 or any integral multiple thereof and mature serially in installments on the first day of November in each of the years 20[14] to 20[23], inclusive, as follows:

Maturing November 1	**Principal Amount**	**Maturing November 1**	**Principal Amount**

The bonds are numbered from one consecutively upwards prefixed by the letter "R" and are of like tenor and effect except as to maturity, number, interest rate, denomination [and redemption provisions], and are issued pursuant to and in full conformity with the provisions of Sections 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Volume) and Section C-719 of the Charter of the City, and by virtue of due proceedings had and taken by the Mayor and City Council of Ocean City particularly an Ordinance adopted on _____, 2013 (approved _____, 2013) (the "Ordinance").

[The City has appointed _____ to act as bond registrar and as paying agent (the "Bond Registrar" and "Paying Agent") with respect to the bonds.] [The Finance Administrator of the City will act as bond registrar and as paying agent (the "Bond Registrar" and "Paying Agent") with respect to the bonds.] The identity of the Bond Registrar and Paying Agent, the place of payment of the bonds at maturity and the place of transfer or exchange of the bonds may be changed by the City upon 30 days' written notice to the bondholders at their addresses specified in the Bond Register.

This bond is transferable only upon the Bond Register, by the registered owner hereof in person, or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in the form attached hereto and satisfactory to the Bond Registrar duly executed by the registered owner or its duly authorized attorney, and thereupon, within a reasonable time, the City shall issue in the name of the transferee a new registered bond or bonds of any authorized denominations in aggregate principal amount equal to the principal amount of this bond or the unredeemed portion hereof, and maturing on the same date and bearing interest at the same rate. Said new bond or bonds shall be delivered to the transferee only after payment of any tax or governmental charge required to be paid with respect to, and any shipping expenses or insurance relating to, such transfer and only after due authentication thereof by an authorized officer of the Bond Registrar. The City may deem and treat the person in whose name this bond

is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

The principal of and interest on that portion of the bonds that is attributable to the design, construction, furnishing and equipping of an expansion and other repairs and improvements to the Convention Center (the "Convention Center Portion") are payable in the first instance from the proceeds of a food and beverage tax to be levied and collected by County Commissioners of Worcester County, Maryland, for such purpose pursuant to Section 20-602 of the Local Government Article of the Annotated Code of Maryland (2013 Volume) (the "Food and Beverage Tax"). The City shall levy and collect ad valorem taxes upon all taxable property within the City in rate and amount sufficient to pay the principal of and interest on the remaining portion of the bonds (the "Public Facilities Portion"). If the proceeds of the Food and Beverage Tax are insufficient to provide for the payment of the principal of and interest on the Convention Center Portion of the bonds in any fiscal year, then the City shall also levy and collect ad valorem taxes upon all taxable property within the corporate limits of the City in rate and amount sufficient to provide for such deficiency in such fiscal year. The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the prompt payment of the principal of and interest on this bond according to its terms, and the City does hereby covenant and agree to pay the principal of this bond and the interest thereon, at the dates and in the manner mentioned herein, according to the true intent and meaning thereof.

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

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

IN WITNESS WHEREOF, this bond has been executed by the manual or facsimile signature of the Mayor of the City, which signature, if by facsimile, has been imprinted hereon, the corporate seal of the City (or a facsimile thereof) has been imprinted hereon, attested by the manual or facsimile signature of the City Clerk of the City all as of the Date of Original Issue set forth above.

[SEAL]

MAYOR AND CITY COUNCIL OF
OCEAN CITY

By: (manual or facsimile signature)
Mayor

ATTEST:

(manual or facsimile signature)
City Clerk

CERTIFICATE OF AUTHENTICATION

The undersigned hereby certifies that this bond is one of the registered bonds of Mayor and City Council of Ocean City described in the within mentioned Ordinance.

[BOND REGISTRAR]

_____

[Authorized Officer of Bond Registrar]

Date of Authentication: _____

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and does hereby constitute and appoint _____ to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guarantee:

_____

Note: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Bond Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

_____

(Please insert social security or other identifying number of assignee)

The following abbreviations, when used in this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF TRANS MIN ACT	
TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT Ten -	as join tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

Section 6: Except as provided hereinafter or in an ordinance or resolution of the City adopted prior to the issuance of the Bonds, the Mayor may offer the Bonds for sale by either of the following methods, as determined by the Mayor, after consultation with the Financial Advisor, to be in the best interests of the City under then-current market conditions:

1. The Bonds authorized by this Ordinance may be sold at private negotiated sale without advertisement or publication of notice of sale or solicitation of competitive bids. If the Bonds are sold in such a manner, the Mayor, after considering any recommendations of the Financial Advisor, is authorized to engage an underwriter or placement agent for the sale and any offering of the Bonds and may authorize the Finance Administrator of the City (the "Finance Administrator") to: (i) prepare a request for proposals or similar documents with the assistance of the Financial Advisor, (ii) solicit proposals from banks or investment banking firms recommended by the Financial Advisor for the purchase of such Bonds, (iii) make all necessary arrangements for the tabulation and comparison of the proposals received, including the employment of specially qualified personnel, if necessary, to determine the proposal which has the most advantageous terms for the City, and (iv) negotiate the terms of the sale of the Bonds with one or more banks or investment banking firms submitting proposals. The Mayor, after considering any recommendations of the Financial Advisor, may also approve the form of, and authorize the Finance Administrator to execute and deliver on behalf of the City, an underwriting or purchase agreement or agreements for the Bonds (or any portion thereof), to the extent required with respect to the Bonds. The award of the Bonds sold in such manner shall be made

by resolution of the City Council at a meeting of the City Council held in accordance with the Charter, which resolution may include, without limitation, the identity of the selected purchaser of each Bond, the interest rate or rates to be borne by each Bond as specified by such successful purchaser, and the dates and amounts of installment payments of principal and interest on the Bonds (which amounts may be revised from those set forth in Section 3, so long as the maximum aggregate principal amount of the Bonds does not exceed the amount authorized in Section 2). Each such Bond shall be prepared in definitive form, executed, and delivered to the applicable purchaser as soon as may be practicable after the award of such Bond, upon receipt of the purchase price. The Mayor is expressly authorized and empowered to take any and all action necessary to complete and close the award, sale and delivery of each Bond to the applicable purchaser, including the delivery of such other offering documents, bond purchase documents and other documents as may be reasonably required in connection with such issuance of Bonds.

