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Bill No. 2003-15

Page 1

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COUNTY COUNCIL OF DORCHESTER COUNTY, MARYLAND

Legislative Session 2003, Legislative Day No. 13

Bill No. 2003-15

Introduced by Effie M. Elzey, President

By the County Council, November 4, 2003

Introduced and first read on November 4, 2003

Public Hearing set for November 18, 2003

By Order: Effie M. Elzey, President

A BILL ENTITLED

AN ORDINANCE concerning: the issuance, sale and delivery of Dorchester County, Maryland, general obligation bonds and bond anticipation notes

FOR the purpose of authorizing the issuance by Dorchester County, Maryland, of bonds in an amount not exceeding Ten Million Seven Hundred Sixty Five Thousand Dollars (\$10,765,000) and of bond anticipation notes in an amount to be outstanding at any time not in excess of the amount of bonds authorized to be issued hereunder in order to finance in whole or in part the construction of capital projects set forth in the capital budgets of the County for the fiscal year ending June 30, 2003, and June 30, 2004, or in such capital budgets for prior fiscal years, or usable portions thereof as listed on Exhibit I attached hereto; authorizing the issuance by the County of refunding bonds to refund some or all of the outstanding bond issues of the County listed on Exhibit II attached hereto subject to the requirement that debt service savings shall be achieved in connection with any such refunding; authorizing the County to borrow money and incur indebtedness otherwise authorized to be borrowed and incurred hereunder in the form of bonds or bond anticipation notes by obtaining a loan or loans from the Maryland Water Quality Financing Administration pursuant to and in accordance with Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland (1996 Replacement

Volume and 2002 Supplement) for the public purpose of financing a portion of the costs of acquiring, constructing and equipping certain wastewater facilities and water supply systems; providing for the execution and delivery by the County of a loan agreement and bond to evidence any such loan; providing for essential flexibility in the financing of such capital projects and the issuance of such bonds by authorization of such bond anticipation to be repaid from the proceeds of the sale of such bonds; prescribing the procedure for the issuance and sale of such bond anticipation notes and bonds; empowering the President of the County Council or the County Manager to determine the time and method of sale of such bond anticipation notes and refunding bonds, which sale may be a private (negotiated) sale or a public sale, and the time, place, and procedure for the public sale of such bonds other than refunding bonds; empowering the President of the County Council or the County Manager to determine the forms of such bonds and bond anticipation notes; empowering the President of the County Council or the County Manager to provide for or determine the private (negotiated) sale of any loan agreement or bond to the Maryland Water Quality Financing Administration, the form or forms thereof and other details with respect thereto and to the sales thereof; covenanting to appropriate sufficient revenues in each fiscal year following the issuance of such bonds to pay the maturing principal thereof and the interest thereon and to meet such appropriation either by revenues derived from self-liquidating projects or from the proceeds of ad valorem taxes, or a combination of both; pledging the full faith and credit of Dorchester County, Maryland, to the payment of the bonds and bond anticipation notes issued hereunder and the interest thereon, when due; covenanting that the proceeds of such bonds, or any moneys which may be deemed to be proceeds, will not be used in a manner to cause such bonds to be arbitrage bonds; authorizing the execution and delivery of long-term Dorchester County, Maryland general obligations in the form of installment purchase agreements in the maximum aggregate principal amount of Seven Hundred Thousand Dollars (\$700,000) in accordance with Section 29 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement) to effect the acquisition by the County of certain capital equipment listed on Exhibit I attached hereto; and generally providing for the consolidation and authorization of a borrowing program for Dorchester County, Maryland, and matters generally related thereto.

SECTION 1. *Be it enacted by the County Council of Dorchester County, Maryland,* That for the purpose of paying the portion of the cost of the capital projects described in Exhibit I hereto, to be paid from borrowed funds, the issue and sale by Dorchester County, Maryland, of not exceeding Ten Million Seven Hundred Sixty Five Thousand Dollars (\$10,765,000) aggregate principal amount of general obligation, serial maturity bonds of the County is hereby authorized. Such bonds shall be issued as registered bonds without coupons in the denomination of five thousand dollars (\$5,000) or any integral multiple thereof within the limits of specified serial maturities.

(1) The bonds authorized by this Section 1 shall be sold at a sale price at, above, or below par, plus accrued interest to the date of delivery and only after first soliciting competitive bids at public sale in accordance with the provisions of Section 4 hereof. Such bonds are hereby specifically exempted from the provisions of Section 10 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement).

(2) Subject to the provisions of subsection (5) of this Section, such bonds shall be issued in series intended to identify the public purpose or purposes for which each series is issued. On each bond, there shall appear the words "_____ Series, 20__" and in the blank space preceding the word "Series," there shall be inserted the par amount of the series plus the public purpose of such series; e.g., "School," "Library," "Parks and Recreation," "Water and Sewer." The County Council by administrative resolution, or the County Manager by executive order, may incorporate such additional designations in the name of the series as he deems necessary or convenient to distinguish two or more series issued for the same purpose within the same calendar year.

(3) The bonds of each series shall be dated on or prior to the date of the delivery of such series and shall be numbered as determined by the County Council by administrative resolution, or the County Manager by executive order. The bonds of each series, or of successive series for the same public purpose, shall mature and be payable under an annual installment plan which may be implemented by the issuance of serial maturity bonds or term bonds having mandatory sinking fund requirements, beginning not later than the second anniversary of such series, or of the first series of a group, and concluding on or before (a) the 30th anniversary thereof or (b) such anniversary next prior to the 30th anniversary of the first bond anticipation note of such series, whichever shall be earlier.

(4) Prior to the issue of any series of bonds authorized by this Section 1, the County Council by administrative resolution, or the County Manager by executive order, shall cause to be prepared a statement showing the annual debt service requirements of the County and a proposed schedule of annual maturities for the series or several series of bonds then to be issued and sold and an estimate of the annual interest charges to be incurred with respect to such bonds, based on then-prevailing interest costs. As hereinafter provided, the County Council by administrative resolution, or the County Manager by executive order, is vested with the discretion to prepare such schedule of maturities and to make such variations therein as may seem, in the judgement of the County Council or the County Manager, as the case may be, in the best interests of the County. The bonds authorized by this Section 1 are hereby specifically exempted from the provisions of Section 11 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement).

(5) The County Council by administrative resolution, or the County Manager by executive order, may provide that all or any portion of bonds sold pursuant to the authority of this Section 1 at any one time to finance capital projects may be consolidated for sale and issued, sold and delivered as a single issue or consolidated series of bonds to be designated "Consolidated General Improvements Series, 20__," without identifying by separate series each public purpose for which the bonds are issued as elsewhere provided in this Ordinance; provided that: (a) the provisions of this Ordinance requiring the identification of each group or series of bonds by the public purpose for which it is issued (e.g., "School," "Library," etc.) shall be complied with for accounting purposes, and (b) prior to the delivery of the bonds, the County Council by administrative resolution, or the County Manager by executive order, shall deliver a written certificate stating (i) the public purpose of each series of bonds included in the consolidated issue, (ii) the maturity schedule for each series of bonds so identified as a separate public purpose, (iii) the consolidated maturity schedule and (iv) that the maximum maturity of the bonds consolidated for issue as a single consolidated issue is not greater than the maturity authorized pursuant to subsection (3) of this Section. A "Consolidated General Improvements Series" shall be treated as a separate series of bonds for purposes of numbering pursuant to this Ordinance. The County Council by administrative resolution, or the County Manager by executive order, is hereby authorized to make such changes in the forms of bonds, bond anticipation notes, notice of sale, proposal and other documents in connection with any issue of bonds pursuant to this Section 1 as such County Council or County Manager, as the case may be, may deem necessary or desirable in order to effect the consolidation of bonds authorized hereby.

(6) All of the bonds authorized by this Section 1 and bond anticipation notes authorized by Section 5 hereof shall be deemed and shall constitute unconditional general obligations of the County, to the payment of which, both principal and interest, its full faith and credit are pledged. The County hereby covenants that, in each fiscal year during which any such bonds are outstanding, it will appropriate sufficient funds to pay the principal of such bonds and the interest thereon due in such fiscal year. The County hereby further covenants that, to the extent any such appropriation is not offset by funds from other sources or by project revenues, it will fund any such appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County, and in addition, on such other intangible property as may be subject to taxation by the County within limitations prescribed by law. In the case of any series of bonds issued to finance self-liquidating projects of the County, the principal of and interest on any such bonds shall be payable primarily from the net revenues and receipts from such projects, or the utilities of which they form a part. If any such series of bonds shall be issued to finance such self-liquidating projects, then the County covenants to fix such rates and charges for the use of any such project, or the utility of which it forms a part, as will generate sufficient revenues to pay the annual cost of maintenance and operation thereof and to pay the maturing principal of and interest on any such series of bonds

when due, and the County further covenants and agrees to apply such revenues against appropriations for such maintenance, operation and debt service.

(7) The rate or rates of interest payable on any series of bonds sold pursuant to this Section 1 except with respect to the first interest payment, which may be either a long or short coupon, shall be payable in semi-annual installments, accounting from the date of issue of any such series of bonds. Interest on the bonds shall be payable by checks mailed by the Paying Agent therein named to the registered holder or holders of such bonds. If the bonds are issued and sold in book-entry form, alternative payment arrangements may be provided at the discretion of the County Council by administrative resolution, or the County Manager by executive order.

(8) The principal of the bonds authorized by this Section 1 shall be payable at the principal office of the Paying Agent therein named, unless the bonds are issued and sold in book-entry form, in which event alternative payment arrangements may be provided at the discretion of the County Council by administrative resolution, or the County Manager by executive order.

(9) With respect to each series of bonds sold pursuant to this Section 1, authority is hereby conferred on the County Council by administrative resolution, or the County Manager by executive order, to take the following actions and make the following commitments on behalf of the County:

(a) to determine the date, time and place when proposals for the purchase of any such series of bonds will be received, to publish and otherwise distribute, as prescribed in Section 4 hereof, a suitable notice of sale of such bonds and to award any series of bonds for which a legally sufficient proposal has been received to the best bidder therefor, determined as provided in such Section 4; provided, however, that the County Council by administrative resolution, or the County Manager by executive order, may by written statement appoint the Director of Finance or another designee who may conduct the sale on behalf of the County and accept bids and award bonds to the best bidder;

(b) to appoint a bank having trust powers, or a trust company, as Paying Agent for any such series of bonds, notwithstanding the fact that such bank or trust company may have neither its principal office nor any branch office within the County or the State of Maryland, and to appoint a similarly qualified bank or trust company as Alternate Paying Agent, such authority to include the power to agree with respect to the compensation of such Paying Agent and Alternate Paying Agent for the services to be rendered by them and to appoint one or more of such banks or trust companies as Bond Registrars and also to confer on the manager of the

syndicate purchasing any such series of bonds the right to designate an Alternate Paying Agent so to be appointed;

(c) to fix the schedule of annual maturities of any series of bonds and the rate or rates of interest payable thereon;

(d) to arrange for the preparation and distribution of an appropriate Offering Circular, Official Statement or Official Circular with respect to the sale of any such series of bonds, including (without limitation) the employment of a qualified financial printer to print such Offering Circular, Official Statement or Official Circular;

(e) to reserve to the County the option to redeem any such series of bonds in whole or in part, at such times and upon payment of such premiums as the financial advisor to the County may recommend; and

(f) to provide for the issuance of bonds in book-entry form, to provide for the manner of payment of principal of and interest on bonds issued in book-entry form and to enter into appropriate agreements regarding the custody of bonds issued in book-entry form.

SECTION 2. *And be it further enacted*, Acting pursuant to the authority of Article 25A of the Annotated Code of Maryland (2001 Replacement Volume and 2002 Supplement), The Dorchester County Charter and Section 24 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement) (the "Refunding Act"), the issuance and sale of bonds of the County (the "Refunding Bonds") is hereby authorized for the purpose of refunding some or all of the outstanding issues of bonds of the County listed on Exhibit II attached hereto (the "Refunded Bonds"), as follows:

(a) Refunding Bonds ("General Improvements Refunding Bonds") are hereby authorized to be issued to refund in whole or in part the several series of Dorchester County general obligation bonds identified as to designation, date and aggregate outstanding principal amount on EXHIBIT II below (to the extent refunded hereby, "Refunded General Improvements Series"). With respect to the Refunded General Improvements Series, General Improvements Refunding Bonds may be issued pursuant to this Ordinance in an aggregate principal amount sufficient to provide funds (a) to purchase direct obligations of, or obligations the timely payment of the principal and interest on which is unconditionally guaranteed by, the United States of America ("Government Obligations"), the principal of and interest on which will be sufficient without reinvestment to pay in a timely manner all or any part of the principal of and redemption premium, if any, and interest on the bonds of such Refunded General Improvements Series and, if so provided by the County Council by administrative resolution, or the County

Manager by executive order, pursuant to Section 2(8) of this Ordinance, a portion of the interest on the General Improvements Refunding Bonds, and (b) to pay any and all other costs permitted to be paid from the proceeds of such bonds under the Refunding Act, including (without limitation) the costs of issuance of such bonds and applicable underwriting fees;

Such Refunding Bonds shall be issued as registered bonds without coupons in the denomination of five thousand dollars (\$5,000) or any multiple thereof within the limits of specified serial maturities.

