

MEMORANDUM

TO: City Council

FROM: David J. Deutsch
City Manager

SUBJECT: R-40-09, Providing for the issuance and sale of general obligation bonds authorized by Ordinance O-4-09 for the new City Hall in the amount of \$15,500,000; and, providing for various matters relating to the authorization, terms, sale, delivery, payment and redemption of such bonds.

DATE: June 11, 2009

On June 1, 2009, the City Council passed Ordinance O-4-09 authorizing the City to borrow not more than \$19 million for the purpose of constructing and equipping a new City Hall. The FY2010 Adopted Budget anticipated the cost of site grading and construction of the new City Hall in the amount of \$26 million, which was to be funded with bond proceeds of \$19 million and cash reserves of \$7 million.

On May 28, 2009, five bids were received for the City Hall project. The amount of the bids ranged from \$16 million to \$18.8 million. The low bid of approximately \$16 million is being recommended for Council's approval by separate action.

As a result of these very favorable bids, Resolution R-40-09 recommends the City issue bonds in the amount of \$15.5 million instead of the \$19 million as originally planned for in the FY2010 Budget. There will be an annual savings in anticipated debt service and a significantly lower total cost of the bond retirement with the reduced principal amount. Those numbers should be known on or about July 7, 2009. The bonds will have a 20 year maturity and will be repaid using a level principal payment structure versus a level debt service payment structure. A level principal amount payment structure is one in which the amount of principal paid each year remains the same. A level debt service payment structure is more like a traditional fixed rate home mortgage, whereby the annual debt service payment remains the same for the life of the bonds.

The advantages of a level principal payment structure versus a level debt service payment structure include a faster payoff of principal, less interest costs over the life of the bonds, and debt service payments that decline each year. The City's financial advisor, Davenport & Company, suggests that the level principal structure versus the

RESOLUTION
OF THE COUNCIL OF THE CITY OF BOWIE, MARYLAND
ADOPTED PURSUANT TO THE AUTHORITY OF ORDINANCE O-4-09
PROVIDING FOR THE ISSUANCE AND SALE OF A SERIES OF
GENERAL OBLIGATION BONDS AUTHORIZED BY SUCH
ORDINANCE FOR THE NEW CITY HALL PROJECT IN THE
AGGREGATE PRINCIPAL AMOUNT OF FIFTEEN MILLION FIVE
HUNDRED THOUSAND DOLLARS (\$15,500,000); PRESCRIBING THE
AMOUNTS OF EACH MATURITY OR MANDATORY SINKING FUND
PAYMENT, AS APPLICABLE, FOR THE BONDS AND THE OPTIONAL
REDEMPTION TERMS OF THE BONDS; PRESCRIBING THE TERMS
AND CONDITIONS FOR THE ISSUANCE AND SALE OF THE BONDS AT
PUBLIC SALE; AUTHORIZING THE PREPARATION AND
DISTRIBUTION OF PRELIMINARY AND FINAL OFFICIAL
STATEMENTS FOR THE BONDS; DESIGNATING THE BONDS AS
“QUALIFIED TAX-EXEMPT OBLIGATIONS” PURSUANT TO SECTION
265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED;
AND GENERALLY RELATING TO THE SALE, ISSUANCE, DELIVERY
AND PAYMENT OF AND FOR THE BONDS.

WHEREAS, The City of Bowie, a municipal corporation of the State of Maryland (the “City”), is authorized and empowered by Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Enabling Act”), and Sections 58 and 59 of the Charter of the City of Bowie, as published in Municipal Charters of Maryland, Volume 1, 2008 Replacement Edition, as replaced, supplemented or amended (the “Charter”), to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds; and

WHEREAS, the City has determined to undertake the acquisition, construction, improvement, furnishing and equipping of a new City Hall and, in connection therewith, to borrow money to finance, reimburse or refinance costs of components of such undertaking, together with costs of related site and utility improvements (including, without limitation, parking and landscaping), related legal, financial and inspection expenses, related costs of issuance and, to the extent

provided by the Council of the City (the “Council”) in a subsequent resolution, capitalized interest, and to evidence this borrowing by the issuance and sale of its general obligation bonds in one or more series from time to time; and