2. The Bonds authorized by this Ordinance may also be sold by solicitation of competitive bids at public sale in accordance with the provisions of the Notice of Sale (hereinafter described) on November 21, 2013 or on such other date as may be selected by the Mayor, for cash at no less than par, to the bidder therefor whose bid is deemed to be for the best interests of the City. Sealed bids shall be received until 11:00 a.m. local Ocean City, Maryland, time on said date of sale (or such other time determined by the Mayor). Immediately after such sale, the interest rate or rates specified by the successful bidder shall be fixed by an award which

shall be made by executive order of the Mayor to the winning bidder in accordance with the terms of the Notice of Sale. The Mayor is also granted the authority to reject all bids and establish an alternative sale date in accordance with the terms of the Notice of Sale, should the Mayor determine, based upon the advice of the Financial Advisor, that such action is in the best interests of the City. After such award is made, the Bonds shall thereafter be suitably prepared and delivered to the successful bidder upon payment of the balance of the purchase price thereof. Except as provided hereinafter or in an ordinance or resolution of the City adopted prior to the issuance of the Bonds, the Notice of Sale shall be in substantially the form set forth as Exhibit C hereto, with the insertions therein indicated. The terms and conditions stated in such Notice of Sale are hereby adopted and approved as the terms and conditions under which and the manner in which such Bonds shall be sold, issued and delivered at public sale, subject to such insertions, alterations, additions or deletions as the Mayor may deem advisable due to financial or market conditions prevailing at the time, based upon the advice of the Financial Advisor. The complete text of the Notice of Sale shall be included in any preliminary official statement and official statement prepared for the Bonds. The City Clerk is authorized and directed to publish the Notice of Sale or a summary thereof at least twice in a daily or weekly newspaper having general circulation in Ocean City. Such publication shall be made at least ten (10) days prior to the date of sale. The City Clerk may, but is not obligated to, give such other notice of the sale of such Bonds, within or without this State, by publication or otherwise, as the Mayor or the City Clerk

may deem appropriate; such other notice may include, without limitation, publication of the Notice of Sale or a summary thereof in The Bond Buyer, a financial journal published in the City of New York, New York.

The Finance Administrator is hereby authorized and directed to make all necessary arrangements for the tabulation and comparison of the proposals or bids, as applicable, received from any private or public sale specified in this Section, including the employment of specially qualified personnel, if necessary, so that she will be able promptly to advise the Mayor as to the proposal or bid, as applicable, which provides the most advantageous terms to the City.

The Mayor and the Finance Administrator are expressly authorized to, as applicable: (i) prepare and distribute a preliminary official statement and an official statement in connection with the sale of the Bonds, (ii) approve the form of, and execute and deliver and on behalf of the City a continuing disclosure agreement to assist bidders or bond purchasers, as appropriate, in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), (iii) enter any agreement necessary to maintain the Bonds under a book-entry system, and (iv) approve the form of, and execute and deliver any other certificate, document or agreement that the Mayor or the Finance Administrator deem necessary or desirable in connection with the issuance of the Bonds.

Without limiting the generality of the foregoing, the Mayor or the Finance Administrator is authorized to obtain a policy of municipal bond insurance with respect to the Bonds and, if a commitment for the issuance of such policy of insurance is acquired, an appropriate reference to such commitment may be inserted in any Notice of Sale and in the form of Bond set forth in Section 5 hereof.

Section 7: The proceeds of the sale of the Bonds, including any premium and accrued interest, if any, which may be received therefor, shall be paid directly to the Finance Administrator. At the option of the City, there shall be deducted from the gross proceeds received from the sale of the Bonds any amount paid as premium on the Bonds and any amount paid on account of accrued interest on the Bonds, which amounts, if applicable, shall be set apart in a separate fund and applied, respectively, on account of the first principal maturity and the first maturing interest payable on the Bonds. The Finance Administrator shall pay from the gross proceeds received from the sale of the Bonds all costs of issuing the same, including costs of document production and reproduction, and financial advisory and counsel fees and expenses. The Finance Administrator shall use the balance of the proceeds from the sale of the Bonds, and any investment earnings thereon, for the public purposes described in Section 1 hereof. In the event that the amount of funds allocated to a Project exceeds the amount needed for such Project, the excess may be allocated to other Projects or may be allocated to additional public projects which are authorized by the Mayor and City Council. Prior to expenditure of such proceeds, the same or any part thereof shall be invested by the Finance Administrator, with the approval of the Mayor, in any authorized investment of the City. Prior to the sale of the Bonds, the Mayor may determine not to issue Bonds for one or more of the purposes authorized by this Ordinance. In addition, if the funds derived from the sale of the Bonds shall exceed the amount needed to finance the Projects described in this Ordinance, the funds so borrowed and not expended as provided by this Ordinance shall be set apart in a separate fund by the Finance Administrator and applied in payment of the next principal maturity of the Bonds, unless the City Council of the City shall adopt an ordinance allocating such funds to some other public capital improvement project or projects of the City.

Section 8: The principal of and interest on the Convention Center Portion of the Bonds are payable in the first instance from the proceeds of the Food and Beverage Tax. In order to provide for the payment of the principal of and interest on the Public Facilities Portion of the Bonds when due, there shall be appropriated in the next ensuing fiscal year of the City and in each fiscal year thereafter, so long as any of the Public Facilities Portion of the Bonds are outstanding and unpaid, or until a sufficient fund has been accumulated and irrevocably set aside for such purpose, an amount sufficient to meet the debt service on the Public Facilities Portion of the Bonds coming due in such fiscal year and there shall be levied ad valorem taxes upon all property within the corporate limits of the City subject to assessment for full City taxes, in rate and amount sufficient in each such fiscal year, together with other funds which the City has appropriated for such purposes, to fund such appropriations and to provide, to the extent necessary, for the payment when due of the principal of and interest on the Public Facilities Portion of the Bonds maturing in each such fiscal year. If the proceeds of the Food and Beverage Tax are insufficient to provide for the payment of the principal of and interest on the Convention Center Portion of the Bonds in any fiscal year, then the City shall also levy and collect ad valorem taxes upon all taxable property within the corporate limits of the City in rate and amount sufficient to provide for such deficiency in each such fiscal year. In the event the proceeds from the taxes so levied in each such fiscal year shall prove inadequate for the above purposes, additional taxes shall be levied in the subsequent fiscal year to make up any deficiency.