(1) The Refunding Bonds hereby authorized may be sold for a price at, above or below par, plus accrued interest to the date of delivery. The Refunding Bonds shall be sold at private (negotiated) sale, and such procedure is hereby determined to be in the public interest. Notwithstanding the foregoing, if the County Council by administrative resolution, or the County Manager by executive order, subsequently determines that it is in the best interests of the County to sell any or all of the Refunding Bonds after first soliciting competitive bids at public sale, then the County Council by administrative resolution or the County Manager by executive order, as the case may be, may sell such Refunding Bonds in such manner in accordance with such procedures as the County Council or the County Manager, as the case may be, shall deem appropriate; provided, however, that such procedures shall be substantially similar to the procedures set forth in Section 4 hereof. Refunding Bonds issued hereunder are hereby specifically exempted from the provisions of Sections 10 and 11 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement).

(2) Refunding Bonds authorized to be issued for the purposes specified above may be issued in series from time to time. Each such series shall identify the public purpose for which it is issued, by the printing on each bond of the words "Consolidated General Improvements Series, 20_ Refunding Series". The County Council by administrative resolution, or the County Manager by executive order, may incorporate such additional designations in the name of the series as the County Council or the County Manager, as the case may be, deems necessary or convenient to distinguish two or more series issued for the same purpose within the same calendar year.

(3) The Refunding Bonds of each series shall be dated on or before the date of the delivery of such series as determined by the County Council by administrative resolution, or the County Manager by executive order. The bonds of each series, or of successive series for the same public purpose, shall mature and be payable under an annual installment plan which may be implemented by the issuance of serial maturity bonds or term bonds having mandatory sinking fund requirements, beginning not later than the second anniversary of such series, or of the first series of a group, and concluding on or before (a) the thirtieth (30th) anniversary of the Refunded

Bonds to be refunded from the proceeds of such Series or (b) the latest maturity date that would have been permitted for the Refunded Bonds from the proceeds of the Refunding Bonds issued hereunder, under the applicable authority pursuant to which such Refunded Bonds were issued, whichever shall be earlier. In the event that bonds of more than one Series of Refunded Bonds are refunded by a single series of Refunding Bonds, compliance with the maturity limits contained herein shall be established with respect to each series of Refunded Bonds in a certificate of the County Council by administrative resolution, or the County Manager by executive order, delivered in connection with the issuance of such Refunding Bonds.

(4) Prior to the issue of any series of Refunding Bonds, the County Council by administrative resolution, or the County Manager by executive order, shall cause to be prepared a statement showing the annual debt service requirements of the County and a proposed schedule of annual maturities for the series or several series of Refunding Bonds then to be issued and sold and an estimate of the annual interest charges to be incurred with respect to such bonds, based on then-prevailing interest costs. As hereinafter provided, the County Council by administrative resolution, or the County Manager by executive order, is vested with the discretion to prepare such schedule of maturities and to make such variations therein as to the County Council or County Manager may seem, in the judgment of the County Council or the County Manager, as the case may be, in the best interests of the County.

Pursuant to Section 2(8) of this Ordinance, the County Council by administrative resolution, or the County Manager by executive order, shall determine (a) the principal amount and maturities of each series of Refunding Bonds to be issued hereunder and (b) the portions of each series of Refunded Bonds to be refunded with the proceeds of each series of Refunding Bonds; provided, however, that such refunding will effectuate and accomplish the public purpose of realizing savings to the County in the aggregate cost of debt service on either a direct comparison or a present value basis with respect to the portion of any series of Refunded Bonds being refunded.

(5) All of the Refunding Bonds authorized shall be deemed and shall constitute unconditional general obligations of the County, to the payment of which, both principal and interest, its full faith and credit are pledged. The County hereby covenants that, in each fiscal year during which any such bonds are outstanding, it will appropriate sufficient funds in each year to pay the principal of such bonds and the interest thereon due in such fiscal year. The County hereby further covenants that, to the extent any such appropriation is not offset by funds from other sources or by project revenues, it will fund any such appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County, and in addition, on such other intangible property as may be subject to taxation by the County within limitations prescribed by law. Notwithstanding the foregoing, in

accordance with Section 24(a)(3)(i) of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement), in the case of any Refunding Bonds issued to refund Refunded Bonds secured as unconditional general obligations with a pledge of the full faith and credit and unlimited taxing power of the County, the County covenants that, to the extent any such appropriation to pay principal of or interest on such Refunding Bonds is not offset by funds from other sources or by project revenues, it will fund any such appropriations by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County without limitation as to rate or amount, and in addition upon such other intangible property as may be subject to taxation by the County within limitations prescribed by law. In the case of any series of Refunding Bonds issued to refund Refunded Bonds, the proceeds of which were used to finance self-liquidating projects of the County, the principal of and interest on any such Refunding Bonds shall be payable primarily from the net revenues and receipts from such projects or the utilities of which they form a part. If any such series of Refunding Bonds shall be issued to refund Refunded Bonds, the proceeds of which were utilized to finance such self-liquidating projects, then the County covenants to fix such rates and charges for the use of any such project or the utility of which it forms a part, as will generate sufficient revenues to pay the annual cost of maintenance and operation thereof and to pay the maturing principal of and interest on any such series of Refunding Bonds when due, and the County further covenants and agrees to apply such revenues against appropriations for such maintenance, operation and debt service in each year.

(6) The rate or rates of interest payable on any series of Refunding Bonds sold pursuant to this Ordinance shall be payable in semi-annual installments (except for an initial short or long coupon), accounting from the dated date of any such series of Refunding Bonds. Interest on the Refunding Bonds shall be payable by checks mailed by the Paying Agent therein named to the registered holder or holders of such Refunding Bonds. If the Refunding Bonds are issued and sold in book-entry form, alternate payment arrangements may be provided at the discretion of the County Council by administrative resolution, or the County Manager by executive order.

(7) The principal of the Refunding Bonds shall be payable at the principal office of the Paying Agent therein named, unless the bonds are issued and sold in book-entry form, in which event alternative payment arrangements may be provided at the discretion of the County Council by administrative resolution, or the County Manager by executive order.

(8) With respect to each series of Refunding Bonds sold pursuant to this Ordinance, authority is hereby conferred on the County Council by administrative resolution, or the County Manager by executive order, to take the following actions and make the following commitments on behalf of the County:

(a) to sell any series of Refunding Bonds upon such terms as the County Council or the County Manager, as the case may be, deems favorable under the existing market conditions to a bank, investment banking firm or other financial institution as, in the judgment of the County Council or the County Manager, as the case may be, offers to purchase such series of bonds on terms the County Council or the County Manager, as the case may be, deems favorable to the County under the existing market conditions;

(b) to execute and deliver, as a binding and enforceable obligation of the County, an underwriting or purchase agreement for any series of Refunding Bonds;

(c) after considering any recommendations of the financial advisor to the County, to fix and determine the date of any such series of Refunding Bonds, the schedule of annual maturities and amounts of any such series, the interest payment dates of any such series, the amounts and particular bonds of each Refunded Series to be refunded with the proceeds of any such series, the interest rate or rates to be paid by the County with respect to any such series, the date or dates when such refunding shall be effected, whether such series is to be issued in book-entry form and all matters incident to the issuance of such series in book-entry form;

(d) to determine whether the principal of Refunded Bonds shall be paid at maturity, at the earliest redemption date pertaining thereto, or at some later redemption date;

(e) in the event that the County Council by administrative resolution or the County Manager by executive order, as the case may be, determines that it is in the best interests of the County to sell any such series of Refunding Bonds by soliciting competitive bids at public sale, to determine the date, time and place when proposals for the purchase of any such series will be received, to publish and otherwise distribute a suitable notice of sale of such Refunding Bonds and to award any series of Refunding Bonds for which a legally sufficient proposal has been received to the best bidder therefor;

(f) to appoint a bank having trust powers, or a trust company, as Paying Agent for any such series of bonds, notwithstanding the fact that such bank or trust company may have neither its principal office nor any branch office within the County or the State of Maryland, and, if the County Council or the County Manager, as the case may be, deems it appropriate, to appoint a similarly qualified bank or trust company as Alternate Paying Agent, such authority to include the power to agree with respect to the compensation of such Paying Agent and Alternate Paying Agent for the services to be rendered by them and to appoint one or more of such banks or trust companies as Bond Registrars;

(g) to select a trust company or other banking institution as trustee, to hold the trust fund into which the proceeds of the sale of any Refunding Bonds may be deposited under the Refunding Act, to determine the terms of any such trust fund, including any provisions relating to the payment of costs or the payment of a portion of the interest on such series of Refunding Bonds therefrom, and to deliver, as a binding commitment of the County, a trust or escrow agreement pursuant to which such trust fund is established;

(h) to arrange for the preparation and distribution of an appropriate Offering Circular, Official Statement or Official Circular with respect to the sale of any such series, including (without limitation) the employment of a qualified financial printer to print such Offering Circular, Official Statement or Official Circular;

(i) to reserve to the County the option to redeem any such series of bonds in whole or in part, at such times and upon payment of such premiums as the financial advisor to the County may recommend; and

(j) to provide for the issuance of bonds in book-entry form, to provide for the manner of payment of principal of and interest on bonds issued in book-entry form and to enter into appropriate agreements regarding the custody of bonds issued in book-entry form.

SECTION 3. *And be it further enacted,* That the several series of bonds to be issued pursuant to the authority of this Ordinance shall be executed on behalf of the County by the manual or facsimile signature of the President of the County Council and the seal or a facsimile of the seal of the County shall be impressed or imprinted thereon, attested by the manual or facsimile signature of the President of the County Council, the County Manager, the Director of Finance of the County or such other officer as may be specified by ordinance of the County Council. Each such bond shall be authenticated by the manual or facsimile signature of the County Manager or the Director of Finance and by the manual signature of an authorized officer of the Bond Registrar. Notwithstanding the foregoing, in the event bonds are issued in book-entry form the President of the County Council, or the County Manager, may provide that bonds issued in such form need not be authenticated by a Bond Registrar. No bonds issued hereunder shall be valid for any purpose or constitute an obligation of the County unless so authenticated.

Each series of bonds shall be in the form hereinafter set forth, and bonds issued substantially in compliance with such forms, with such insertions, alterations, additions or deletions as herein permitted, when properly executed and authenticated as described above, shall be deemed to constitute unconditional general obligations of the County, to the payment of which, in accordance with the terms thereof, its full faith and credit are pledged, and all the

covenants and conditions contained in such bonds shall be deemed to be binding upon the County in accordance therewith.

In case any official of the County whose signature shall appear on any such bonds shall cease to be such official prior to the delivery of such bonds, or in the case that any such official shall take office subsequent to the date of issue of any such bonds, his signature, in either event, shall nevertheless be valid for the purposes herein intended.

There shall be printed on each series of bonds issued hereunder, the text of the applicable approving legal opinion with respect thereto, such text being duly certified by the manual or facsimile signature of the President of the County Council, unless the bonds are issued in book entry form, in which event, the President of the County Council, or the County Manager, may make alternate arrangements to make the approving legal opinion available to the holder of such bonds.

Authority is hereby conferred on the President of the County Council, or the County Manager, to complete the blanks in such forms with the required information, to insert applicable paragraphs as indicated and to make such additions, deletions and substitutions in such forms, not inconsistent herewith, as may be necessary or desirable in the sale of any such series of bonds or to provide for the sale of any such series of bonds in book-entry form including (without limitation) modifications in the form of bonds to provide for Refunding Bonds issued to refund Refunded Bonds meeting the requirements of Section 24(a)(3)(i) of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement) to be secured by a pledge of the full faith and credit and unlimited taxing power of the County as authorized by Section 2 hereof, or, with respect to bonds sold in book-entry form, to provide for payment of the redemption price of such bonds without presentation thereof to the County or to the Bond Registrar. Without limiting the generality of the foregoing, the President of the County Council, or the County Manager, is hereby specifically authorized to make such additions, deletions and substitutions in such forms, not inconsistent herewith, as such person may deem necessary or desirable in the event that any series of bonds issued hereunder is not made subject to redemption prior to their respective maturities.

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND

No. R- _____

\$ _____

DORCHESTER COUNTY, MARYLAND
GENERAL OBLIGATION BOND
_____ SERIES, ___

Maturity Date

Interest Rate

Dated Date

CUSIP

Registered Holder:

Principal Amount

Dollars

Dorchester County, Maryland, a body politic and corporate of the State of Maryland (the "County"), hereby acknowledges itself indebted for value received, and promises to pay to the Registered Holder shown above or his registered assigns or legal representatives, on the date specified above (unless this bond shall be redeemable, shall have been called for prior redemption and payment of the redemption price made or provided for), upon presentation and surrender of this bond at the principal corporate trust office of _____, _____, (the "Bond Registrar"), 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 and to pay to the registered owner hereof by check or draft, mailed to such registered owner at his address as it appears on the bond registration books kept by the Bond Registrar, interest on such principal sum at the rate per annum shown above until payment of such principal amount upon maturity or until the prior redemption hereof, such interest being payable on _____ and _____ in each year, in like coin or currency, accounting from the most recent date to which interest has been paid or, if no interest has been paid, from the Dated Date shown above. All interest due on this bond shall be payable to the registered owner in whose name this bond is registered on such bond registration books as of the close of business on the Regular Record Date for such interest payment, which shall be the _____. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such

Regular Record Date, and may be paid to the person in whose name this bond is registered as of the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Bond Registrar, notice whereof being given by letter mailed first class, postage prepaid, to the holders of bonds not less than [] days prior to such Special Record Date, at the addresses of such holders appearing on the registration books kept by the Bond Registrar, or may be paid at any time in any other lawful manner not inconsistent with the requirements 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.