WHEREAS, Ordinance O-4-09, enacted by the Council on June 1, 2009 and effective on July 1, 2009 (the “Ordinance”), authorizes and empowers the City to borrow not more than Nineteen Million Dollars (\$19,000,000) for the purposes described in the preceding WHEREAS clause and to evidence such borrowing by the issuance and sale, upon its full faith and credit, of general obligation bonds in one or more series from time to time in an aggregate principal amount not to exceed Nineteen Million Dollars (\$19,000,000), and further provides for the adoption of a resolution by the Council to determine and provide for various matters relating to the authorization, terms, sale, issuance, delivery, payment and redemption of and for any such series of bonds; and **WHEREAS**, the Council has determined that it is in the best interests of the City to issue and sell a series of the bonds authorized by the Ordinance on the terms and conditions hereinafter set forth.

Section 1. **NOW, THEREFORE, BE IT RESOLVED**, by the Council of the City of Bowie, Maryland, that pursuant to the authority of Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Enabling Act”), and Sections 58 and 59 of the Charter of the City of Bowie, as published in Municipal Charters of Maryland, Volume 1, 2008 Replacement Edition, as replaced, supplemented or amended (the “Charter”), and Ordinance O-4-09, enacted by the Council of the City (the “Council”) on June 1, 2009 and effective on July 1, 2009 (the “Ordinance”), The

City of Bowie (the “City”) shall issue and sell a single series of the bonds authorized to be issued and sold under the Ordinance in the aggregate principal amount of Fifteen Million Five Hundred Thousand Dollars (\$15,500,000), such bonds to be known as the “Public Improvement Bonds of 2009” (the “Bonds”), for the public purpose described in Section 2 of the Ordinance, exclusive of paying capitalized interest on the Bonds.

Section 2. **BE IT FURTHER RESOLVED** that, as provided in Section 5(a) of the Ordinance, and subject to the provisions of Section 5 hereof, the Bonds shall be dated as of July 1, 2009, and shall be in the denominations, be numbered and be issued in book-entry only form through The Depository Trust Company as contemplated in Section 5(a) of the Ordinance.

Section 3. **BE IT FURTHER RESOLVED** that (a) the Bonds shall mature, subject to prior redemption at the option of the City as provided for in Section 4 hereof, in such serial and/or term installments as may be determined pursuant to the official Notice of Sale referred to in Section 5 hereof, subject to the limitations set forth in subsection (b) of this Section 3, on July 1 in the years 2010 through 2029, inclusive, as follows:

<u>Year of Maturity/ Sinking Fund Installment</u>	<u>Amount of Maturity/Sinking Fund Installment</u>	<u>Year of Maturity/ Sinking Fund Installment</u>	<u>Amount of Maturity/Sinking Fund Installment</u>
2010	\$775,000	2020	\$775,000
2011	775,000	2021	775,000
2012	775,000	2022	775,000
2013	775,000	2023	775,000
2014	775,000	2024	775,000
2015	775,000	2025	775,000
2016	775,000	2026	775,000
2017	775,000	2027	775,000
2018	775,000	2028	775,000
2019	775,000	2029	775,000

(b) As authorized by Sections 3 and 4 of the Ordinance, the successful bidder for the Bonds may designate any two or more sequential annual principal amounts provided for in subsection (a) above as mandatory sinking fund payments for a term bond that matures on the maturity date of the last payment of the sequence (a “Term Bond”, as contemplated by the Ordinance); provided that, the first such principal amount that may be designated as a mandatory sinking fund payment for a Term Bond is the amount due on July 1, 2019 (meaning that the earliest maturity date for a Term Bond that has only two mandatory sinking fund payments would be July 1, 2020), and provided further, that no more than two Term Bonds may be designated by the successful bidder for the Bonds. If the successful bidder for the Bonds so designates any Term Bonds within the limitations provided for in this subsection (b), notice of the mandatory sinking fund redemption of any such Term Bonds and the effecting of such redemption shall be given or occur, as applicable, in accordance with Section 4 of the Ordinance.