Thereafter, prior to each principal and semi-annual interest payment date, the City shall deposit with the Paying Agent, from the tax and other funds described above and from any other funds then legally available for such purposes, the amounts needed to pay the principal of and

interest on the Bonds corning due on each such payment date. All moneys so deposited with the Paying Agent shall be deemed and treated by the Paying Agent as trust funds for the use and benefit of the holders from time to time of the Bonds. If any such trust funds are held by the Paying Agent for the payment of particular Bonds for a period of two (2) years from the date such payment is due, and the holders of said Bonds have failed to present the same for payment within such period, such trust funds shall be returned by the Paying Agent to the City and, thereafter, the holders of such Bonds shall have claims only against the City for payment of the obligations 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 hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Bonds to be issued; this pledge is made hereby for the benefit of the holders, from time to time, of the Bonds.

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

Section 9: CUSIP numbers may be printed on the Bonds; provided, however, that 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 the

assignment of such numbers, in the discretion of the Finance Administrator, may be paid for by the City from the proceeds of the Bonds.

Section 10: In addition to the insertions and variations prescribed by Sections 5 and 6 of this Ordinance, the Mayor is hereby authorized to make such further modifications in the form of the Bonds as will not alter the substance of such form.

Section 11: The Mayor and the Finance Administrator shall be the officers of the City responsible for the issuance of the Bonds within the meaning of the Arbitrage Regulations (defined below). The Mayor and the Finance Administrator shall also be the officers of the City responsible for the execution and delivery (on the date of issuance of the Bonds) of a certificate of the City (the "Tax and Section 148 Certificate") which complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended ("Section 148"), and the applicable regulations thereunder (the "Arbitrage Regulations"), and such officials are hereby authorized and directed to execute the Tax and Section 148 Certificate and to deliver the same to Bond Counsel on the date of the issuance of the Bonds.

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

In the event that Bonds are issued pursuant to this Ordinance with the expectation that interest on such Bonds be excludable from gross income for federal income tax purposes, the City covenants with each of the registered owners of any of the Bonds that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. The City further covenants that it will comply with Section 148 and the Arbitrage Regulations which are applicable to the Bonds on the date of issuance of the Bonds and which may subsequently lawfully be made applicable to the Bonds as long as the Bonds remain outstanding and unpaid. The Mayor and the Finance Administrator are hereby authorized and directed to prepare or cause to be prepared and to execute, respectively, any certification, opinion or other document, including, without limitation, the Tax and Section 148 Certificate, which may be required to assure that the Bonds will not be deemed to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. All officers, employees and agents of the City are hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Bonds as may be necessary or appropriate from time to time to comply with, or to evidence the City's compliance with, the covenants set forth in this Section.

The City further covenants with each of the registered owners of any of the Bonds that it shall make such use of the proceeds of the Bonds, regulate the investment thereof, and take such other and further actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds.

In the event that the Bonds are being issued hereunder with the expectation that interest on such Bonds will be exempt from federal income taxation, the Mayor may make such

covenants and agreements in connection with the issuance of such Bonds as he shall deem advisable in order to assure the registered owners of such Bonds that interest thereon shall be and remain excludable from gross income for federal income tax purposes, and such covenants and agreements shall be binding on the City so long as the observance by the City of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on such Bonds from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the City regarding compliance with the provisions of the Internal Revenue Code of 1986, as amended, as the Mayor or the Finance Administrator shall deem advisable in order to assure the registered owners of the Bonds that the interest thereon is and shall remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the investment of Bond Proceeds, the payment of certain earnings resulting from such investment to the United States, limitations on the times within which, and the purposes for which, Bond Proceeds may be expended, or the use of specified procedures for accounting for and segregating Bond Proceeds. Any covenant or agreement made by the Mayor or the Finance Administrator pursuant to this paragraph may be set forth in or authorized by the Tax and Section 148 Certificate or an order executed by the Mayor.

Section 12: The distribution of an Official Statement pertaining to the Bonds is hereby authorized, the final form of such Official Statement to be approved by the Mayor as evidenced by his signature thereon. The Official Statement shall be in substantially the form of the Preliminary Official Statement (which shall be in a form "deemed final" as of its date for purposes of SEC Rule 15c2-12) with such changes, modifications, additions and deletions as the

Mayor or the Finance Administrator may approve. The distribution of a Preliminary Official Statement is hereby approved.

Section 13: Pursuant to the authority of this Ordinance, all officers, employees and agents of the City may take such actions and execute and deliver such documents as are necessary or appropriate from time to time to provide for the issuance, sale and delivery of the Bonds.

Section 14: This Ordinance shall take effect from the date of its approval by the Mayor, on or following the date of its final passage.

[*signatures appear on next page*]

THIS ORDINANCE was introduced and read at a meeting of the Mayor and City Council held on the __ day of _____, 2013, and thereafter, a statement of the substance of the Ordinance having been published as required by law, was finally passed by the Mayor and City Council on the ___ day of _____, 2013.

_____
Lloyd Martin, President of the City Council

Approved by me this ____ day of _____, 2013.