The full faith and credit and taxing power of Dorchester County, Maryland, are hereby pledged to the payment of this bond and the interest payable hereon.

[The principal of and interest on this bond are payable from annual appropriations of the proceeds of ad valorem taxes which the County is empowered to levy on real estate, tangible personal property and certain intangible personal property within its territorial limits subject to County taxation.]

[The principal of and interest on this bond are payable primarily from the net revenues and receipts from certain projects, or the utilities of which they form a part, for the use and benefit of which the County has covenanted to fix and collect rates, charges or assessments sufficient to operate and maintain such projects and to pay such principal and interest, when due. Such projects are certain of those [here insert general description of projects, such as water and sewer, etc.] facilities set forth in the [Ordinance] [ordinances of the County pursuant to which the bonds being refunded by this series of bonds were issued].

In the event, in any fiscal year, such net revenues and receipts shall be insufficient to pay the principal of and interest on this bond falling due in such year, the County will make up such deficiency by the appropriation from its general revenues of an amount sufficient for the purpose, and will fund such appropriation by the levy of ad valorem taxes, which it is empowered to levy on real estate, tangible personal property and certain intangible personal property within its territorial limits subject to County taxation.]

The bonds of such issue mature and are payable on _____ in each of the years to __, inclusive, in the following amounts, and bear interest at the following rates per annum:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
_____	\$ _____	_____ %	_____	\$ _____	_____ %

_____	\$ _____	_____ %	_____	\$ _____	_____ %
_____	\$ _____	_____ %	_____	\$ _____	_____ %
_____	\$ _____	_____ %	_____	\$ _____	_____ %

Insert Following Redemption Provisions, If Applicable

The bonds of this issue maturing _____, __, and thereafter are subject to redemption prior to their respective maturities, at the option of the County, either as a whole or in part at any time in any order of their maturities, on or after _____, __, at the following redemption prices expressed as percentages of the principal amount of bonds to be redeemed plus accrued interest thereon to the date fixed for redemption:

<u>Period During Which Redeemed</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____, __, to _____, __	_____ %
_____, __, to _____, __.	_____
On or after _____, __	_____

[Insert mandatory sinking fund redemption provisions if applicable to a particular series of bonds.]

This bond is one of a duly authorized issue of general obligation bonds of the County, designated " _____ Series, __," all dated _____, 20__, all issued in fully registered form in the denomination of \$5,000 each or any integral multiple thereof, and all of like tenor and effect, except as to numbers, interest rates, denominations, maturities and option of redemption. Such bonds are issued pursuant to the authority of [Section 24 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement)], Article 25A of the Annotated Code of Maryland (2001 Replacement Volume and 2002 Supplement), and The Dorchester County Charter, and in accordance with Bill No. 2003-15, passed by the County Council on _____, 2003, and effective _____, 2003, as amended (the "Ordinance").

If less than all of the bonds of any one maturity of this issue shall be called for redemption, the particular bonds or portions of bonds to be redeemed shall be selected by lot by the Bond Registrar. When less than all of a bond in a denomination in excess of \$5,000 shall be so redeemed, then, upon the surrender of such bond, there shall be issued to the registered owner thereof, without charges, for the unredeemed balance of the principal amount of such bond, at the option of such owner, bonds in any of the authorized denominations, the aggregate face amount of such bonds not to exceed the unredeemed balance of the bond so surrendered, and to bear the same interest rate and to mature on the same date as such unredeemed balance.

If, in accordance with the foregoing option, the County elects to redeem all outstanding bonds, or less than all, it will give a redemption notice by letter mailed first class, postage prepaid, to the holders of such bonds at least 30 days prior to the redemption date, at the addresses of such holders appearing on the registration books kept by the Bond Registrar; provided, however, that the failure to mail such notice or any defect in the notice so mailed, or in the mailing thereof shall not affect the validity of the redemption proceedings relating to any other bonds. Such notice shall state whether such bonds are redeemed in whole or in part and, if in part, the maturities and numbers of the bonds called, shall state that the interest on the bonds so called shall cease on the date fixed for redemption, shall state the redemption date and the redemption price, and shall require that the bonds redeemed be then presented for redemption and payment at the principal corporate trust office of the Bond Registrar. From and after the date fixed for redemption, if notice has been given as herein provided, and the funds sufficient for payment of the redemption price and accrued interest shall be available therefor on such date, the bonds so designated for redemption shall cease to bear interest. Upon presentation and surrender in compliance with such notice, the bonds so called for redemption shall be paid by the Bond Registrar at the redemption price. If not so paid on presentation thereof, such bonds so called shall continue to bear interest at the rates expressed therein until paid.

[END OF REDEMPTION PROVISIONS]

The County has appointed _____, _____, _____, as Bond Registrar to open books for the registration and for the transfer of bonds. This bond will be transferable only upon such registration books kept at the principal corporate trust office of the Bond Registrar, by the registered owner hereof in person, or by his 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 and duly executed by the registered owner or his duly authorized attorney.

This bond may be transferred or exchanged at the principal corporate trust office of the Bond Registrar. Upon any such transfer or exchange, the County shall issue a new registered bond or bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar may require payment by the holder of this bond requesting exchange or transfer hereof of any tax, fee, or other governmental charge, shipping fees, and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder hereof for such exchange or transfer. The Bond Registrar shall not be required to transfer or exchange this bond after the mailing of notice calling this bond or portion hereof for redemption as hereinabove described; provided, however, that the foregoing limitation shall not apply to that portion of a bond in excess of \$5,000 which is not being called for redemption.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened, and to be performed precedent to and in the issuance of this bond, does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland and the Charter and Ordinance [of the County referred to above] [(defined herein)], and that the issue of bonds, of which this bond is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Maryland and such Charter.

This bond shall not become obligatory for any purpose or be entitled to any benefit under the above-mentioned laws, Charter or Ordinance until the Certificate of Authentication hereon shall have been signed by the County Manager or Director of Finance in office as of the date hereof and until this bond shall have been authenticated by an authorized officer of the Bond Registrar.

IN WITNESS WHEREOF, Dorchester County, Maryland, has caused this bond to be signed in its name by the [manual] [facsimile] signature of the President its County Council and by its corporate seal [imprinted] [impressed] hereon [in facsimile], attested by the [manual] [facsimile] signature of the President of the County Council, the County Manager or the Director of Finance of the County, or such other officer as may be specified by ordinance of the County Council]; it has caused this bond to be authenticated by the [manual] [facsimile] signature of its County Manager or Director of Finance, all as of the ___ day of ___, 20__.

(SEAL)
MARYLAND

DORCHESTER COUNTY,

ATTEST:

By: _____
President of the County Council

County Manager or Director of Finance

This bond is one of the registered bonds of the _____ Series, ___, of Dorchester County, Maryland.

[NAME OF BOND REGISTRAR]

By: _____
Authorized Officer

County Manager or Director of Finance

Date of Authentication: _____.

[FORM OF CERTIFICATE RELATING TO LEGAL OPINION]

The undersigned President of the County Council of Dorchester County, Maryland, hereby certifies that, upon the original delivery of the Series of bonds of which this bond is one,

of _____, _____, rendered an opinion to the issuer approving the legality of such bonds. The full text of such opinion is as follows:

[Here insert text of approving legal opinion]

The executed original of such opinion and supporting documents relative to the Series of bonds, of which this bond is one, may be examined at the office of the undersigned in Cambridge, Maryland.

President of the County Council
Dorchester County, Maryland

[FORM OF ASSIGNMENT]

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE, OF ASSIGNEE)

the within bond and all rights thereunder and does hereby constitute and appoint
_____ attorney to transfer the within bond on the books kept for the
registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

Notice: Signature(s) must be
guaranteed by a member firm of the
New York Stock Exchange or a
commercial bank or trust company.

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 whatsoever

[END OF FORM OF BOND]

SECTION 4. *And be it further enacted,* That any bonds hereafter sold pursuant to the authority of Section 1 of this Ordinance shall first be offered at public sale to the best bidder therefor and only after the solicitation of competitive bids on a sealed basis by publication of a notice of sale substantially in the form hereinafter set forth, with such insertions, alterations, additions or deletions as are permitted by this Ordinance.

The best bidder for such bonds shall be determined in accordance with a formula and subject to such bid constraints as shall be determined by the President of the County Council, or the County Manager, upon the recommendation of the financial advisor to the County, to be appropriate for the solicitation or determination of the best bid for the bonds. The notice shall be published at least once preceding the date of sale in a newspaper published and of general circulation in the County. The first publication of such notice shall be not less than ten days prior to the date of sale. At the discretion of the President of the County Council, or the County Manager, such notice or a summary thereof may also be inserted one or more times in financial journals published elsewhere in the United States. If more than one series or issue of bonds are offered together, they shall be sold as a unit. All proposals for the purchase of any such bonds shall be made substantially in the form hereinafter set forth, with such insertions, alterations, additions or deletions as are permitted by this Ordinance.

The County may in such notice of sale reserve unto itself the right to reject any or all of the bids made pursuant to such notice and if, pursuant to the power so reserved, all of such bids are so rejected at the public sale of any of the bonds, then the County may, within 30 days, but not thereafter, offer to sell or sell all or any part of such bonds by private sale for a price not less than the best bid received by the County from an acceptable bidder at the public sale thereof, and if such bonds are not sold either at such public sale or at private sale within such 30 day period, then they may not be sold in any manner except upon a subsequent public sale duly advertised in the manner herein specified.

The County may in such notice of sale reserve the right to adjust the principal amount of each maturity of bonds of any series after publication of the notice of sale as provided herein, provided that any such adjustment shall be made in accordance with the procedures set forth in the notice of sale.

The forms of such notice of sale and of such proposals shall be substantially as hereinafter set forth, with the insertions therein indicated, and subject to such insertions, alterations, additions or deletions as the President of the County Council, or the County Manager, may deem advisable due to financial or market conditions prevailing at the time or, in the event that bonds constitute Refunding Bonds meeting the requirements of Section 24(a)(3)(i) of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement), due

to the particular characteristics of such bonds or the security therefor. Without limiting the generality of the foregoing, the President of the County Council, or the County Manager, is hereby specifically authorized, upon recommendation of the financial advisor and bond counsel, to make such insertions, alterations, additions or deletions as he may deem necessary or desirable (A) in the event that the bonds of any series issued hereunder (i) are not made subject to redemption prior to their respective maturities or may be subject to mandatory sinking fund redemption annually in the same amount as the serial maturity for each year, or (ii) constitute Refunding Bonds meeting the requirements of Section 24(a)(3)(i) of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement), or (B) to provide for receipt of bids submitted electronically.

The Bonds will be fully registered in form in the denomination of \$5,000 each or any integral multiple thereof and shall bear interest payable semi-annually on the ___ days of ___ and ___ commencing _____ 20_, until maturity or redemption. Principal of the Bonds will be paid to the registered owner at the principal corporate trust office of _____, _____, _____ (the "Bond Registrar"), upon presentment and surrender of the Bonds. Interest will be paid to the persons in whose names Bonds are registered on the registration books maintained by the Bond Registrar as of the close of business on the Regular Record Date, which is _____, by check mailed to each such person's address as it appears on such bond registration books.

The bonds of each Series, respectively, maturing on _____, 20_, and thereafter are subject to redemption prior to their respective maturities, at the option of the County, as a whole or in part at any time in any order of their maturities, on or after _____, 20_, at the following redemption prices expressed as percentages of the principal amount of bonds to be redeemed plus accrued interest thereon to the date fixed for redemption:

<u>Period During Which Redeemed</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____, ___, to _____, ____	_____%
_____, ___, to _____, ____	_____
On or after _____, ____	_____

Bidders shall state in their proposals the rate or rates of interest to be paid on all the bonds, on which rate or rates their proposals are based and submitted. The rates so named must be in multiples of 1/8 or 1/20 of 1% [, shall not exceed _____% per annum,] and the highest rate named may not exceed the lowest by more than _____%. Bidders may specify more than one rate of interest to be borne by the bonds but may not specify more than one rate for the bonds of any single maturity of all Series[, nor may the rate named for the bonds of any one maturity be less than the rate named for the bonds of any earlier maturity]. As promptly as reasonably practicable after the bids are opened, the County will notify the bidder to whom the bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the County of the initial reoffering prices to the public of each maturity of the bonds (the "Initial Reoffering Prices"). The bonds will be awarded to the bidder naming the lowest interest cost for all the bonds in any legally acceptable proposal and offering to pay not less than [__ % of] par and accrued interest. The lowest interest cost will be determined with respect to each proposal by [here insert the formula for determining the best bid]. Where the proposals of two or more bidders result in the same lowest interest cost, the bonds may be apportioned between such bidders, but if this shall not be acceptable to the County, the County Manager [, or the Director

of Finance of the County [or such other officer] if authorized by the President of the County Council to receive bids,] shall have the right to award all of such bonds to one bidder. THE RIGHT IS RESERVED TO THE PRESIDENT OF THE COUNTY COUNCIL OR THE COUNTY MANAGER [, OR THE DIRECTOR OF FINANCE OF THE COUNTY [or such other officer] IF AUTHORIZED BY THE PRESIDENT OF THE COUNTY COUNCIL TO RECEIVE BIDS,] TO REJECT ANY OR ALL PROPOSALS. The judgment of the County Manager [, or the Director of Finance of the County] [or such other officer] if authorized by the President of the County Council to receive bids,] 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. THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW.