(c) Interest on the Bonds shall be paid semi-annually on the first days of January and July of each year, commencing January 1, 2010.

Section 4. **BE IT FURTHER RESOLVED** that the Bonds maturing on and after July 1, 2020 are subject to redemption prior to their maturities, in whole or in part at any time on and after July 1, 2019, at the option of the City, at a redemption price equal to 100% of the principal amount of the Bonds (or portions thereof) to be redeemed, plus accrued interest to the date fixed for redemption, without penalty or premium. Notice of the optional redemption of the Bonds and the effecting of any such redemption shall be given or occur, as applicable, in accordance with Section 4 of the Ordinance.

Section 5. **BE IT FURTHER RESOLVED** that (a) in accordance with Section 10 of the Ordinance, the City has determined that it shall be in the best interests of the City to sell the Bonds at public sale after the solicitation of competitive bids, and the Bonds shall be offered for sale in accordance with the official Notice of Sale provided for in this Section 5. Electronic bids shall be received until 11:00 a.m. prevailing Eastern time on the date fixed for sale (such time to be determined as provided by **Parity®**). The sale will be held at the offices of the City, 2614 Kenhill Drive, Bowie, Maryland 20715, on July 7, 2009 or such later date as may be designated by the City Manager of the City with the advice of the financial advisor to the City. The City Manager, with the advice of the financial advisor to the City, is hereby authorized to postpone and reschedule the date of sale in accordance with the official Notice of Sale provided for herein and in accordance with applicable provisions of the Enabling Act, the Charter, the Ordinance and this Resolution. In the event the date of sale is changed, the City Manager, with the advice of the financial advisor to the City, is hereby authorized to change the dated date of the Bonds.

(b) The City Manager shall give public notice of the sale of the Bonds by publishing the official Notice of Sale at least once in either a newspaper of general circulation in Prince George's County or a publication having a circulation primarily among the investment and financial community, the first publication to be made at least 10 days before the date fixed for sale of the Bonds. The City Manager may give such other notice of the sale with respect to the Bonds, in full or summary form, within or without the State of Maryland, as he may deem proper. The City Manager may provide for the preparation of a form of proposal to be used for the Bonds. The official Notice of Sale

(which shall also constitute the form of advertisement to be published pursuant to this Section and the Enabling Act) shall be in substantially the form attached hereto as Exhibit A and incorporated by reference herein. Appropriate variations, modifications and insertions may be made by the City Manager prior to the publication of the official Notice of Sale to provide dates, numbers and amounts, and modifications not altering the substance of the Notice of Sale (including, without limitation, to the bid specifications) to carry into effect the purposes of the Ordinance and this Resolution or to comply with recommendations of the financial advisor to the City and bond counsel due to financial or market conditions prevailing at the time. The terms and conditions stated in the final and official Notice of Sale as published, as the same may be modified as provided in subsection (c) below, are made a part hereof and are hereby adopted and approved as the terms and conditions under which and the manner in which the Bonds shall be sold, issued and delivered at public sale.

(c) The City Manager, on behalf of the City, is hereby further authorized and empowered to make any determinations or to take any actions provided for in this Resolution or the official Notice of Sale subsequent to the date of publication of such official Notice of Sale, including (without limitation) modifying the bid specifications for the Bonds based on the recommendation of the City's financial advisor to reflect then-current municipal market conditions, or providing for notification of the postponement or rescheduling of the date of sale for the Bonds, (any of which such modifications shall be announced by TM3 News Service prior to the sale date).

(d) No re-publication of the official Notice of Sale or a summary thereof shall be required if the original date of sale is postponed or rescheduled from time to time and/or

any modifications or amendments are made to the official Notice of Sale in accordance with the provisions of the Ordinance and this Section 5 and such date or other changes are disseminated by TM3 News Service as provided in this Section 5.

(e) The Mayor shall conduct the sale and shall sell the Bonds in the name of the City and on its behalf for cash at no less than par and no more than 108% of par to the bidder whose bid is determined to be the best responsible bid received in compliance with the terms and conditions of the official Notice of Sale. The Mayor, with the advice of the financial advisor to the City, is hereby authorized to reject all bids for the Bonds. The sale of the Bonds, if made, shall be made upon order of award signed by the Mayor.