_____ _____
Kelly L. Allmond, City Clerk Richard W. Meehan, Mayor

Approved as to form by:

_____
Guy R. Ayres, III, Town Attorney

_____
Mary Knight, Secretary of the City Council

Exhibit A

PROJECTS

Project Description	Total Cost
Convention Center auditorium	$8,300,000
Roof on Public Safety building	630,000
Roof on Service Center building	240,000
Beach Patrol headquarters building	2,000,000
Effluent Disinfection System	1,300,000
Total	$12,470,000

Exhibit B

CONVENTION CENTER PORTION

Due November 1	Principal Amount*	Due November 1	Principal Amount*
2014	$740,000	2019	$850,000
2015	755,000	2020	880,000
2016	775,000	2021	910,000
2017	800,000	2022	950,000
2018	825,000	2023	985,000

PUBLIC FACILITIES PORTION

Due November 1	Principal Amount*	Due November 1	Principal Amount*
2014	$370,000	2019	$425,000
2015	375,000	2020	440,000
2016	385,000	2021	455,000
2017	400,000	2022	475,000
2018	410,000	2023	495,000

*Preliminary, subject to change

Exhibit C

NOTICE OF SALE

MAYOR AND CITY COUNCIL OF OCEAN CITY

GENERAL OBLIGATION MUNICIPAL PURPOSE BONDS OF 2013

Electronic bids via ***PARITY***® will be received until 11:00 a.m., local Ocean City, Maryland time on Thursday, November 21, 2013, by the Mayor of the Mayor and City Council of Ocean City (the "City") or his designee at the offices of the Finance Administrator of the City, located at City Hall, 3rd Street and Baltimore Avenue, Ocean City, Maryland 21842, for the purchase of the above-described bonds of the City (the "Bonds"), aggregating $12,700,000*.

Terms of the Bonds

The Bonds are all dated their date of initial delivery and bear interest payable semiannually on May 1 and November 1, commencing May 1, 2014, until maturity. The Bonds mature on the first day of November as follows:

Maturing November 1	Preliminary Principal Amount*	Maturing November 1	Preliminary Principal Amount*
2014	$1,110,000	2019	$1,275,000
2015	1,130,000	2020	1,320,000
2016	1,160,000	2021	1,365,000
2017	1,200,000	2022	1,425,000
2018	1,235,000	2023	1,480,000

Book-Entry System

The Bonds shall be issued only in fully registered book-entry form and The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Bonds. One Bond representing each maturity of the Bonds will be issued to and registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC or with _____ (the "Bond Registrar") to be held under DTC's "FAST" system. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity with DTC.

Interest on the Bonds will be payable when due and principal of the Bonds will be payable at maturity to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC

* Preliminary, subject to change.

("Participants") will be the responsibility of Participants and other nominees of beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC Participants or persons acting through Participants.

In the event that DTC determines not to continue to act as securities depository for the Bonds or the City determines to discontinue the book-entry system with DTC, and the City does not replace DTC with another securities depository, the City will execute and the Bond Registrar will authenticate and deliver replacement Bonds in certificated form registered in the names of the Participants or, if requested in writing by such Participants, in the names of the beneficial owners of the Bonds. Replacement Bonds issued to Participants or to beneficial owners shall be in authorized denominations and be in fully registered form.

Bonds Not Subject to Redemption

The Bonds are not subject to redemption prior to their stated maturities.

Authorization and Use of Proceeds

The Bonds are authorized by Sections 19-301 through 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Volume) and Section C-719 of the Charter of the City, and by virtue of due proceedings had and taken by the Mayor and City Council of Ocean City particularly an Ordinance adopted on _____, 2013 (approved _____, 2013) (the "Ordinance").

The proceeds of the Bonds will be expended for the public purposes of financing or refinancing, in whole or in part, certain costs of acquisition, construction and/or improvements to the following public projects (which shall include, as applicable, costs of acquisition and development of property rights, architectural, design, engineering, planning, equipment and installation thereof, whether or not specifically stated, and which may represent the City's share or contribution to the financing or refinancing of such projects (a) the design, construction, furnishing and equipping of an addition to and other repairs and improvements to the Roland E. Powell Convention Center to provide a performing arts auditorium and related facilities (the "Convention Center Project"), (b) construction of a new Beach Patrol Headquarters Building, (c) roof replacements for the Public Safety Building and Service Center, (d) upgrades to the Effluent Disinfection System (items (b) – (d) are collectively referred to herein as the "Public Facilities Projects" and, together with the Convention Center Project, the "Projects"), and (e) paying the costs of issuing the Bonds, which expenses include costs of document production and reproduction, and financial advisory and counsel fees and expenses.

Security for the Bonds

The principal of and interest on that portion of the Bonds that is attributable to the Convention Center Project (the "Convention Center Portion") are payable in the first instance from the proceeds of a food and beverage tax to be levied and collected by County Commissioners of Worcester County, Maryland for such purpose pursuant to Section 20-602 of the Local Government Article of the Annotated Code of Maryland (2013 Volume) (the "Food and Beverage Tax"). The City shall levy and collect ad valorem taxes upon all taxable property

within the City in rate and amount sufficient to pay the principal of and interest on the remaining portion of the Bonds (the "Public Facilities Portion"). If the proceeds of the Food and Beverage Tax are insufficient to provide for the payment of the principal of and interest on the Convention Center Portion of the Bonds in any fiscal year, then the City shall also levy and collect ad valorem taxes upon all taxable property within the corporate limits of the City in rate and amount sufficient to provide for such deficiency in each such fiscal year.

The full faith and credit and unlimited taxing power of the City are unconditionally pledged to the payment of the Bonds and of the interest to accrue thereon.

Electronic Bids

Electronic bids will be received via ***PARITY***®, in the manner described below, until 11:00 a.m., local Ocean City, Maryland time, on Thursday, November 21, 2013. Bidders may only submit bids electronically via ***PARITY***®.

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

Disclaimer

Each prospective bidder shall be solely responsible to register to bid and to submit its bid via ***PARITY***® as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access ***PARITY***® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor ***PARITY***® shall have any duty or obligation to provide or assure access to ***PARITY***® to any prospective bidder, and neither the City nor ***PARITY***® shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, ***PARITY***®. The City is using ***PARITY***® as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of ***PARITY***® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via ***PARITY***® are the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, he should telephone ***PARITY***® at Dalcomp (212) 849-5021 and notify the City's Financial Advisor, A. Samuel Ketterman, at Davenport & Company LLC by facsimile at 866-932-6660 and by telephone at (410) 296-9426.