Each proposal must be submitted on the form accompanying the Preliminary Official Statement and must be enclosed in a sealed envelope addressed to the County Manager [, or the Director of Finance of the County] [or such other officer] if authorized by the President of the County Council to receive bids,] Dorchester County, Maryland, County Office Building, Cambridge, Maryland, and marked on the outside "Bid for Purchase of Dorchester County General Obligation Bonds." A certified check, bank cashier's, treasurer's or official check drawn upon or certified by a responsible banking institution and made payable to the order of Dorchester County, Maryland [, or a Financial Surety Bond,] in the amount of [INSERT AMOUNT OF GOOD FAITH DEPOSIT], must be deposited with each proposal as security for compliance with such proposal. [TERMS OF ANY FINANCIAL SURETY BOND ARRANGEMENT]. No interest will be allowed on any such deposit. IN THE EVENT THAT THE SUCCESSFUL BIDDER SHALL FAIL TO COMPLY WITH THE TERMS OF THE BID, THE GOOD FAITH DEPOSIT WILL BE RETAINED AS AND FOR FULL LIQUIDATED DAMAGES. Checks of unsuccessful bidders will be returned promptly after the bonds are awarded.

The bonds are authorized by Article 25A of the Annotated Code of Maryland (2001 Replacement Volume and 2002 Supplement), the Charter of Dorchester County, Maryland, and Bill No. _ -03, passed by the County Council of Dorchester County, Maryland, on _____, 2003, effective _____, 2003, as amended.

The proceeds of the several Series of bonds for which proposals are solicited herein will be expended on the following public purposes: _____.

The full faith and credit and taxing power of Dorchester County, Maryland, are pledged to the payment of the above-described bonds and of the interest to accrue thereon.

[The principal of and interest on the above-described Series of bonds are payable from annual appropriations of the proceeds of ad valorem taxes which the County is empowered to levy on real and personal property and certain intangible personal property subject to assessment for unlimited County taxation.]

[The principal of and interest on the above-described Series of bonds are payable primarily from the net revenues of the above-described projects or the utilities of which they are a part, for the use and benefit of which the County has covenanted to fix and collect rates, charges and assessments sufficient to pay costs of operation, maintenance and debt service. In the event of a deficiency in such net revenues, the County is obligated to make up the same by an appropriation of the proceeds of ad valorem taxes which it is empowered to levy on real and personal property and certain intangible personal property subject to assessment for unlimited County taxation.]

[The sources of revenue for the payment of the principal of and interest on the above-described bonds are as follows. Bonds of the _____ Series, 20__, _____ Series, 20__, and _____ Series, 20__, are payable from annual appropriations of the proceeds of ad valorem taxes which the County is empowered to levy on real and personal property and certain intangible personal property subject to assessment for unlimited County taxation. Bonds of the _____ Series, 20__, _____ Series, 20__, and _____ Series 20__, are likewise payable from such appropriations in the event of any deficiency in the primary sources of payment. Such primary sources of payment are the net revenues of the projects for which such bonds are to be issued, or the utilities of which they are a part, for the use and benefit of which the County has covenanted to fix and collect rates, charges and assessments sufficient to pay the costs of operation, maintenance and debt service.]

The bonds of each Series described above will be issued and sold subject to approval as to legality by _____, of _____, _____ Bond Counsel, whose approving opinions will be delivered, upon request, to the purchaser or purchasers of the bonds, without charge; the text of the applicable opinion will also be printed on each bond. Such opinions shall be substantially in the forms included in Appendix __ to the Preliminary Official Statement referred to below.

When delivered, the bonds shall be duly executed and authenticated and registered in such names and in such denominations as the successful bidder shall have requested in writing not less than __ business days prior to the closing; and the remaining aggregate principal amount of the bonds of each maturity of each Series for which no instructions have been received by such date will be issued as one bond of such maturity of such Series in the denomination of such

remaining aggregate principal amount or as bonds in such denominations as shall be mutually agreed upon by the successful bidder and the County and registered in the name of the successful bidder.

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 a 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.

As soon as practicable after the award of the bonds to the successful bidder on the day of sale, the County, by its County Manager or Director of Finance of the County, 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 County 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 County 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 ___ copies of the Official Statement (and any amendments or supplements thereto.)

Delivery of such bonds, without expense, will be made by the County Manager [, or the Director of Finance of the County] [or other such officer] if authorized by the President of the County Council,] to the purchaser or purchasers on ___, 20 __, or as soon as practicable thereafter, at _____, and, thereupon, such purchaser or purchasers will be required to accept delivery of the bonds purchased and pay, in _____ funds, the balance of the purchase price due. Such 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 included in this issue. [It shall be a condition to the obligation of such purchaser or purchasers to accept delivery of and pay for the bonds that, simultaneously with or before delivery and payment for the bonds, such purchaser or purchasers shall be furnished a certificate or certificates of the President of the County Council, the County Manager and the Director of Finance of the County 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, 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 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 County, except as reflected or contemplated in the Official Statement.]

[SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY 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 the establishment of an artificial price for the bonds.]

The Preliminary Official Statement, together with this Notice of Sale and the required form of proposal, may be obtained from the office of the Director of Finance, Dorchester County, County Office Building, Cambridge, Maryland or from the County's financial advisor,

DORCHESTER COUNTY, MARYLAND

By: _____
President of the County Council

[END OF FORM OF NOTICE OF SALE]

we will pay _____ Dollars (\$_____) plus a premium of _____ Dollars (\$_____) plus interest on such bonds accrued from _____ to the date of delivery.

We enclose herewith a certified, bank cashier's, treasurer's or official check for \$_____, payable to the order of Dorchester County, Maryland [or Financial Surety Bond in like sum]. If this proposal is accepted, such sum is to be held as security for the performance of this proposal, and is to be applied on the purchase price of the bonds when the bonds are delivered and paid for under the terms of this proposal, or is to be retained as and for full liquidated damages in case we fail so to take up and pay for the bonds.

[WE UNDERSTAND THAT (A) WE ARE TO PROVIDE A CERTIFICATION REGARDING THE PUBLIC SALE OF THE BONDS AS DESCRIBED IN THE NOTICE OF SALE ON OR PRIOR TO THE CLOSING DATE AND (B) IF NOTIFIED THAT WE ARE THE SUCCESSFUL BIDDER, WE WILL BE REQUIRED TO ADVISE THE COUNTY OF THE INITIAL REOFFERING PRICES (AS DEFINED IN THE NOTICE OF SALE) FOR EACH MATURITY OF THE BONDS AT THE TIME OF SUCH NOTIFICATION. In this regard, you may contact and rely on the information provided by _____, whose telephone number is _____.]

(NOTE: Not part of proposal. The following information is requested to expedite and facilitate prompt determination of the best bid. The omission or inaccuracy of these figures will not affect the validity of the proposal. Total [true] [net] interest cost of the proposal is \$_____ [and the average net rate of interest is _____ %].)

For your information you will find attached a list of the group of underwriters associated with us in this proposal.

[END OF PROPOSAL FOR BONDS]

SECTION 5. *And be it further enacted,* That in order to avoid the issuance of a greater amount of bonds for the capital projects listed in Exhibit I than is needed therefor, and in order to permit the construction of such projects to proceed prior to the issuance of such bonds and at the same time afford the County maximum flexibility in selecting the most advantageous times for such issuance, the County may provide needed capital funds by the issue and sale of its bond anticipation notes pursuant to the authority of Section 12 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement) (the "Bond Anticipation Note Act"). Such notes shall bear the same series identification as the bonds authorized in Section 1 hereof.

(1) The maximum principal amount of such notes issued pursuant to this Section which may be outstanding at any time shall not exceed the aggregate principal amount of bonds authorized to be issued pursuant to Section 1 hereof unless and until otherwise provided by the County Council by ordinance. The notes may be paid at or prior to maturity from the proceeds of the issuance and sale of the bonds in anticipation of which such notes were issued or from the proceeds of refunding bond anticipation notes. Except as otherwise provided herein, in the event of such an advance refunding, the proceeds of such refunding bonds or notes shall be held in escrow, to the extent and in the amount necessary to refund the outstanding series of notes, for the benefit of the holders of the outstanding series of notes. Such refunding bond anticipation notes, if issued, will constitute a reissuance of the bond anticipation notes authorized by this Ordinance and shall not constitute additional indebtedness under such authorization.

(2) The notes shall be issued in registered form without coupons or in bearer form without coupons, in the denomination of \$5,000 each or any integral multiple thereof, as may be determined by the President of the County Council, or the County Manager. Each such note shall be dated (i) as of the first or fifteenth day of the month in which it is sold, and accrued interest shall be adjusted to such date or (ii) as of the date of the initial sale and delivery of such note, all as may be determined by the President of the County Council, or the County Manager. All of the notes authorized hereby shall mature and be payable on such date as may be determined by the County Council by administrative resolution, or the County Manager by executive order, within the limitations of this Ordinance and the Bond Anticipation Note Act. The County Council by administrative resolution, or the County Manager by executive order, may also provide for (a) the extension of maturity of such notes, at the option of the County exercised by the President of the County Council or the County Manager, for an additional period not in excess of six months, upon such terms and conditions as the President of the County Council, or the County Manager, shall prescribe and (b) the redemption of such notes prior to their maturity, with or without premium or penalty.

(3) All or any part of such notes may be issued in series as funds are required. Authority is hereby conferred on the County Council by administrative resolution, or the County Manager by executive order, to determine whether such notes will be issued in such series and, if so, when each such series of notes will be delivered to the purchaser thereof.

(4) The President of the County Council, or the County Manager, shall provide for the establishment and maintenance of books for the registration and transfer of registered notes, which books may be maintained by a Note Registrar appointed by the President of the County Council, or the County Manager.

(5) Notes to be issued pursuant to the authority of this Ordinance shall be executed on behalf of the County by the manual or facsimile signature of the President of the County Council and the seal of the County or a facsimile thereof shall be impressed or imprinted thereon, attested by the manual or facsimile signature of the President of the County Council, the County Manager, the Director of Finance of the County or such other officer as may be specified by ordinance of the County Council. Each note shall be authenticated by the manual or facsimile signature of the County Manager or the Director of Finance. In the event that registered notes are issued, the President of the County Council, or the County Manager, may provide for authentication of such registered notes by a Note Registrar in such form as either shall deem appropriate.

(6) The notes shall bear interest at such rate or rates as shall be established by the County Council by administrative resolution, or the County Manager by executive order, which rate or rates may vary according to an established index. Interest on the notes shall be payable on such dates and in such manner as shall be established by the President of the County Council, or the County Manager.

(7) Unless otherwise provided by an ordinance of the County Council prior to the issuance of any of such notes, authority is hereby conferred on the President of the County Council, or the County Manager, to sell such notes on the most favorable terms available from time to time, without solicitation of competitive bids, at private (negotiated) sale, and such method of sale is hereby found and determined to be in the best interests of the County. If the President of the County Council, or the County Manager, shall determine that the best interests of the County will be served by the sale of all or part of the notes at a public sale with the solicitation of competitive bids, the President of the County Council or the County Manager, as the case may be, is hereby authorized to sell such notes in such manner. Such notes shall be sold at a price equal to the par value thereof plus accrued interest to the date of delivery, or upon written recommendation of the financial advisor to the County that a discount bid would be expected to provide a more favorable interest rate to the County by facilitating the underwriting

of the County's notes in then-current market conditions, the President of the County Council, or the County Manager, may authorize such notes to be sold at a price not less than 99% of par plus accrued interest to date of delivery.

In the event that such notes are sold at private (negotiated) sale, the President of the County Council, or the County Manager, is hereby authorized to negotiate with any bank, banker or other financial institution for a loan commitment and to deliver to such bank, banker or other financial institution such notes at one time or from time to time, as funds are required, pursuant to the terms of such commitment, and to execute and deliver any and all documents necessary or deemed appropriate by the President of the County Council or the County Manager, as the case may be, to consummate the sale of such notes at private (negotiated sale) and to accomplish any and all actions necessary or deemed appropriate by the President of the County Council or the County Manager, as the case may be, to issue and deliver such notes to the purchaser thereof in accordance with the provisions of this Ordinance and any such commitment.

In the event that such notes are sold at public sale, the President of the County Council, or the County Manager, is hereby authorized (i) to determine the timing, terms and conditions thereof, (ii) to publish an appropriate notice of sale, such notice of sale to be in the general form of the form of the notice of sale included herein in Section 1 for the sale of bonds authorized by Section 1 hereof, with such alterations, deletions, substitutions and additions as the President of the County Council, or the County Manager, shall deem necessary or appropriate to provide for proper notice of the sale of notes, (iii) to determine the date, time and place when proposals will be accepted for such notes, such proposals to specify the interest rate or rates to be paid on such notes, the price to be paid for such notes and such other matters as the President of the County Council or the County Manager, as the case may be, may deem necessary or desirable in order to sell and deliver such notes and to award such notes at public sale to the successful bidder for such notes, and (iv) to execute and deliver any and all documents necessary or deemed appropriate by the President of the County Council or the County Manager, as the case may be, to consummate the sale of such notes at public sale and to accomplish any and all actions necessary or deemed appropriate by the President of the County Council or the County Manager, as the case may be, to issue and deliver such notes to such underwriters or purchasers in accordance with the provisions of this Ordinance and any contract of sale with the successful bidder for the notes.