(f) References in this Resolution to the successful bidder for the Bonds are deemed to be to multiple successful bidders in the event the Bonds are allocated among bidders in accordance with the official Notice of Sale.

Section 6. **BE IT FURTHER RESOLVED** that (a) the preparation and distribution of a Preliminary Official Statement of the City in connection with the offering and sale of the Bonds (the "Preliminary Official Statement"), substantially in such form as has been previously circulated to City officials and with such changes, corrections, insertions, deletions and clarifications as may be approved by the City Manager and the Director of Finance with the advice of the City's financial advisor and legal counsel, is hereby approved. The City Manager and the Director of Finance, on behalf of the City, are hereby authorized and directed to approve the final form of the Preliminary Official Statement in accordance with this Section 6(a) and to make any appropriate variations, insertions or modifications to the form of Preliminary Official Statement previously circulated not inconsistent with the provisions of the Enabling Act, the Charter, the

Ordinance or this Resolution, or to comply with the recommendations of legal counsel or the City's financial advisor, or as required by any rating agency as a condition precedent to, or as otherwise related to, obtaining a rating on the Bonds from any such rating agency, such approval to be evidenced conclusively by the execution and delivery by the City Manager and the Director of Finance, on behalf of the City, of a certificate deeming the Preliminary Official Statement to be final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), subject to revision, completion and amendment in the final Official Statement referred to in subsection (b) below. The Preliminary Official Statement shall be posted electronically and/or printed as the City's financial advisor shall advise.

(b) The preparation and distribution of a final Official Statement relating to the Bonds (the "Official Statement"), substantially in the form of the Preliminary Official Statement, with such changes, corrections, additions and deletions not inconsistent with the provisions of the Enabling Act, the Charter, the Ordinance or this Resolution, to reflect matters determined in connection with the sale of the Bonds, or to comply with the recommendations of legal counsel or the City's financial advisor, or as required by any rating agency as a condition precedent to, or as otherwise related to, obtaining a rating on the Bonds from any such rating agency, or as required by any provider of municipal bond insurance for all or any portion of the Bonds selected by the successful bidder for the Bonds in accordance with the official Notice of Sale, as the City Manager and the Director of Finance shall approve on behalf of the City, is hereby authorized and approved. The City Manager and the Director of Finance are hereby authorized and directed to approve the final form of the Official Statement on behalf of the City, such approval to be

evidenced conclusively by the City Manager's and the Director of Finance's execution and delivery of the Official Statement. The Official Statement shall be printed and, if the City's financial advisor shall so advise, posted electronically.

(c) The City Manager and the Director of Finance, with the advice of legal counsel or the City's financial advisor, are hereby authorized and directed to approve any supplements or amendments to the Preliminary Official Statement or the Official Statement deemed necessary or desirable after the printing or posting of the same, such approval to be evidenced conclusively by the City Manager's and the Director of Finance's execution and delivery of any such supplement or amendment.

Section 7. **BE IT FURTHER RESOLVED** that, except to the extent otherwise provided for in this Resolution, the provisions of the Ordinance shall apply to the Bonds.

Section 8. **BE IT FURTHER RESOLVED** that the City hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (relating to the exception from the disallowance of the deduction for that portion of a financial institution's interest expense which is allocable to tax-exempt interest), and, in connection therewith, represents and certifies that (i) the Bonds are not "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended, (ii) the reasonably anticipated amount of tax-exempt obligations (excluding private activity bonds) that will be issued by the City (and all on-behalf-of issuers and subordinate entities of the City) during calendar year 2009 does not exceed Thirty Million Dollars (\$30,000,000), and (iii) not more than Thirty Million Dollars (\$30,000,000) of obligations issued by the City (and all on-behalf-of issuers and subordinate entities of the City) during calendar year 2009, including the Bonds, have been or will be

designated qualified tax-exempt obligations by the City, unless the City has received a written opinion of bond counsel to the effect that the issuance of such obligations will not affect the continued validity or effectiveness of the designation made in this Section 8.