Electronic Bidding Procedures

Electronic bids must be submitted for the purchase of the Bonds (all or none) via ***PARITY***®. Bids will be communicated electronically to the City at 11:00 a.m., local Ocean

City, Maryland time, on Thursday, November 21, 2013. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via ***PARITY®***, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via ***PARITY®*** to the City, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on ***PARITY®*** shall constitute the official time.

Bid Specifications

No oral bid and no bid for less than all of the Bonds will be considered. The right is reserved to waive any irregularity or informality in any bid and to reject any or all bids. The Mayor's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any bid received and as to its conformity to the terms of this Notice of Sale.

Each bidder shall submit one bid on an all-or-none basis for the Bonds. Each bid must specify the amount bid for the Bonds, which shall not be less than 100% of par or more than 112% of par. Bidders shall state in their bids the rate or rates of interest to be paid on the Bonds in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and each bid shall be based and submitted on the rate or rates stated therein. Bidders may specify more than one rate of interest to be borne by the Bonds, but the difference between the highest and lowest rates named may not be greater than three percent (3%). Bidders may not specify more than one rate of interest for the Bonds of any single maturity. A zero rate may not be named for any maturity. The maximum rate permitted for any maturity is 5.50%.

Basis of Award

The Bonds will be awarded to the bidder naming the lowest true interest cost for all Bonds in any legally acceptable bid and offering to pay not less than par and not more than 112% of the aggregate Revised Amount of the Bonds. The lowest true interest cost will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the amount bid. Where the bids of two or more bidders result in the same lowest true interest cost, the Bonds may be apportioned between such bidders, but if this shall not be acceptable, the City shall have the right to award all of the Bonds to one bidder. The right is reserved to the City to reject any or all bids and to waive any irregularity or informality in any bid. The City's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any bid received and as to its conformity to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 4:00 p.m. on the sale date. All bids remain firm until an award is made.

Good Faith Deposit

The successful bidder is required to submit a good faith deposit of [$245,000.00] (the "Deposit") to the City upon initial notification of the award of the Bonds to the successful bidder. The Deposit will be in the form of a wire transfer and must be received by the City prior to 3:00 p.m. (local time) on the date of the sale. Such payment will be security for compliance

with the terms of the bid. The City will provide wire instructions to the successful bidder upon the initial notification of the award of the Bonds.

As an alternative to the foregoing, a bidder may deliver to the City, at the address set forth above, prior to 11:00 a.m. (local time) on the date of sale a certified check upon, or a cashier's or treasurer's or official check of, a responsible banking institution, or a financial surety bond as described below in this paragraph, payable to the order of "Mayor and City Council of Ocean City" for the amount of the Deposit. If a check is submitted by the successful bidder, such check will be deposited and collected. If a bidder elects to submit a financial surety bond, such bond must be issued by an insurance company licensed to issue such a bond in the State of Maryland and must be submitted to the City at the address set forth above prior to 11:00 a.m. (local time) on the date of sale.

The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then the successful bidder is required to submit its good faith deposit to the Finance Administrator of the City not later than 12:00 Noon (local time) on the next business day following the award either in the form of a check of the type described in the preceding paragraph or by wire transfer (payable in federal funds) to the City in accordance with the City's instructions to such successful bidder. If such good faith deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the good faith deposit requirement.

The good faith deposit of the successful bidder will be retained by the City to be applied in part payment for the Bonds, and no interest will be allowed upon the amount thereof. IN THE EVENT THAT THE SUCCESSFUL BIDDER SHALL FAIL TO COMPLY WITH THE TERMS OF THE BID, THE PROCEEDS OF THE DEPOSIT AND ANY INVESTMENT INCOME THEREON WILL BE RETAINED AS AND FOR FULL LIQUIDATED DAMAGES. The checks, if any, of the unsuccessful bidders will be returned promptly after the Bonds are awarded.

Procedures for Sale and Principal Amount Changes

The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each maturity of the Bonds as set forth in this Notice of Sale (collectively, the "Preliminary Amounts") may be revised before the receipt and opening of sealed bids for their purchase. Any revised aggregate principal amount of the Bonds and the revised principal amount of each maturity (collectively, the "Revised Amounts") will be published on TM3 News Service ("TM3") not later than 9:30 a.m., local Ocean City, Maryland time on the date of sale or as soon thereafter as is reasonably practicable. In the event that no revisions are made or that such revisions are not published on TM3 before 9:30 a.m., local Ocean City, Maryland time on the date of sale, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

Award of Bonds

As promptly as reasonably practicable after the bids are opened, the City will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

ANY BIDS FOR LESS THAN ALL OF THE BONDS SHALL BE REJECTED BY THE CITY. THE CITY RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS.

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

It is noted that the City has the right to award the Bonds by private negotiation at any time and may determine to exercise such right either before bids are submitted in response to this Notice of Sale or in the event that all bids are rejected. The City may so negotiate with, and make such award to, any person, including bidders hereunder.

Revisions

The City may revise this Notice of Sale by written notice available to prospective bidders at the place of sale at the time, for submission of bids or by publishing notice of any revisions on TM3 at or before the time for submission of bids. Any bid submitted shall be in accordance with, and incorporate by reference, this Notice of Sale, including any revisions made pursuant to this paragraph.

Postponement of Sale

The City reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by TM3 by notice given not later than 1:00 p.m., local Ocean City, Maryland time, on the last business day prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date will be announced via TM3 at least 48 hours prior to such alternative sale date. In addition, the City reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent alternative sale date. If all bids are rejected and an alternative sale date for receipt of bids established, notice of the alternative sale date will be announced via TM3 not less than 48 hours prior to such alternative sale date. On

any such alternative sale date, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the date of sale and except for any changes announced by TM3 at the time the alternative sale date and time are announced.

Approving Legal Opinion

The Bonds will be issued and sold subject to approval as to legality by McGuireWoods LLP, Bond Counsel. Copies of the legal opinion, substantially in the form included in the Preliminary Official Statement, will be delivered, upon request, to the purchaser or purchasers of the Bonds, without charge.

Preliminary Official Statement; Official Statement

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the City will authorize an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the City will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder shall be responsible to the City and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 100 copies of the Official Statement (and any amendments or supplements thereto).