(8) The authority conferred on the President of the County Council, or the County Manager, in paragraph (9) of Section 1 of this Ordinance in connection with the issuance of bonds hereunder, with respect to the appointment of paying agents and a registrar, a financial printer and a securities printer and the preparation and distribution of an appropriate Offering

Circular, Official Statement or Official Circular, may also be exercised with respect to the issuance and sale of bond anticipation notes hereunder.

(9) With respect to any notes issued, the County hereby covenants and agrees with the holder or holders thereof to issue, upon its full faith and credit, the bonds in anticipation of the sale of which such notes are issued when, and as soon as, the reason for deferring the issuance thereof no longer exists and to pay the principal of and interest on (to the extent such interest has not been capitalized, or otherwise paid, by appropriations from current revenues as hereinbefore authorized) such notes from the proceeds of such bonds. This covenant shall be binding upon the County notwithstanding any limitation set forth in this Ordinance, including (without limitation) any limitation with respect to the interest rate or rates that the bonds may bear. If the County shall be unable, for reasons beyond its control, to issue and sell its bonds as described above, or if the proceeds from the sale of such bonds shall be insufficient to pay the principal of and interest on any notes issued, then the revenues from taxes and other sources intended for application to debt service on such bonds shall be applied to the payment of the interest on and principal of the notes. The foregoing provisions shall not be construed so as to prohibit the County from paying the principal or redemption price of and interest on any note issued hereunder from the proceeds of the sale of any other note issued hereunder, or from any other funds legally available for that purpose.

If the County shall be unable, for reasons beyond its control, to issue and sell its bonds, or if the proceeds from the sale of such bonds shall be insufficient to pay the principal of or interest on any notes issued, then the County hereby covenants that, in each fiscal year during which any such bond anticipation notes are outstanding, it will appropriate sufficient funds in each year to pay the principal of such bond anticipation notes and the interest thereon due in such fiscal year. The County hereby further covenants that, to the extent any such appropriation is not offset by funds from other sources or by project revenues, it will fund any such appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County, and in addition, on such other intangible property as may be subject to taxation by the County within limitations prescribed by law. In such event, in the case of any series of bond anticipation notes issued to finance self-liquidating projects of the County, the principal of and interest on any such notes shall be payable primarily from the net revenues and receipts from such projects, or the utilities of which they form a part. If any such series of bond anticipation notes shall be issued to finance such self-liquidating projects and the County shall be unable for reasons beyond its control to issue and sell the bonds in anticipation of the sale of which such notes are issued, or if the proceeds from the sale of such bonds shall be insufficient to pay the principal of or interest on such notes, then the County covenants to fix such rates and charges for the use of any such project, or the utility of which it forms a part, as will generate sufficient revenues to pay the annual cost of maintenance and operation thereof and

to pay the maturing principal of and interest on any such series of bond anticipation notes when due, and the County further covenants and agrees to apply such revenues against appropriations for such maintenance, operation and debt service in each year. The County may apply to the payment of the principal of and interest on the aforementioned notes any funds granted or otherwise obtained and legally available for the payment of the principal of and interest on the notes; and to the extent that any such funds received or receivable in any fiscal year are applied to such purposes, the taxes, rates and charges required to be levied or assessed pursuant to this paragraph shall be reduced proportionately.

(10) In the event that any notes (the "Outstanding Notes") issued hereunder are outstanding on the date that the bonds in anticipation of which such notes are issued are delivered in exchange for the purchase price thereof (the "Delivery Date"), the Director of Finance shall deposit with the paying agent for the notes, or a trustee or escrow agent, on the Delivery Date (i) cash in an amount equal to the principal of the Outstanding Notes or (ii) direct obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America, the principal of and interest on which will be sufficient without reinvestment to pay in a timely manner the principal of the Outstanding Notes when due. Such paying agent or trustee or escrow agent is hereby irrevocably directed to apply such cash or the proceeds of such obligations to the payment of the principal of the Outstanding Notes when due. The County may provide such cash or obligations from the proceeds of the sale of such bonds or from any other funds legally available for such purpose. On the Delivery Date, the Director of Finance shall also deposit with the paying agent for the Outstanding Notes, or a trustee or escrow agent (i) cash in an amount equal to the interest on the Outstanding Notes when due or (ii) direct obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America, the principal of and interest on which will be sufficient without reinvestment to pay in a timely manner interest on the Outstanding Notes when due. The County may provide such cash or obligations from the proceeds of the sale of bonds available for that purpose or from any other funds legally available for such purpose. Notwithstanding the foregoing, if the Delivery Date and the date on which the Outstanding Notes mature are in different fiscal years, and moneys for the payment of the interest on the Outstanding Notes have not been finally appropriated in the fiscal year in which the bonds are delivered, and if the Delivery Date is after the date on which the budget for the succeeding fiscal year has been submitted to the County Council and provision for the payment of the interest on such Outstanding Notes has been made in such budget, in lieu of the deposit of such cash or obligations for the payment of interest on the Outstanding Notes, the President of the County Council, the Director of Finance and the County Manager may deliver a certificate on the Delivery Date of the bonds stating that funds sufficient to pay the interest on the Outstanding Notes have been included in the budget for the next succeeding fiscal year (it being provided by the Bond Anticipation Note Act that the notes shall be payable from the first proceeds of the sale of the bonds, or from the tax or other revenue

which the County shall have previously determined to apply to the payment of the bonds and the interest thereon). Upon the deposit with the paying agent for the Outstanding Notes, or a trustee or escrow agent, of cash or obligations sufficient to provide for the payment of the principal of and interest on such notes when due, as described above, such notes shall be deemed to be paid and no longer outstanding hereunder.

(11) All of such notes shall be in substantially the following form with such appropriate insertions, changes or modifications as herein permitted and as the President of the County Council, or the County Manager, shall deem appropriate and are within the limitations of this Ordinance and the Bond Anticipation Note Act. Without limiting the generality of the foregoing, the President of the County Council, or the County Manager, is hereby specifically authorized to make such insertions, alterations, additions or deletions as he may deem necessary or desirable to accommodate the method of preparation of the notes, including (without limitation) not printing the legal opinion on such notes in the event such notes are delivered in typewritten form. Such form is hereby declared to be the form in which the obligations hereby authorized shall be incurred by the County, and all the terms, covenants and conditions therein set forth are hereby declared binding on the County when and as any such notes are issued and sold hereunder.

[FORM OF NOTE]

[NOTE: Bracketed material marked with "*" should be inserted for registered Notes without coupons; bracketed material marked with "***" should be inserted for bearer Notes without coupons; other bracketed material should be inserted if appropriate.]

No. [* R-]_____

\$_____

UNITED STATES OF AMERICA
STATE OF MARYLAND
DORCHESTER COUNTY, MARYLAND

BOND ANTICIPATION NOTE
_____ SERIES, 20_

Maturity Date

Interest Rate

Dated Date

CUSIP

[* Registered Holder:]

Principal Amount

Dollars

DORCHESTER COUNTY, MARYLAND, a body politic and corporate of the State of Maryland (the "County"), hereby acknowledges itself indebted for value received, and promises to pay to [* the Registered Holder shown above or his registered assigns or legal representatives] [** the bearer hereof, or if this note be registered otherwise than to bearer, then to the registered holder hereof], on the Maturity Date specified above [(unless this note shall be redeemable, shall have been called for prior redemption and payment of the redemption price made or provided for)], [** the Principal Sum shown above and, on such date [or upon prior redemption], to pay the bearer hereof, or if this note be registered otherwise than to the bearer, then to the registered holder hereof, the interest due on such principal sum from the date hereof, computed at the rate per annum shown above, based on a ____-day year applied to actual days elapsed.] [* upon presentation and surrender of this note at [the office of the Director of Finance,

County Office Building, Cambridge, Maryland] [or at] [the principal offices of _____] (the "Note Registrar"), 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 and to pay to the registered owner hereof by check or draft, mailed to such registered owner at his address as it appears on the note registration books kept by the Note Registrar, interest on such principal sum at the rate per annum shown above until payment of such principal amount upon maturity [or upon prior redemption], such interest being payable on _____ and _____ in each year, in like coin or currency, accounting from the most recent date to which interest has been paid or, if no interest has been paid, from the Dated Date shown above. All interest due on this note shall be payable to the registered owner in whose name this note is registered on such note registration books as of the close of business on the Regular Record Date for such interest payment, which shall be _____. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this note is registered as of the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Note Registrar, notice whereof being given by letter mailed first class, postage prepaid, to the holders of notes not less than 30 days prior to such Special Record Date, at the addresses of such holders appearing on the registration books kept by the Note Registrar, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the notes of this series may be listed and upon such notice as may be required by such exchange.]

[** This note is issued in bearer form and, in such form, the principal of and interest on this note are payable at [the office of the Director of Finance, County Office Building, Cambridge, Maryland] [or at] [the principal offices of _____], Paying Agent, in any coin or currency of the United States of America which is on the date of payment, legal tender for the payment of public and private debts. This note is registrable as to principal and interest by the Paying Agent which has also been designated Note Registrar and if so registered, in the owner's name or to bearer, the principal of and interest on this note will be payable only at [the office of the Director of Finance, County Office Building, Cambridge] [or at] [the principal offices of _____.]

[** The County has appointed the Paying Agent named above as Note Registrar and has caused such Note Registrar to open books for the registration and for the transfer of notes of this issue.]

[** This note shall pass by delivery unless registered as to principal and interest, in the owner's name, upon such registration books kept by the Note Registrar and unless such registration shall be noted on the back of this note by such Note Registrar, after which no transfer hereof shall be valid unless so made on such registration books upon the order of the registered

owner hereof in person or of his attorney, duly authorized in form satisfactory to the Note Registrar, and similarly noted on this note, but this note may thereafter be transferred in the manner described above to bearer, after which it shall again be transferable by delivery, but it may again be registered as before.]

This note is one of a duly authorized issue of bond anticipation notes of the County, designated _____ Series, 20__, all dated _____, [* all issued in fully registered form in the denomination of \$5,000 each or any integral multiple thereof,] and all of like tenor and effect, except as to numbers [, interest rates, denominations, maturities and option of redemption]. [The notes of such issue are in the denomination of \$ _____, are numbered consecutively from No. 1 upward, and mature and are payable on _____.] Such notes are issued pursuant to the authority of Section 12 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement) and The Dorchester County Charter, and in accordance with Bill No. 2003-15 passed by the County Council on _____ 2003, and effective on _____ (the "Ordinance").

Such notes mature and are payable on _____ in each of the years ___ to _____, inclusive, in the following amounts, and bear interest at the following rates per annum:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
_____	\$ _____	_____ %	_____	\$ _____	_____ %
_____	\$ _____	_____ %	_____	\$ _____	_____ %
_____	\$ _____	_____ %	_____	\$ _____	_____ %
_____	\$ _____	_____ %	_____	\$ _____	_____ %

[The notes of this issue maturing _____, and thereafter are subject to redemption prior to their respective maturities, at the option of the County, either as a whole at any time, or in part in any order of their respective maturities on any interest payment date, on or after ____, at a price of par plus accrued interest to the date fixed for redemption, plus the following premiums, calculated as a percentage of the par value of the notes so redeemed:

___%, if redeemed _____, to _____;
 ___%, if redeemed _____, to _____;
 and without premium, if redeemed thereafter.

If less than all the notes of any one maturity of this issue shall be called for redemption, the particular notes or portions of notes to be redeemed shall be selected by lot by the Note Registrar.]

[[* When less than all of a note in a denomination in excess of \$5,000 shall be so redeemed, then, upon the surrender of such note, there shall be issued to the registered owner thereof, without charges, for the unredeemed balance of the principal amount of such note, at the option of such owner, notes in any of the authorized denominations, the aggregate face amount of such notes not to exceed the unredeemed balance of the note so surrendered, and to bear the same interest rate and to mature on the same date as such unredeemed balance.]]

[If, in accordance with the foregoing option, the County elects to redeem all outstanding notes, or less than all, it will give [* a redemption notice by letter mailed first class, postage prepaid, to the holders of such notes at least 30 days prior to the redemption date, at the addresses of such holders appearing on the registration books kept by the Note Registrar; provided, however, that the failure to mail such notice or any defect in the notice so mailed or in the mailing thereof shall not affect the validity of the redemption proceedings relating to any other notes] [** notice of its intention to redeem by publication at least once in each of ___ successive calendar weeks (the first publication to be not less than _____ () days prior to the date fixed for redemption) in a financial journal or a daily newspaper of general circulation in the Borough of Manhattan, City and State of New York]. Such notice shall state whether such notes are redeemed in whole or in part and, if in part, the maturities and numbers of the notes called, shall state that the interest on the notes so called shall cease on the date fixed for redemption, shall state the redemption date and the redemption price, and shall require that the notes redeemed be then presented for redemption and payment at the principal corporate trust office of the Note Registrar. [** With respect to notes registered as to principal and interest redeemed, the County will give a similar redemption notice by letter mailed first class, postage prepaid, to the holders of such notes at least ___ () days prior to the redemption date, at the addresses of such holders appearing on the registration books kept by the Note Registrar; provided, however, that failure to give notice as provided herein to the registered holder of any note shall not affect the validity of the proceedings for the redemption thereof.] From and after the date fixed for redemption, if notice has been given as herein provided, and the funds sufficient for payment of the redemption price and accrued interest shall be available therefor on such date, the notes so designated for redemption shall cease to bear interest. Upon presentation and surrender in compliance with such notices, the notes so called for redemption shall be paid by the Note Registrar at the redemption price. If not so paid on presentation thereof, such notes so called shall continue to bear interest at the rates expressed therein until paid. All notes redeemed and paid hereunder will be canceled.]