Section 9. **BE IT FURTHER RESOLVED** that this Resolution shall take effect from the date of its adoption.

INTRODUCED AND ADOPTED by the Council of the City of Bowie, MD at their meeting on June 15, 2009.

G. Frederick Robinson
Mayor

Attest:

Pamela A. Fleming
City Clerk

EXHIBIT A

FORM OF NOTICE OF SALE

NOTICE OF SALE

\$15,500,000

**THE CITY OF BOWIE (MARYLAND)
PUBLIC IMPROVEMENT BONDS OF 2009****(Bonds Dated July 1, 2009)****Electronic bids via Parity®
will be received until 11:00 a.m., prevailing Eastern time, on
Tuesday, July 7, 2009****Description of Bonds**

Electronic bids via **Parity®** will be received at the offices of The City of Bowie, a Maryland municipal corporation (the "City"), located at 2614 Kenhill Drive, Bowie, Maryland 20715, for the purchase of the above-described bonds aggregating \$15,500,000 (the "Bonds"). The Bonds will be dated July 1, 2009 and will bear interest payable semiannually beginning on January 1, 2010 and thereafter on the first days of January and July until maturity or prior redemption. The Bonds will be issued under the authority of Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland (West 2002, as supplemented or amended) (the "Enabling Act"), and Sections 58 and 59 of the Charter of the City of Bowie, as published in Municipal Charters of Maryland, Volume 1, 2008 Replacement Edition, as replaced, supplemented or amended (the "Charter"), and are authorized to be issued by Ordinance O-4-09, enacted by the Council of the City on June 1, 2009 and effective on July 1, 2009, and by a Resolution adopted by the Council on June 15, 2009 and effective on June 15, 2009. The Bonds will mature, subject to prior optional and, if specified by the successful bidder, mandatory sinking fund redemption as herein permitted (see "Designation of Term Bonds" below), on the first day of July in the following years and amounts:

<u>Year of Maturity or Sinking Fund Payment</u>	<u>Maturity or Sinking Fund Payment Amount</u>	<u>Year of Maturity or Sinking Fund Payment</u>	<u>Maturity or Sinking Fund Payment Amount</u>
2010	\$775,000	2020	\$775,000
2011	775,000	2021	775,000
2012	775,000	2022	775,000
2013	775,000	2023	775,000
2014	775,000	2024	775,000
2015	775,000	2025	775,000
2016	775,000	2026	775,000
2017	775,000	2027	775,000
2018	775,000	2028	775,000
2019	775,000	2029	775,000

The Bonds will be designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

All Bonds herein described will constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the City.

The proceeds of the Bonds will be used to finance or reimburse the costs of acquiring, constructing, improving,

furnishing or equipping a new City Hall, together with costs of related site and utility improvements (including, without limitation, parking and landscaping), related legal, financial and inspection expenses, and costs of issuance.

The Bonds will be fully-registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof, numbered from 1 upwards in the order of their maturities and each such number will be prefixed by the letter "R".

The Bonds shall be issued only in fully-registered form without coupons. One bond representing each maturity will be issued to and registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and such bond certificates shall be immobilized in the custody of DTC or with the Bond Registrar and Paying Agent identified below to be held under DTC's "FAST" system. DTC will act as securities depository for the Bonds. 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 successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC or with the Bond Registrar and Paying Agent to be held under DTC's "FAST" system.

Principal of and semiannual interest on the Bonds will be payable in lawful money of the United States of America. Principal will be payable to the registered owners of the Bonds at the designated corporate trust office of Manufacturers and Traders Trust Company (the "Bond Registrar and Paying Agent") in Buffalo, New York, upon presentment and surrender of the Bonds on the dates such principal is due. The semiannual interest on the Bonds will be payable to the persons in whose names the Bonds are registered on the books kept for that purpose at the designated corporate trust office of the Bond Registrar and Paying Agent on the Regular Record Date, which shall be the fifteenth day of the month immediately preceding each interest payment date, by check mailed to each such person's address as it appears on such bond registration books. Notwithstanding the foregoing, while the Bonds are registered under DTC's book-entry-only system, payment of the principal of and interest on the Bonds shall be made by the Bond Registrar and Paying Agent to DTC or its nominee in accordance with the requirements of DTC.