Continuing Disclosure

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the City will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. A description of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Delivery; Closing Papers

Delivery of the Bonds, without expense, will be made by the City to the purchaser or purchasers on or about December 5, 2013, or as soon as practicable thereafter, through the facilities of DTC in New York, New York, and, thereupon, said purchaser or purchasers will be required to accept delivery of the Bonds purchased and pay, in Federal funds, the balance of the purchase price due. When delivered, the Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds. The Bonds will be accompanied by the customary closing documents, including a no-litigation

certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Bonds. It shall be a condition to the obligation of said purchaser or purchasers to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, said purchaser or purchasers shall be furnished a certificate or certificates of the Mayor of the City or the Finance Administrator of the City to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information provided by the purchaser and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the City, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

Bond Insurance

In the event that all or any part of the Bonds are initially reoffered with bond insurance secured by the successful bidder, the successful bidder shall be required to notify promptly the Finance Administrator at the time of sale and shall provide the Finance Administrator with any information he reasonably requests regarding such bond insurance including the amounts paid for such insurance. The City will, at the request and expense of the successful bidder, include customary language in the Official Statement and the form of bond regarding the insurance policy upon receipt of such opinions or certificates as the City reasonably may request regarding the accuracy of any information to be included in the Official Statement and the binding nature of the obligations contained in the insurance policy with respect to the Bonds. The City shall have no obligation to provide the successful bidder or the bond insurance company with any other documents or opinions relating to the Bonds. Neither the failure of the Bonds to be insured by such bond insurance policy nor any change in the ratings provided by any rating agency with respect to the issuer of such bond insurance policy occurring between the time of the award of the Bonds and the time the Bonds are delivered shall relieve the successful bidder of its contractual obligation to purchase the Bonds.

Miscellaneous

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

The Preliminary Official Statement, together with this Notice of Sale, may be obtained from the Finance Administrator of the City, City Hall, 3rd Street and Baltimore Avenue, Ocean City, Maryland 21842, (410) 289-8941 or from the City's Financial Advisor, A. Samuel Ketterman, at Davenport & Company LLC, Suite 324, 8600 LaSalle Road, Towson, Maryland 21286, (410) 296-9426. Such Preliminary Official Statement is deemed final by the City as of its

date for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion in the Official Statement referred to above.

MAYOR AND CITY COUNCIL OF OCEAN CITY

I hereby certify that this is a true and exact copy of
Ordinance 2013-___

_____
Kelly L. Allmond, City Clerk
Town of Ocean City

50644310_4.DOCX

ATTACHMENT D

ORDINANCE 2013-

TOWN OF OCEAN CITY
OPERATING BUDGET
FISCAL YEAR 2013

SOURCE	AMENDMENT # 1 SECOND READING	AMENDMENT # 2 FIRST READING	AMENDMENT # 2 SECOND READING
Section I, General Fund:			
A. Anticipated Revenue:			
Property Taxes	$ 41,442,940	$ 41,424,940	$ 41,424,940
Other Taxes	14,588,755	15,516,325	15,516,325
Licenses and Permits	3,921,363	4,042,777	4,042,777
Revenue From Other Agencies	4,440,489	5,525,478	5,525,478
Charges For Services	8,731,492	8,718,750	8,718,750
Fines and Forfeitures	675,000	762,165	762,165
Other Revenue	826,106	886,152	886,152
Prior Year Reserves	3,809,250	2,981,680	2,981,680
Total Revenue	$ 78,435,395	$ 79,858,267	$ 79,858,267
B. Anticipated Expenditures:			
General Government	$ 3,666,245	$ 3,927,903	$ 3,927,903
Public Safety	33,662,945	33,729,579	33,729,579
Public Works/Beach Maintenance	5,212,513	5,203,405	5,203,405
Sanitation and Waste Removal	5,568,131	5,392,481	5,392,481
Highways and Streets	4,919,317	5,782,807	5,782,807
Economic Development -Tourism	7,227,878	8,002,251	8,002,251
Culture and Recreation	7,601,107	7,392,286	7,392,286
Debt Service	4,551,710	4,551,710	4,551,710
Sub Total	$ 72,409,846	$ 73,982,422	$ 73,982,422
To Transportation Fund	1,927,997	1,927,997	1,927,997
To Airport Fund	125,977	125,977	125,977
To Convention Center Fund	1,483,575	1,333,871	1,333,871
To Vehicle Trust	488,000	488,000	488,000
To Capital Projects	2,000,000	2,000,000	2,000,000
Total Expenditures	$ 78,435,395	$ 79,858,267	$ 79,858,267

SOURCE	AMENDMENT # 1 SECOND READING	AMENDMENT # 2 FIRST READING	AMENDMENT # 2 SECOND READING
Section II, Water Fund:			
A. Anticipated Revenue:			
Water Sales	$ 3,349,934	$ 3,349,934	$ 3,349,934
Water Fixture Charge	3,486,777	3,486,777	3,486,777
Service Charges	186,794	186,794	186,794
Capacity/Impact Fees	55,440	55,440	55,440
Revenue From Other Agencies	0	12,153	12,153
Prior Year Reserves	161,966	161,966	161,966
Total Revenue	$ 7,240,911	$ 7,253,064	$ 7,253,064
B. Anticipated Expenditures:			
Personal Services	$ 1,926,770	$ 1,895,260	$ 1,895,260
Non-Personal Services	3,180,256	3,223,919	3,223,919
Debt Service	1,068,885	1,068,885	1,068,885
Capital Outlay	1,065,000	1,065,000	1,065,000
Total Expenditures	$ 7,240,911	$ 7,253,064	$ 7,253,064
Section III, Transportation Fund:			
A. Anticipated Revenue:			
Bus Revenue	$ 2,945,077	$ 2,835,903	$ 2,835,903
Train Revenue	1,073,051	1,102,326	1,102,326
Federal and State Grants	3,069,840	3,093,934	3,093,934
Capital Asset Sales	12,930	12,930	12,930
Transfer-In From General Fund	1,927,997	1,927,997	1,927,997
Prior Year Reserves	53,981	53,981	53,981
Total Revenue	$ 9,082,876	$ 9,027,071	$ 9,027,071
B. Anticipated Expenditures:			
Personal Services	$ 3,653,751	$ 3,576,050	$ 3,576,050
Non-Personal Services	3,691,966	3,713,862	3,713,862
Capital Outlay	1,737,159	1,737,159	1,737,159
Total Expenditures	$ 9,082,876	$ 9,027,071	$ 9,027,071