[* The County has appointed _____, _____, as Note Registrar to open books for the registration and for the transfer of notes. This note will be transferable only upon such registration books kept at the principal corporate trust office of the Note Registrar, by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in the form attached hereto and satisfactory to the Note Registrar and duly executed by the registered owner or his duly authorized attorney.]

[* This note may be transferred or exchanged at the principal corporate trust office of the Note Registrar. Upon any such transfer or exchange, the County shall issue a new registered note or notes without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the note exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Note Registrar may require payment by the holder of this note requesting exchange or transfer hereof of any tax, fee, or other governmental charge, shipping fees, and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder hereof for such exchange or transfer. The Note Registrar shall not be required to transfer or exchange this note after the mailing of notice calling this note or portion hereof for redemption as hereinabove described; provided, however, that the foregoing limitation shall not apply to that portion of a note in excess of \$5,000 which is not being called for redemption.]

In the event that this note is outstanding on the date that the bonds in anticipation of which this note is issued are delivered, the Ordinance permits, and in certain circumstances requires, that the County deposit with the [Note Registrar] [Paying Agent] or a trustee or escrow agent, on such date (i) cash in an amount equal to the principal of and interest on this note at maturity or (ii) direct obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America, the principal of and interest on which will be sufficient without reinvestment to pay in a timely manner the principal of and interest on this note when due. Upon the deposit with the [Note Registrar] [Paying Agent] or a trustee or escrow agent, of cash or obligations as described above, with irrevocable instructions to apply such cash or the proceeds of such obligations to the payment of the principal of and interest on this note, this note shall be deemed to be paid and no longer outstanding under the Ordinance. The Ordinance permits the County to provide such cash or obligations from the proceeds of the sale of such bonds or from any other funds legally available for such purpose.

[[* Upon __ days written notice, by notice [delivered] [mailed first class] to the registered holders of the notes at their addresses as they appear on the registration books kept by the Note Registrar, the County may, at its option, and by endorsement in the space provided on the reverse side of the notes, extend the maturity date of the notes and all covenants and conditions therein for an additional period of _____ () months from such maturity date at [RATE OF INTEREST], and

such extension shall be deemed a renewal thereof and shall in no way constitute a default thereunder or a waiver of any of the covenants and conditions thereof.]] (The Form of Legal Certification and Form of Assignment for the Notes shall be identical to the Form of Legal Certification and Form of Assignment contained in Section 3 of this Ordinance, except that the words "note" and "notes" shall be substituted for all occurrences of the words "bond" and "bonds" in such forms, respectively.)

It is hereby certified, recited and declared by the County: (a) that the series of notes, of which this note is one, has been authorized for valid public purposes which the County is empowered by law to undertake and perform; (b) that the County is authorized by law to issue and sell its bonds to provide funds for such public purposes and for the payment of this note and the interest hereon; (c) that the County has, by official action, covenanted to issue and sell its bonds in anticipation of the sale of which such series of notes has been issued as soon as the reason for deferring the issuance thereof no longer exists and to pay the principal of and interest on this note from the proceeds of the sale of such bonds; (d) that, by such official action, the County has also pledged to the payment of the notes of such series and the interest thereon, the proceeds of the taxes or other charges levied or imposed for the payment of such bonds and the interest thereon, until such time as all of such notes and the interest thereon are fully paid; (e) that the total authorized notes of such series, together with all outstanding indebtedness of the County, is within every debt and other limit prescribed by the Constitution and Laws of the State of Maryland and by The Dorchester County Charter; (f) that all other acts, conditions and things required to exist, to be done, to have happened and to be performed, precedent to and in the issuance of this note, do exist, have been done, have happened and have been performed, in full and strict compliance with the Constitution and Laws of the State of Maryland and with such County Charter; (g) that the full faith and credit of the County is hereby unconditionally pledged to the payment of this note and of the interest to accrue hereon; and (h) that no litigation is pending or threatened in any manner affecting the validity of this note or the power of the County to make the same or in any manner challenging the status or existence of the County as a body corporate and politic of the State of Maryland or its power to expend the proceeds of this note on the purposes intended.

[* This note shall not become obligatory for any purpose or be entitled to any benefit under the within-mentioned laws, Charter or Ordinance until the Certificate of Authentication hereon shall have been signed by the County Manager or the Director of Finance of the County in office as of the date hereof or his authorized deputy and until this note shall have been authenticated by an authorized officer of the Note Registrar.]

IN WITNESS WHEREOF, Dorchester County, Maryland, has caused this note to be signed in its name by the manual or facsimile signature of its President of the County Council

and by its corporate seal impressed hereon, or imprinted hereon in facsimile, attested by the manual or facsimile signature of the [[President of the County Council], [the County Manager], [the Director of Finance] or [such other officer as may be specified by ordinance of the County Council]]; it has caused this note to be authenticated by the facsimile or manual signature of its County Manager or Director of Finance, all as of the ___ day of _____, 20__.

(SEAL)

DORCHESTER COUNTY, MARYLAND

ATTEST:

By: _____

President of the County Council

County Manager

This note is one of the notes of the _____ Series, 20__, of Dorchester County, Maryland.

County Manager or Director of Finance

[* [NAME OF NOTE REGISTRAR]

By: _____

Authorized Officer

[* (Form of Renewal of Maturity if Note is Subject to Extension)

Pursuant to the option reserved in the within note, the maturity date of such note is hereby extended by Dorchester County, Maryland, to _____, 20__.

DORCHESTER COUNTY, MARYLAND

By: _____

President of the County Council

Date: _____.]

[END OF FORM OF NOTE]

SECTION 6. *And be it further enacted,* That, the provisions hereinafter set forth in Sections 6(1), (2), (3), (4) and (5) shall be applicable with respect to bonds (including Refunding Bonds) or bond anticipation notes issued and sold hereunder on the basis that the interest on such bonds or notes will be excludable from gross income for federal income tax purposes.

(1) The President of the County Council and the County Manager shall be the officer of the County responsible for the issuance of any bonds or bond anticipation notes hereunder within the meaning of the Arbitrage Regulations (defined herein). The President of the County Council and the County Manager shall also be the officer of the County responsible for the execution and delivery (on the date of issuance of the bonds or bond anticipation notes) of a certificate of the County (the "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 official is hereby directed to execute the Section 148 Certificate and to deliver the same to bond counsel on the date of the issuance of the bonds or bond anticipation notes.

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

(3) The County covenants and agrees with each of the holders of any of the bonds or bond anticipation notes 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 or bond anticipation notes to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. The County further covenants that it will comply with Section 148 and the regulations thereunder which are applicable to the bonds or bond anticipation notes on the date of issuance of the bonds or bond anticipation notes and which may subsequently lawfully be made applicable to the bonds or bond anticipation notes.

(4) The County further covenants that it shall make such use of the proceeds of the bonds or bond anticipation notes, regulate the investment of the proceeds 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 or bond anticipation notes. All officers,

employees and agents of the County 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 or bond anticipation notes, as may be necessary or appropriate from time to time to comply with, or to evidence the County's compliance with, the covenants set forth in this Section.

(5) The President of the County Council and the County Manager, on behalf of the County, may make such covenants or agreements in connection with the issuance of bonds or bond anticipation notes issued hereunder as such person shall deem advisable in order to assure the registered owners of such bonds or notes that interest thereon shall be and remain excludable from gross income for federal income tax purposes, and such covenants or agreements shall be binding on the County so long as the observance by the County of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on such bonds or notes from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the County regarding compliance with the provisions of the Internal Revenue Code of 1986, as amended, as the President of the County Council and the County Manager shall deem advisable in order to assure the registered owners of such bonds or notes that the interest thereon shall be and remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the investment of the proceeds of such bonds or notes, the payment of rebate (or payments in lieu of rebate) to the United States, limitations on the times within which, and the purpose for which, such proceeds may be expended, or the use of specified procedures for accounting for and segregating such proceeds.

(6) Notwithstanding anything in this Ordinance to the contrary, bonds or bond anticipation notes issued and sold hereunder may be issued and sold on the basis that the interest on such bonds or notes will not be excludable from gross income for federal income tax purposes.

SECTION 7. *And be it further enacted*, That, notwithstanding any other provisions of this Ordinance, in order (i) to comply with the bond registration requirements of, and to conform with, developing practices in the municipal bond market, including practices of bond registrars and paying agents, (ii) to facilitate generally the issuance and sale of general obligation bonds by the County, including compliance with disclosure and similar requirements and (iii) insofar as possible, to simplify issuance procedures, the President of the County Council, or the County Manager, as the case may be, is hereby authorized (a) to apply the provisions of this Ordinance, (b) to make determinations and decisions required by this Ordinance, (c) to make such insertions, modifications and corrections to the forms of bonds, the forms of notes, form of notice of sale and form of proposal for bonds authorized hereby, including modifications to the method of

publication in connection with the redemption of any bonds, (d) to enter into agreements on behalf of the County and (e) to take all and any other actions under this Ordinance in the manner and to the extent that the President of the County Council or the County Manager, as the case may be, may deem necessary or appropriate to accomplish the stated purposes, taking into account the recommendations of bond counsel and financial advisor to the County, including the making of agreements to facilitate the foregoing.

SECTION 8. *And be it further enacted,* That, the Director of Finance is hereby designated as the authorized deputy of the County Manager for the purpose of authenticating any bonds or bond anticipation notes issued hereunder. In addition, the President of the County Council may deliver a written certificate at or prior to the time of the issuance of any bonds issued hereunder designating such other person or persons as he shall deem appropriate as an authorized deputy or deputies of the County Manager for the purpose of authenticating any bonds or bond anticipation note issued hereunder.

SECTION 9. *And be it further enacted,* That the County is hereby authorized to borrow money and incur indebtedness otherwise authorized to be borrowed and incurred hereunder in the form of bonds or bond anticipation notes by obtaining a loan (a "Water Quality Loan") from the Maryland Water Quality Financing Administration (the "Administration") pursuant to and in accordance with Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland (1996 Replacement Volume and 2002 Supplement) (the "Act"). Such Water Quality Loans may be obtained by the County hereunder from time to time. Any such Loan shall be evidenced by a loan agreement (a "Water Quality Loan Agreement") between the County and the Administration and a bond issued by the County (a "Water Quality Bond").

It is acknowledged that the proceeds of any Water Quality Loan will be used for the public purposes of financing a portion of the costs of acquiring, constructing and equipping certain wastewater facilities or water supply systems, each as defined in the Act (collectively, the "Water Quality Facilities"), including the development of property, the acquisition and installation of equipment and furnishings and any architectural, financial, legal, planning and engineering expenses. It is intended that the proceeds of any Water Quality Loan undertaken by the County pursuant to this Section 9 may be expended on the applicable Water Quality Facility and any related costs, including costs of the Administration and the funding of reserves, to the extent permitted by the Act and to the extent provided in the applicable Water Quality Loan Agreement or Water Quality Bond. It is acknowledged that Water Quality Facilities as defined above may include projects that the County classifies as wastewater projects, water projects or under some other classification.

Unless otherwise provided in this Section 9, limitations, procedures or requirements set forth in this Ordinance for the issuance, sale and delivery of bonds or bond anticipation notes, as applicable, to the extent practicable, shall apply to obtaining any Water Quality Loan and to the execution and delivery of any Water Quality Loan Agreement or Water Quality Bond.

The President of the County Council, or the County Manager, is hereby authorized to approve the form of any Water Quality Loan Agreement or Water Quality Bond, the terms thereof, including the interest rate, maturity schedule, redemption provisions and covenants to be set forth therein, and the manner of executing and authenticating the same. The form of Water Quality Bond need not conform to the forms otherwise provided in this Ordinance.

Notwithstanding any other provision to the contrary in this Ordinance:

(a) Any Water Quality Loan (including any Water Quality Loan Agreement and Water Quality Bond) need not be in denominations of \$5,000 or any integral multiple thereof, nor in a serial maturity format, provided, however, borrowings and evidences thereof shall be on an installment basis with annual principal payments beginning not more than two years from the date of issue;

(b) Any Water Quality Loan (including any Water Quality Loan Agreement and Water Quality Bond) may be sold at less than par and without regard to any limitation set forth in Section 1(1) hereof or Section 5(7) hereof, as applicable;

(c) Any Water Quality Loan (including any Water Quality Loan Agreement and Water Quality Bond) may provide for interest payments on other than a semiannual basis;

(d) Paying agents and registrars may be provided for in the discretion of the President of the County Council or the County Manager;

(e) The County is hereby authorized to sell any Water Quality Loan (including any Water Quality Loan Agreement and Water Quality Bond) at private (negotiated) sale to the Administration, public advertisement and sale of the same not being required by the terms of the Act and the best interests of the County being hereby declared to be served by such private sale;

(f) Provisions for the redemption of any Water Quality Loan (including any Water Quality Loan Agreement and Water Quality Bond) may be provided for in the discretion of the President of the County Council or the County Manager; and

(g) Any signature required in connection with the issuance and sale of any Water Quality Loan (including any Water Quality Loan Agreement and Water Quality Bond) may be manual and any affixing of the County Seal may be accomplished by impressing the same on the applicable document.