The Bonds maturing on or after July 1, 2020 are subject to redemption prior to their respective maturities, in whole or in part, on July 1, 2019 or on any date thereafter, in any order of maturities, at the option of the City, at a redemption price equal to 100% of the principal amount of the Bonds (or portions thereof) to be redeemed, plus accrued interest thereon to the date fixed for redemption, without penalty or premium.

If less than all of the Bonds of any maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar and Paying Agent in such manner as in its discretion, it shall determine.

Designation of Term Bonds

A bidder may designate in its proposal for the Bonds two or more consecutive principal amounts provided for in the amortization schedule above as a term bond, which matures on the maturity date of the last payment of the sequence; provided that, the first such principal amount that may be designated as a mandatory sinking fund payment with respect to a term bond is the amount due on July 1, 2019 as provided above (meaning that the earliest maturity date for a term bond that has only two consecutive mandatory sinking fund payments would be July 1, 2020). No more than two term bonds may be designated. Any such term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire amount of such principal amount specified above designated for inclusion in such term bond.

Electronic Bids

Electronic bids will be received via **Parity®**, in the manner described below, until 11:00 a.m. prevailing Eastern time, on July 7, 2009, but no bid will be received after such designated time. To the extent any instructions or directions set forth in **Parity®** conflict with this Notice of Sale, 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 electronic bidder shall be solely responsible to register to bid via **Parity®** as described above. Each qualified prospective electronic 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 (410) 296-8517.

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., prevailing Eastern time, on July 7, 2009. 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

Bidders shall submit one bid via **Parity®** on an all-or-none basis for the Bonds. Each proposal must specify the amount bid for the Bonds, which shall not be less than 100% of par or more than 108% of par, plus accrued interest from July 1, 2009 to the date of delivery of the Bonds. Each proposal must specify in multiples of one-eighth ($1/8^{\text{th}}$) or one-twentieth ($1/20^{\text{th}}$) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having the same maturity or sinking fund installment date, (b) a zero rate of interest for any Bonds, (c) a rate of interest for any Bonds that exceeds 5.50% per annum, or (d) any interest rate for any Bonds that exceeds the interest rate stated in such proposal for any other Bonds by more than three percent (3%).

Award Parameters

Electronic bids will be opened promptly after 11:00 a.m. (prevailing Eastern time as determined in accordance with the time as maintained on **Parity®**) on July 7, 2009. The award of the Bonds, if made, will be made to the bidder naming the lowest true interest cost for all Bonds in any legally acceptable proposal and a premium, if any, and accrued interest from July 1, 2009. The lowest true interest cost of each proposal will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to July 1, 2009 and to the amount bid, not including interest accrued to the date of delivery. Where the proposals 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 proposals and to waive any irregularity or informality in any proposal. The City's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any proposal 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 5:00 p.m., prevailing Eastern time, on the sale date. All bids remain firm until an award is made. The Council has delegated to the Mayor the right to make the award of the Bonds or to reject all bids.

Acquisition of Bond Insurance at Bidder's Option

Any bidder, if it so chooses and at its own expense, may qualify one or more maturities of the Bonds for municipal bond insurance. If any Bonds qualify for municipal bond insurance, any purchase of such insurance or commitment therefor shall be made at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance (including, without limitation, the premium for any such bond insurance and the fees of any rating agencies in connection therewith) shall be paid by such bidder. 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 City at the time of sale and shall provide the City with any information reasonably requested 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 referred to below and the Bonds 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. Any failure of the Bonds to be so insured or of any such policy of bond insurance to be issued shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its proposal for purchase of the Bonds.