SOURCE	AMENDMENT # 1 SECOND READING	AMENDMENT # 2 FIRST READING	AMENDMENT # 2 SECOND READING
Section IV, Wastewater Fund:			
A. Anticipated Revenue:			
Wastewater Treatment Charges	$ 11,041,867	$ 11,066,867	$ 11,066,867
Service Charges	958,578	994,522	994,522
Build America Bond Subsidy	133,381	133,381	133,381
Revenue From Other Agencies	0	24,107	24,107
Capacity/Impact Fees	96,800	96,800	96,800
Prior Year Reserves	151,604	322,066	322,066
Total Revenue	$ 12,382,230	$ 12,637,743	$ 12,637,743
B. Anticipated Expenditures:			
Personal Services	$ 4,199,765	$ 4,216,636	$ 4,216,636
Non-Personal Services	3,527,048	3,739,481	3,739,481
Debt Service	3,555,417	3,555,417	3,555,417
Capital Outlay	1,100,000	1,126,209	1,126,209
Total Expenditures	$ 12,382,230	$ 12,637,743	$ 12,637,743
Section V, Airport Fund:			
A. Anticipated Revenue:			
Fuel Sales	$ 729,600	$ 729,600	$ 729,600
Rents and Other Revenue	351,530	354,623	354,623
State and Federal Grants	427,500	427,500	427,500
Service Charges	108,000	108,000	108,000
Transfer-In From General Fund	125,977	125,977	125,977
Prior Year Reserves	297,330	297,330	297,330
Total Revenue	$ 2,039,937	$ 2,043,030	$ 2,043,030
B. Anticipated Expenditures:			
Personal Services	$ 311,695	$ 311,695	$ 311,695
Non-Personal Services	1,132,160	1,135,253	1,135,253
Debt Service	146,082	146,082	146,082
Capital Outlay	450,000	450,000	450,000
Total Expenditures	$ 2,039,937	$ 2,043,030	$ 2,043,030

SOURCE	AMENDMENT # 1 SECOND READING	AMENDMENT # 2 FIRST READING	AMENDMENT # 2 SECOND READING
Section VI, Municipal Golf Course Fund:			
A. Anticipated Revenue:			
Service Charges	$ 1,737,052	$ 1,737,052	$ 1,737,052
Sales and Concessions	446,097	446,097	446,097
Other Revenue	56,628	64,364	64,364
Prior Year Reserves	28,370	28,370	28,370
Total Revenue	$ 2,268,147	$ 2,275,883	$ 2,275,883
B. Anticipated Expenditures:			
Personal Services	$ 1,046,401	$ 1,051,760	$ 1,051,760
Non-Personal Services	1,048,586	1,050,963	1,050,963
Transfer to General Fund	150,758	150,758	150,758
Capital Outlay	22,402	22,402	22,402
Total Expenditures	$ 2,268,147	$ 2,275,883	$ 2,275,883
Section VII, Convention Center Fund:			
A. Anticipated Revenue:			
Service Charges	$ 1,813,428	$ 1,743,726	$ 1,743,726
State and County Grants	1,549,102	1,485,934	1,485,934
Food & Beverage Tax	1,110,000	1,110,000	1,110,000
Transfer-In From General Fund	1,483,575	1,333,871	1,333,871
Prior Year Reserves	1,150,534	1,150,534	1,150,534
Insurance Claim Payments	0	58,482	58,482
Total Revenue	$ 7,106,639	$ 6,882,547	$ 6,882,547
B. Anticipated Expenditures:			
Personal Services	$ 2,967,379	$ 2,768,441	$ 2,768,441
Non-Personal Services	1,710,950	1,551,999	1,551,999
Debt Service	2,328,310	2,328,310	2,328,310
Transfer to Debt Service Reserves	100,000	100,000	100,000
Capital Outlay	0	133,797	133,797
Total Expenditures	$ 7,106,639	$ 6,882,547	$ 6,882,547

SOURCE	AMENDMENT # 1 SECOND READING	AMENDMENT # 2 FIRST READING	AMENDMENT # 2 SECOND READING
Section VIII, Information Technology Fund:			
A. Anticipated Revenue:			
Service Charges To Other Funds	$ 1,743,443	$ 1,743,443	$ 1,743,443
Insurance Claim Payments	0	30,898	30,898
Prior Year Reserves	44,841	66,841	66,841
Total Revenue	$ 1,788,284	$ 1,841,182	$ 1,841,182
B. Anticipated Expenditures:			
Personal Services	$ 920,978	$ 922,272	$ 922,272
Non-Personal Services	867,306	918,910	918,910
Capital Outlay	0	0	0
Total Expenditures	$ 1,788,284	$ 1,841,182	$ 1,841,182
Section IX, Service Center Fund:			
A. Anticipated Revenue:			
Service Charges To Other Funds	$ 5,360,362	$ 5,260,669	$ 5,260,669
Prior Year Reserves	23,206	23,206	23,206
Total Revenue	$ 5,383,568	$ 5,283,875	$ 5,283,875
B. Anticipated Expenditures:			
Personal Services	$ 1,825,261	$ 1,831,701	$ 1,831,701
Non-Personal Services	3,558,307	3,452,174	3,452,174
Debt Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	$ 5,383,568	$ 5,283,875	$ 5,283,875