The President of the County Council, or the County Manager, is hereby authorized to take any and all actions in the manner and to the extent that the President of the County Council or the County Manager, as the case may be, may deem necessary or appropriate to accomplish the purposes of this Section.

Any Water Quality Loan (including any Water Quality Loan Agreement and Water Quality Bond) shall be secured as provided in Section 1(6) of this Ordinance.

With respect to any Water Quality Loan authorized by this Section, the President of the County Council or the County Manager may apply to any project authorized to be financed with a Water Quality Loan the balance remaining to any completed or abandoned project previously financed with the proceeds of a Water Quality Loan. In exercising such authority, the President of the County Council or the County Manager may enter into such amendments of Water Quality Loan Agreements and related documents as either deems necessary or appropriate in the exercise of the authority granted hereby. In lieu of applying the balance of any completed or abandoned project financed with a Water Quality Loan to new or additional projects, the President of the County Council or the County Manager may determine to prepay or otherwise effect a reduction in the stated principal amount or permitted maximum principal amount any such Water Quality Loan as permitted in the Water Quality Loan Agreement and the Water Quality Bond or as otherwise permitted and, in connection therewith, may take such action and make such amendments to the Water Quality Loan Agreement and Water Quality Bond as he deems necessary or appropriate to permit the reamortization of the principal amount outstanding and to effect such prepayment or reduction in stated principal amount.

SECTION 10. *And be it further enacted*, that the County is hereby authorized to borrow money and incur indebtedness in a maximum aggregate principal amount of Seven Hundred Thousand Dollars (\$700,000) otherwise authorized to be borrowed or incurred hereunder in accordance with Section 29 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement) (the "Small Denomination Bond Statute"). Such indebtedness may be incurred by the County hereunder from time to time. Any such indebtedness shall be evidenced by an installment purchase agreement (an "Installment Purchase Agreement") executed and delivered by the County.

Each Installment Purchase Agreement shall be executed and delivered by the County to effect, together with direct cash payments, where applicable, the purchase by the County of certain capital equipment as listed on Exhibit I attached hereto.

Unless otherwise provided in this Section 10, limitations, procedures or requirements set forth in this Ordinance for the issuance, sale and delivery of indebtedness shall apply to the issuance of any indebtedness under this Section 10 and to the execution and delivery of any Installment Purchase Agreement.

As provided in the Small Denomination Bond Statute, the County shall not issue and have outstanding at any time more than the greater of (a) \$1,000,000 aggregate principal amount of indebtedness issued under the small denomination bond statute or (b) an aggregate principal amount of indebtedness issued under the Small Denomination Bond Statute equal to ten percent (10%) of the total outstanding bonded indebtedness of the County at the time such indebtedness is issued. In connection with the issuance of any indebtedness under the Small Denomination Bond Statute, the President of the County Council or the County Manager, shall certify that, taking into account any such indebtedness, the County is in compliance with the limitation set forth in the preceding sentence.

Each Installment Purchase Agreement shall be in the form set forth in Exhibit III, which form is hereby approved, and Installment Purchase Agreements executed and delivered substantially in compliance with such form, with such insertions, alterations, additions or deletions as herein permitted, when properly executed and delivered in the manner prescribed for the execution and delivery of bonds in this Ordinance below shall be deemed to constitute unconditional general obligations of the County, to the payment of which, in accordance with the terms thereof, its full faith and credit are pledged, and all the covenants and conditions contained in such Installment Purchase Agreements shall be deemed to be binding upon the County in accordance therewith.

The President of the County Council or the County Manager by executive order shall:

(a) subject to the limitations set forth below, complete the form of any Installment Purchase Agreement and the terms thereof, including the principal amount, final maturity, interest rate, maturity schedule, interest payment provisions and denomination of the Installment Purchase Agreement; and

(b) approve the form of disclosure document required under the Small Denomination Bond Statute.

Notwithstanding any other provision to the contrary in this Ordinance:

(a) any indebtedness issued under this Section 10 may be sold in denominations of \$1,000 or less in accordance with the Small Denomination Bond Statute or in such larger denominations as shall be prescribed by the President of the County Council or the County Manager by executive order as described above;

(b) any indebtedness issued under this Section 10 may be sold at less than par;

(c) any indebtedness issued under this Section 10 may provide for interest payments other than on a semiannual basis;

(d) the interest rate on any Installment Purchase Agreement shall not exceed eight percent (8%) per annum;

(e) the final maturity date of any Installment Purchase Agreement shall not be later than fifteen (15) years from the date of the execution and delivery of such Installment Purchase Agreement;

(f) the maximum principal amount of each Installment Purchase Agreement executed and delivered by the County in connection with the County's purchase of capital equipment shall be as listed in Exhibit I attached hereto;

(g) Paying Agents and Registrars may be provided for in the discretion of the President of the County Council or the County Manager;

(h) the County is hereby authorized to sell any indebtedness issued under this Section 10 at private (negotiated) sale; and

(i) the Installment Purchase Agreements may be issued as a separate series of indebtedness.

The President of the County Council or the County Manager are hereby authorized to take any and all actions in the manner and to the extent that the President of the County Council or the County Manager may deem necessary or appropriate to accomplish the purposes of this Section 10.

Any indebtedness issued under this Section 15 shall be secured as provided in Section 1(6) of this Ordinance.

SECTION 11. *And be it further enacted,* That, in addition to any other authority granted in this Ordinance, the President of the County Council or the County Manager may make such insertions and deletions in the forms of bond, note and notice of sale contained herein as such person may determine to be necessary or appropriate for the issuance of bonds hereunder. Any administrative resolution adopted under the authority of this Ordinance may be adopted and effective on the date of its introduction, without requirement for any public hearing, and shall not be subject to referendum.

SECTION 12. *And be it further enacted,* That pursuant to the authority granted by Section 2D of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2002 Supplement), the President of the County Council or the County Manager, is hereby authorized in connection with the issuance of any bonds or notes hereunder to (i) provide, covenant or agree that, in the event that sufficient funds for the timely payment when due of principal of or interest on bonds or notes issued pursuant to the authority of this Ordinance are not available or in the event of a default in the payment of the principal of or interest on such bonds or notes, the first general fund revenues of the County received thereafter shall be applied to the payment when due of such principal or interest or to cure such default, as the case may be, and (ii) pledge any of the County's revenues to the payment of the principal of and interest on the bonds and notes issued pursuant to the authority of this Ordinance. In the event that the President of the County Council or the County Manager determines to exercise all or any part of the authority granted under this Section, the President of the County Council or the County Manager, shall determine the form, terms and provisions of any order, certificate, agreement or related documents as the President of the County Council or the County Manager, as the case may be, shall deem necessary or appropriate to evidence any agreement or pledge authorized hereby, including (without limitation) terms and provisions regarding the application of such pledge or agreement to borrowings of the County other than bonds or notes issued pursuant to the authority of this Ordinance. Any such order, certificate, agreement or related document shall be executed by the President of the County Council and the seal of the County shall be impressed thereon, attested by the County Manager, the Director of Finance or such other officer as may be specified by ordinance of the County Council.

SECTION 13. *And be it further enacted,* That, if any one or more of the provisions of this Ordinance, including any covenants or agreements provided herein on the part of the County to be performed, should be contrary to law, then such provision or provisions shall be null and void and shall in no way affect the validity of the other provisions of this Ordinance or of the bonds or the bond anticipation notes.

SECTION 14. *And be it further enacted,* That, this Ordinance shall take effect 60 days from the date it is enacted.

EXHIBIT I
to Bill No. 2003-15

PROJECT LIST

BONDS

<u>PROJECT</u>	<u>AMOUNT</u>
FISCAL YEAR 2002-2003 APPROVED	
Voting Machines	\$ 200,056
Phase 1 Document Imaging	\$ 150,000
Telephone System Upgrade	\$ 50,000
Logging Recorder	\$ 50,000
Communications System Upgrade	\$1,000,000
FISCAL YEAR 2003-2004 APPROVED	
Phase 1 Document Imaging	\$ 150,000
Blacktopping Roads FY04 Program	\$ 145,000
Communications System Upgrade	\$4,550,000
FISCAL YEAR 2003-2004 PENDING APPROVAL	
Suicide Bridge	\$ 460,000
Bestpitch Bridge	\$ 160,000
Beulah Landfill Capping	\$3,500,000

INSTALLMENT PURCHASE AGREEMENTS

<u>PROJECT</u>	<u>AMOUNT</u>
FISCAL YEAR 2002-2003 APPROVED	
Voting Machines	\$ 200,056
Phase 1 Document Imaging	\$ 150,000
Telephone System Upgrade	\$ 50,000
Logging Recorder	\$ 50,000
FISCAL YEAR 2003-2004 APPROVED	
Phase 1 Document Imaging	\$ 150,000

Note: The projects listed under Installment Purchase Agreements may be financed by the issuance of bonds and are included in both lists for that purpose. In addition, this Ordinance

includes authorization for not to exceed \$349,944 and \$99,944 of bonds and installment purchase agreements, respectively, for costs of financing the projects listed above.

**LIST OF OUTSTANDING BONDS
AUTHORIZED TO BE REFUNDED**

1. County Commissioners of Dorchester County Public Facilities Bonds of 1995, dated February 1, 1995, of which \$4,720,000 is outstanding; and
2. County Commissioners of Dorchester County Public Facilities and Refunding Bonds of 1996, dated March 1, 1996, of which \$4,495,000 is outstanding.

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Bill No. 2003-15
Page 56

EXHIBIT III
to Bill No. 2003-15

FORM OF INSTALLMENT PURCHASE AGREEMENT

the Seller

and

DORCHESTER COUNTY, MARYLAND,
the County

INSTALLMENT PURCHASE AGREEMENT

(Agreement No. _____)

Dated as of _____, _____

INSTALLMENT PURCHASE AGREEMENT
(Agreement No. _____)

THIS INSTALLMENT PURCHASE AGREEMENT (the "Purchase Agreement") is made as of the ____ day of _____, ____ (the "Date of Settlement") between _____ (the "Seller") and Dorchester County, Maryland, a body politic and corporate and political subdivision of the State of Maryland (the "County").

In consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the Seller and the County hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Terms defined in the Recitals shall have the meaning therein provided. In addition, as used in this Purchase Agreement, the following terms have the following meanings, unless the context clearly indicates a different meaning:

"Business Day" or "business day" means a day on which (a) banks located in [Baltimore, Maryland] and in the city in which the principal office of the Registrar is located are not required or authorized by law or executive order to close for business, and (b) The New York Stock Exchange is not closed.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to the Code herein shall be deemed to include the United States Treasury Regulations in effect or proposed from time to time with respect thereto.

"County" means Dorchester County, Maryland, a body politic and corporate and a political subdivision created and existing under and by virtue of the Constitution and laws of the State, its successors and assigns.

"County Council" means the County Council of the County.

"County Manager" means the County Manager of the County.

“Installment Purchase Price” means \$ _____, the installment purchase price to be paid by the County to the Registered Owner in accordance with this Purchase Agreement.

“Installment Purchase Price Payment Date” means _____ in each year commencing _____ and ending _____.

“Interest Payment Date” means _____ and _____ in each year, commencing _____.

“Person” or “person” means any natural person, firm, association, corporation, company, trust, partnership, public body or other entity.

“Registered Owner” means the registered owner of this Purchase Agreement as shown on the registration books maintained by the Registrar.

“Registrar” means the County, or any other person or entity hereafter appointed by the County to act as Registrar and paying agent for this Purchase Agreement.

“Seller” means [NAME OF SELLER] _____ and successors and assigns.

“State” means the State of Maryland.

Section 1.2. Rules of Construction. The words “hereof,” “herein,” “hereunder,” “hereto,” and other words of similar import refer to this Purchase Agreement in its entirety.

The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants”.

References to Articles, Sections, and other subdivisions of this Purchase Agreement are to the designated Articles, Sections, and other subdivisions of this Purchase Agreement.

The headings of this Purchase Agreement are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

ARTICLE II

SALE AND PURCHASE OF DEVELOPMENT RIGHTS

Section 2.1. Agreement to Sell and Purchase Development Rights. The Seller agrees to execute and deliver the equipment described in Exhibit A hereto to the County on the Date of Settlement and the County agrees to pay to Seller or any subsequent Registered Owner the Installment Purchase Price, in the manner and upon the terms and conditions herein set forth.

ARTICLE III

PAYMENT OF PURCHASE PRICE; REGISTERED OWNER

Section 3.1. Payment of Purchase Price.

(a) The County shall pay the Installment Purchase Price to the Registered Owner in installments on the dates and in the amounts set forth in Schedule I attached hereto and made a part hereof.

(b) Interest on the unpaid balance of the Installment Purchase Price shall accrue from the Date of Settlement and shall be payable to the Registered Owner on _____ and semiannually thereafter on _____ and _____ in each year to and including _____ at the rate of _____ % per annum. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

(c) Installments of the Installment Purchase Price shall be payable to the Registered Owner on _____ and annually on each _____ thereafter to and including _____.

(d) Both the installments of the Installment Purchase Price and the interest on the unpaid balance thereof are payable in lawful money of the United States of America, at the time of payment.

(e) Payment of interest on the unpaid balance of the Installment Purchase Price and payments of the annual installments of the Installment Purchase Price shall be made by the County on each Interest Payment Date and each Installment Purchase Price Payment Date, as

applicable, to the Registrar. The Registrar shall forward all such payments (other than the final installment of the Installment Purchase Price) to the person appearing on the books of the County maintained by the Registrar as the Registered Owner, by check or draft mailed to the Registered Owner at the address of the Registered Owner as it appears on such registration books or, if requested by the Registered Owner, by wire transfer to such Registered Owner to the bank account number on file with the Registrar, on the 15th day before the applicable Interest Payment Date or Installment Purchase Price Payment Date, or if such 15th day is not a Business Day, the Business Day next preceding such day. The final installment of the Installment Purchase Price shall be paid by the Registrar to the Registered Owner upon presentation and surrender of this Purchase Agreement at the office of the Registrar.

(e) The County's obligation to make payments of the Installment Purchase Price hereunder and to pay interest on the unpaid balance of the Installment Purchase Price is a general obligation of the County, and the full faith and credit and the unlimited taxing power of the County are irrevocably pledged to the punctual payment of the Installment Purchase Price and the interest on the unpaid balance of the Installment Purchase Price as and when the same respectively become due and payable.

(f) Notwithstanding any other provision of this Purchase Agreement, if the Registered Owner assigns its right, title and interest in and to this Purchase Agreement to a trustee in connection with the creation of a trust by such Registered Owner, such trustee shall be, and shall be listed on the registration books maintained by the Registrar as, the Registered Owner of this Purchase Agreement, and all payments to be made under this Purchase Agreement after the creation of such trust shall be made directly to such trustee.

Section 3.2. Registration and Transfer of this Purchase Agreement.

(a) Until the Installment Purchase Price and all interest thereon have been paid in full, the County shall maintain and keep at the offices of the Registrar, registration books for the registration and transfer of this Purchase Agreement; and, upon presentation of this Purchase Agreement for such purpose at the offices of the Registrar, the Registrar shall register or cause to be registered on such registration books, and permit to be transferred thereon, under such reasonable regulations as the County or the Registrar may prescribe, the ownership of this Purchase Agreement.

(b) The Seller is the original Registered Owner. This Purchase Agreement shall be transferable only upon the books of the County maintained for such purpose by the Registrar, at the written request of the Registered Owner as then shown on such registration books or his attorney duly authorized in writing, upon presentation and surrender thereof,

together with a written instrument of transfer substantially in the form attached hereto as Exhibit B, or as may otherwise be satisfactory to and approved by the Registrar in writing, duly executed by the Registered Owner or his attorney duly authorized in writing. Upon the surrender for transfer of this Purchase Agreement, the Registrar shall complete the Schedule of Transferees attached hereto as Exhibit C with the name, address and tax identification number of the transferee Registered Owner, the date of the transfer and the outstanding principal balance of the Installment Purchase Price as of the date of transfer; provided, however, that if there is any conflict between the information set forth in Exhibit C hereto and the registration books maintained by the Registrar, the information shown on such registration books shall control.

The County and the Registrar may deem and treat the person in whose name this Purchase Agreement is registered upon the books of the County maintained by the Registrar as the absolute owner of this Purchase Agreement, whether any payments hereunder shall be overdue or not, for the purpose of receiving payment of, or on account of, the Installment Purchase Price and interest thereon and for all other purposes, and all such payments so made to any such Registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon this Purchase Agreement to the extent of the sum or sums so paid, and neither the County nor the Registrar shall be affected by any notice to the contrary.

For every registration of transfer of this Purchase Agreement, the County or the Registrar may make a charge sufficient to reimburse themselves for any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of registering such transfer.

The County is not obligated and shall not take steps necessary to create a market for this Purchase Agreement on an established securities market.

Section 3.3. Mutilated, Lost, Stolen or Destroyed Purchase Agreement. In the event that this Purchase Agreement is mutilated, lost, stolen or destroyed, the County and the Registered Owner (as then shown on the registration books maintained by the Registrar) shall execute a substitute for this Purchase Agreement having the same terms hereof; provided that in the case of any mutilated Purchase Agreement, such mutilated Purchase Agreement shall first be surrendered to the Registrar, and, in the case of any lost, stolen or destroyed Purchase Agreement there shall be first furnished to the County and the Registrar evidence of such loss, theft or destruction satisfactory to the County and the Registrar, together with indemnity satisfactory to each of them in their sole discretion. The County and the Registrar may charge the Registered Owner requesting such new Purchase Agreement their expenses and reasonable fees, if any, in connection with such request. If after the delivery of such substitute Purchase Agreement, a bona

fide purchaser of the original Purchase Agreement (in lieu of which such substitute Purchase Agreement was issued) presents for payment such original Purchase Agreement, the County and the Registrar shall be entitled to recover such substitute Purchase Agreement from the person to whom it was delivered or any other person who receives delivery thereof, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor or otherwise to the extent of any loss, damage, cost or expense incurred by the County and the Registrar in connection therewith.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations and Warranties of the County. The County makes the following representations to the Seller:

(a) The County is a body politic and corporate and a political subdivision of the State of Maryland.

(b) The County has the necessary power and authority to acquire the equipment described herein, to enter into this Purchase Agreement, to perform and observe the covenants and agreements on its part contained in this Purchase Agreement and to carry out and consummate all transactions contemplated hereby. By proper action, the County has duly authorized the execution and delivery of this Purchase Agreement.

(c) This Purchase Agreement has been duly and properly authorized, executed, sealed and delivered by the County, and, assuming the due authorization, execution and delivery of the Purchase Agreement by the Seller, constitutes the valid and legally binding obligation of the County, and is enforceable against the County in accordance with its terms.

(d) There are no proceedings pending or, to the knowledge of the County, threatened before any court or administrative agency that may affect the authority of the County to enter into this Purchase Agreement.

Section 4.2. Representations and Warranties of the Seller. The Seller makes the following representations and warranties to the County with respect to itself.

(a) The Seller has full power and authority to execute and deliver this Purchase Agreement, and to incur and perform the obligations provided for herein and therein. No consent or approval of any person or public authority or regulatory body is required as a

condition to the validity or enforceability of this Purchase Agreement, or, if required, the same has been duly obtained.

(b) This Purchase Agreement has been duly and properly executed by the Seller, constitutes the valid and legally binding obligation of the Seller, and are fully enforceable in accordance with their respective terms.

(c) There is no litigation or proceeding pending or, so far as the Seller knows, threatened before any court or administrative agency that, in the opinion of the Seller, will materially adversely affect the authority of the Seller to enter into, or the validity or enforceability of, this Purchase Agreement.

ARTICLE V

PROVISIONS RELATING TO EXCLUSION
OF INTEREST FROM INCOME FOR FEDERAL INCOME TAXATION

Section 5.1. Intent and Tax Covenant of County. The County intends that the interest payable under this Purchase Agreement shall not be includable in the gross income of the Registered Owner for purposes of federal income taxation pursuant to Section 148 of the Code. Accordingly, the County shall not knowingly take or permit to be taken any other action or actions or omit or fail to take any action, that would cause this Purchase Agreement to be an "arbitrage bond" within the meaning of Section 148 of the Code, or that would otherwise cause interest payable under this Purchase Agreement to become includable in the gross income of any Registered Owner for purposes of federal income taxation pursuant to Section 148 of the Code.

ARTICLE VI

THE REGISTRAR

Section 6.1. Appointment of Registrar. The County will act as Registrar for this Purchase Agreement. The County may appoint another person or entity to act as Registrar by filing with the Registered Owner an instrument in writing to that effect at the address indicated on the books maintained by the County.

Section 6.2. Ownership of Purchase Agreement. If the County appoints another person or entity to act as Registrar, such Registrar may in good faith buy, sell, own and hold this Purchase Agreement, and may join in any action that any Registered Owner may be entitled to take with like effect as if it did not act as Registrar hereunder. The Registrar, in its individual capacity, either as principal or agent, may also engage in or have an interest in any financial or other transaction with the County, and may act as depository, trustee or agent for other obligations of the County as freely as if it did not act in any capacity hereunder.

Section 6.3. Removal of Registrar and Appointment of Successor Registrar. The County shall have the right, subject to the terms of any agreement with the Registrar, to remove the Registrar at any time by filing with the Registrar and the Registered Owner an instrument in writing to that effect. The instrument filed with the Registered Owner shall be sent to the address indicated on the books maintained by the Registrar. Notwithstanding the foregoing, such removal shall not be effective until a successor Registrar has assumed the Registrar's duties hereunder.

Section 6.4. Qualifications of Successor Registrar. Any successor Registrar shall be a bank, trust company or other financial institution duly organized under the laws of the United States or any state or territory thereof that is authorized by law and permitted under the laws of the State to perform all the duties imposed upon it as Registrar by this Purchase Agreement.

Section 6.5. Successor by Merger or Consolidation. If the Registrar is a bank, trust company or other financial institution, any institution or corporation into which the Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Registrar hereunder shall be a party or any institution or corporation succeeding to the corporate trust business (if any) of the Registrar, shall be the successor Registrar under this Purchase Agreement, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Purchase Agreement to the contrary notwithstanding.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Purchase Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation, other than the County, the Seller, any other Registered Owner and the Registrar, any right, remedy or claim under or by reason of this Purchase Agreement, this Purchase Agreement being intended to be for the sole and exclusive benefit of the County, the Seller, any other Registered Owner from time to time of this Purchase Agreement and the Registrar.

Section 7.2. Binding Effect. This Purchase Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns, including, without limitation, all Registered Owners from time to time of this Purchase Agreement.

Section 7.3. Severability. In case any one or more of the provisions of this Purchase Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Purchase Agreement and this Purchase Agreement shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 7.4. Prior Agreements Cancelled; No Merger. This Purchase Agreement shall completely and fully supersede all other prior agreements, both written and oral, between the County and the Seller relating to the acquisition of the equipment described herein.

Section 7.5. Amendments, Changes and Modifications. This Purchase Agreement may not be amended, changed, modified, altered or terminated except by an agreement in writing between the County and the then-Registered Owner. An executed counterpart of any such amendment shall be attached to this Purchase Agreement and shall be binding upon such Registered Owner and all successor Registered Owners.

Section 7.6. No Personal Liability of County Officials. No covenant or agreement contained in this Purchase Agreement shall be deemed to be the covenant or agreement of any official, officer, agent or employee of the County in his or her individual capacity, and neither the officers or employees of the County nor any official executing this Purchase Agreement shall be liable personally on this Purchase Agreement or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 7.7. Governing Law. The laws of the State of Maryland shall govern the construction and enforcement of this Purchase Agreement.

Section 7.8. Notices. Except as otherwise provided in this Purchase Agreement, all notices, demands, requests, consents, approvals, certificates or other communications required under this Purchase Agreement to be in writing shall be sufficiently given and shall be deemed to have been properly given three Business Days after the same is mailed by certified mail, postage prepaid, return receipt requested, addressed to the person to whom any such notice, demand, request, approval, certificate or other communication is to be given, at the address for such person designated below:

County:

Dorchester County, Maryland

Attention: _____

with a copy to:

Attention: _____

Seller:

Registrar:

Dorchester County, Maryland

Attention: _____

with a copy to:

Attention: _____

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, demands, requests, consents, approvals, certificates or other communications shall be sent hereunder.

SECTION 7.9. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Purchase Agreement, shall not be a Business Day, such payment may, unless otherwise provided in this Purchase Agreement, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Purchase Agreement, and in the case of payment no interest shall accrue for the period after such nominal date.

WITNESS the signatures and seals of the parties hereto as of the date first above written.

SELLER

WITNESS:

_____ (SEAL)

[_____

_____ (SEAL)]

DORCHESTER COUNTY, MARYLAND

[SEAL]

ATTEST:

By: _____
President of the County Council

County Manager or Director of Finance

This Installment Purchase Agreement is one of the Dorchester County, Maryland General Obligation Installment Purchase Agreements.

By: _____
Authorized Officer

Date of Authentication: _____

DESCRIPTION OF EQUIPMENT

[To be inserted prior to execution and delivery]

EXHIBIT B

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the "Registered Owner"), hereby sells, assigns and transfers unto _____, without recourse, all of the Registered Owner's right, title and interest in and to the Installment Purchase Agreement to which this Assignment is attached; and the Registered Owner hereby irrevocably directs the Registrar (as defined in such Installment Purchase Agreement) to transfer such Installment Purchase Agreement on the books kept for registration thereof. The Registered Owner hereby represents, warrants and certifies that there have been no amendments to such Installment Purchase Agreement [except _____].

Date: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by a member firm the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature on this Assignment must correspond with of the name of the Registered Owner as it appears on the registration books for the Installment Purchase Agreement referred to herein in every particular, without alteration or enlargement or any change whatever.

EXHIBIT C

		\$	
		\$	

FILED

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Bill No. 2003-15
Page 74

BE IT FURTHER ENACTED AND ORDAINED BY THE COUNTY COUNCIL OF DORCHESTER COUNTY THAT THIS bill shall be known as Bill No. 2003-15 of Dorchester County, Maryland and shall take effect sixty (60) days after its final passage.

PASSED this 18th day of November, 2003.

ATTEST:

COUNTY COUNCIL OF DORCHESTER COUNTY

BY: Jane Baynard
Jane Baynard, County Manager

Effie M. Elzey
Effie M. Elzey, President

APPROVED THIS 18th day of November, 2003

ATTEST:

COUNTY COUNCIL OF DORCHESTER COUNTY

BY: Jane Baynard
Jane Baynard, County Manager

Effie M. Elzey
Effie M. Elzey, President

- Elzey - AYE
- Bramble - AYE
- Flowers - AYE
- Nichols - NAY
- Yockey - AYE