Good Faith Deposit

A good faith deposit in the amount of \$155,000 (the "Deposit") is required. The Deposit may be provided in the form of (i) a certified check upon, or a cashier's, treasurer's or official check of, a responsible banking institution, payable to the order of "The City of Bowie" (and delivered to the attention of the City Manager at the address set forth above prior to the opening of the electronic bids), (ii) a financial surety bond (a "Surety Bond") from an insurance company acceptable to the City and licensed to issue such a bond in the State of Maryland or (iii) a federal funds wire transfer to be submitted to the City by the successful bidder not later than 3:00 p.m., prevailing Eastern time (the "Deposit Deadline") on the date of sale, options (ii) and (iii) as described in more detail below. The Deposit of the successful bidder will be collected and the proceeds thereof retained by the City to be applied in partial payment for the Bonds, and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds thereof will be retained as and for full liquidated damages. Any checks of the unsuccessful bidders will be returned promptly after the Bonds are awarded.

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

If a federal funds wire transfer is used, the City or the financial advisor to the City shall distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Deposit Deadline. The award of the Bonds will be made promptly following receipt of the federal funds wire. If the Deposit is not received by the Deposit Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the Mayor in his discretion, with the advice of the City Manager, the Director of Finance and the financial advisor to the City, without any financial liability of the City to the successful bidder or any limitation whatsoever on the City's right to sell the Bonds to a different purchaser upon such terms and conditions as the City shall deem appropriate.

Continuing Disclosure; CUSIP Numbers

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the City will execute and deliver a continuing disclosure certificate 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 certificate is set forth in the

Preliminary Official Statement and will also be set forth in the Official Statement.

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.

Official Statement; Reoffering Information

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 successful bidder 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 (the "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 200 copies of the Official Statement (and any amendments or supplements thereto, except to the extent such amendments or supplements are required due to a change in the Reoffering Information or any disclosure regarding municipal bond insurance provided by or on behalf of the successful bidder).

Delivery of the Bonds

Delivery of the Bonds, without expense, will be made by the City to the successful bidder on or about July 21, 2009, or as soon as practicable thereafter, in New York, New York or at such other location as shall be mutually acceptable to the City and the successful bidder, and, thereupon, said successful bidder will be required to accept delivery of the Bonds purchased and pay, in federal funds, the balance of the purchase price due. The Bonds will be issued and sold subject to approval as to legality by Funk & Bolton, P.A., Baltimore, Maryland, bond counsel, whose approving opinion substantially in the form included in the Preliminary Official Statement will be delivered, upon request, to the successful bidder, without charge. 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 the successful bidder to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, said successful bidder shall be furnished a certificate or certificates of City officials 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 successful bidder, information concerning any provider of municipal bond insurance with respect to the Bonds, 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).

Issue Price Certificate

Upon award of the Bonds, the successful bidder shall advise the City of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE CITY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (i) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES; AND (ii) A SUBSTANTIAL AMOUNT OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT SUCH INITIAL

REOFFERING PRICES. Bond counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder; (ii) the sale to the public of 10% or more in par amount of the Bonds of each maturity at (or below) the Initial Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Bonds; and (iii) reliance on other facts as a basis for such certification would require evaluation by bond counsel to assure compliance with the statutory requirement to avoid establishment of an artificial price for the Bonds.

Revisions; Postponement of Sale

NOTE: The City may revise this Notice of Sale by written notice available to prospective bidders by publishing notice of any revisions on TM3 News Service (“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.

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., prevailing Eastern 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 a 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 the changes announced by TM3 News Service at the time the sale date and time are announced.

Preliminary Official Statement; Notice of Sale

A printed Preliminary Official Statement, a reproduced copy of the printed Preliminary Official Statement or directions for accessing an electronic version of the Preliminary Official Statement, together with this Notice of Sale, may be obtained by contacting the City Manager, City Hall, 2614 Kenhill Drive, Bowie, Maryland 20715, (301) 262-6200, or by contacting the City’s financial advisor, Davenport & Company LLC, 8600 LaSalle Road, Suite 324, 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.

By order of
THE CITY OF BOWIE

By: /s/ David J. Deutsch, City Manager

level debt payment structure should result in the City obtaining a lower interest rate. Resolution R-40-09 has been prepared by the City's bond counsel, Funk & Bolton.

Resolution R-40-09 authorizing the issuance of \$15.5 million of general obligation bonds for the construction of the new City Hall is recommended for Council's approval.

DJD/rsp