SOURCE	AMENDMENT # 1 SECOND READING	AMENDMENT # 2 FIRST READING	AMENDMENT # 2 SECOND READING
Section X, Vehicle & Equipment Trust Fund:			
A. Anticipated Revenue:			
Service Charges To Other Funds	$ 2,344,992	$ 2,327,992	$ 2,327,992
State and Federal Grants	3,602,793	3,428,275	3,428,275
Sale of Assets	150,000	150,000	150,000
Transfer In From General Fund	488,000	488,000	488,000
Prior Year Reserves	140,833	140,833	140,833
Total Revenue	$ 6,726,618	$ 6,535,100	$ 6,535,100
B. Anticipated Expenditures:			
Non-Personal Services	$ 785,721	$ 847,324	$ 847,324
Debt Service	0	0	0
Transfers Out	0	0	0
Capital Outlay	5,940,897	5,687,776	5,687,776
Total Expenditures	$ 6,726,618	$ 6,535,100	$ 6,535,100
Section XI, Risk Management Fund:			
A. Anticipated Revenue:			
Service Charges To Other Funds	$ 2,109,754	$ 2,109,754	$ 2,109,754
Interest Earned	65,081	65,081	65,081
Prior Year Reserves	854	854	854
Total Revenue	$ 2,175,689	$ 2,175,689	$ 2,175,689
B. Anticipated Expenditures:			
Personal Services	$ 236,940	$ 236,940	$ 236,940
Non-Personal Services/Claims	1,938,749	1,938,749	1,938,749
Capital Outlay	0	0	0
Total Expenditures	$ 2,175,689	$ 2,175,689	$ 2,175,689

SOURCE	AMENDMENT # 1 SECOND READING	AMENDMENT # 2 FIRST READING	AMENDMENT # 2 SECOND READING
Section XII, Pension Trust Funds:			
A. Anticipated Revenue:			
Employer Contributions	$ 6,128,044	$ 6,128,044	$ 6,128,044
Employee Contributions	1,715,000	1,715,000	1,715,000
Investment Earnings	3,925,000	3,925,000	3,925,000
Total Revenue	$ 11,768,044	$ 11,768,044	$ 11,768,044
B. Anticipated Expenditures:			
Benefit Payments	$ 4,225,000	$ 4,225,000	$ 4,225,000
Non-Personal Services	600,000	600,000	600,000
Reserve for Employee's Retirement	6,943,044	6,943,044	6,943,044
Total Expenditures	$ 11,768,044	$ 11,768,044	$ 11,768,044
Section XIII, OPEB Trust Funds:			
A. Anticipated Revenue:			
Employer Contributions	$ 3,858,750	$ 3,858,750	$ 3,858,750
Employee Contributions	155,000	155,000	155,000
Investment Earnings	235,000	235,000	235,000
Total Revenue	$ 4,248,750	$ 4,248,750	$ 4,248,750
B. Anticipated Expenditures:			
Benefit Payments	$ 850,000	$ 850,000	$ 850,000
Non-Personal Services	55,000	55,000	55,000
Reserve for Retiree Health	3,343,750	3,343,750	3,343,750
Total Expenditures	$ 4,248,750	$ 4,248,750	$ 4,248,750

SOURCE	AMENDMENT # 1 SECOND READING	AMENDMENT # 2 FIRST READING	AMENDMENT # 2 SECOND READING
Section XIV, General Capital Projects Fund:			
A. Anticipated Revenue:			
General Fund Contribution	2,000,000	2,000,000	2,000,000
Bond Proceeds	0	0	0
Inlet Lot Parking Revenue	290,000	290,000	290,000
Total Revenue	$ 2,290,000	$ 2,290,000	$ 2,290,000
B. Anticipated Expenditures:			
Street Paving	2,000,000	2,000,000	2,000,000
Reserve for Future Capital Projects	290,000	290,000	290,000
Total Expenditures	$ 2,290,000	$ 2,290,000	$ 2,290,000
Section XIV, All Funds Expenditure Summary:			
General Fund	$ 78,435,395	$ 79,858,267	$ 79,858,267
Water Fund	7,240,911	7,253,064	7,253,064
Transportation Fund	9,082,876	9,027,071	9,027,071
Wastewater Fund	12,382,230	12,637,743	12,637,743
Airport Fund	2,039,937	2,043,030	2,043,030
Municipal Golf Course Fund	2,268,147	2,275,883	2,275,883
Convention Center Fund	7,106,639	6,882,547	6,882,547
Management Information Services Fund	1,788,284	1,841,182	1,841,182
Service Center Fund	5,383,568	5,283,875	5,283,875
Vehicle & Equipment Trust Fund	6,726,618	6,535,100	6,535,100
Risk Management Fund	2,175,689	2,175,689	2,175,689
Pension Trust Funds	11,768,044	11,768,044	11,768,044
OPEB Trust Fund	4,248,750	4,248,750	4,248,750
Sub Total	$ 150,647,088	$ 151,830,245	$ 151,830,245
LESS: Interfund Transfers	(27,570,894)	(27,304,497)	(27,304,497)
Total Expenditures	$ 123,076,194	$ 124,525,748	$ 124,525,748
Capital Projects Fund - General	2,290,000	2,290,000	2,290,000
Grand Total	$ 125,366,194	$ 126,815,748	$ 126,815,748

Section XV, Special Authorization - Budget Manager:

The Budget Manager shall be authorized to reallocate departmental appropriations among the various objects of expenditures as she deems necessary. Such changes shall be approved by the Finance Administrator & City Manager.

Section XVI, Restrictions - City Manager:

A. The utilization of any contingency appropriation shall be accomplished only with prior authorization from the Mayor and Council.

B. Utilization of appropriations established in the Capital Improvement Fund may be accomplished only with the express approval of the Mayor and Council.

Section XVII, Tax Rate:

An Ad Valorem Tax Rate of $0.4585 per $100 of assessed valuation of real property and a rate of $1.29 per $100 of assessed valuation of corporate and personal property tax is required to fund this budget.

INTRODUCED at a meeting of the City Council of Ocean City, Maryland held on September 16, 2013.

ADOPTED AND PASSED, by the required vote of the elected membership of the City Council and approved by the Mayor at its meeting held on October 7, 2013.

DAVID L. RECOR, CITY MANAGER

RICHARD W. MEEHAN, MAYOR

KELLY L. ALLMOND, CITY CLERK

LLOYD MARTIN, PRESIDENT

MARY P. KNIGHT, SECRETARY

ADOPTED:
Date

MOTION TO ADOPT BY:

MOTION SECONDED BY:

VOTE: FOR: AGAINST: