

**COUNTY COUNCIL OF
DORCHESTER COUNTY, MARYLAND**

RESOLUTION NO. 603

A **RESOLUTION** of the County Council of Dorchester County, Maryland (the "County Council") authorizing the issuance and sale by Dorchester County, Maryland (the "County") of a general obligation bond anticipation note in the original principal amount of \$8,491,534 or such lesser original principal amount as may be determined by the President of the County Council (the "President of the County Council") as provided herein, pursuant to the provisions of Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland, Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, Section 509 of the Charter of Dorchester County, Maryland, and Bill No. 2017-6, passed by the County Council on July 18, 2017 and effective on September 18, 2017 ("Bill No. 2017-6"), the note to be designated "Dorchester County, Maryland Public Facilities Bond Anticipation Note of 2017", the proceeds of the sale thereof to be used and applied for the public purposes of financing or reimbursing costs of the project identified herein as Replace NDHS on an interim basis; prescribing the form and tenor of the note and the terms and conditions for the issuance and sale thereof at private sale to 1880 Bank; prescribing the terms and conditions of the note and other details incident to the sale, issuance and delivery of the note; providing for the disbursement of the proceeds of the note; covenanting to issue the bonds in anticipation of which the note is issued when, and as soon as, the reason for deferring the issuance thereof no longer exists; providing for the levy of ad valorem property taxes necessary for the prompt payment of the principal of and interest on the note as provided herein; providing that the full faith and credit and unlimited taxing power of the County shall be pledged to the payment of such principal and interest; providing that principal of and interest on the note may be payable from any other sources of revenue lawfully available for such purpose; making or providing for the making of certain representations and covenants relating to the tax-exempt status of the note; providing for the engagement of bond counsel and the financial advisor to the County; providing that the provisions of this Resolution shall be liberally construed; and generally relating to the issuance, sale, delivery and payment of and for the note.

RECITALS

1. For convenience of reference throughout this Resolution, Dorchester County, Maryland, a validly created and existing body corporate and politic of the State of Maryland, is hereinafter referred to as the "County".
2. The authority for the powers herein exercised is contained in, as applicable, Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Enabling Act"), Section 509 of the Charter of Dorchester County, Maryland, as replaced, supplemented or amended (the "Charter"), and Bill No. 2017-6, passed by the County Council of the County (the "County Council") on July 18, 2017 and effective on September 18, 2017 ("Bill No. 2017-6").
3. Bill No. 2017-6 authorizes the issuance by the County from time to time of one or more series of general obligation bonds in an aggregate principal amount not exceeding

\$31,000,000 (the "Authorized Bonds") for the public purpose of financing, reimbursing or refinancing costs of the projects identified in Recital 4 below, including, without limitation, costs of the following activities, to the extent applicable: planning, design, architectural, engineering, surveying, studies, bidding, acquisition of land or other property rights, site development, utilities, landscaping, acquisition, demolition and removal, construction, reconstruction, renovation, rehabilitation, expansion, enlargement, construction management, improvement, installation, equipping, and furnishing, together with the costs of related items, appurtenances and incidental activities or expenses, capitalized interest during construction and for a reasonable period thereafter, whether or not specifically stated, legal, financial and administrative expenses, and costs of issuance of any borrowing therefor, and which may represent the County's share or contribution to the financing or refinancing of such Projects (collectively, "Costs").

4. The projects identified in Bill No. 2017-6 (defined collectively therein as the "Projects"), and the maximum principal amount of any bonds or bond anticipation notes allocated to each of such projects pursuant to Bill No. 2017-6, are as follows:

Department/Agency	Description	Maximum Principal Amount
Board of Education	Replace NDHS	\$20,300,000
Finance	Replace Finance Hardware/ software	\$700,000
Public Safety – Emerg. Comm.	Replace Radio System	\$10,000,000

5. Pursuant to the authority of Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented and amended (the "Bond Anticipation Note Act"), and Section 3 of Bill No. 2017-6, the County, by resolution, is authorized to issue and sell from time to time, upon its full faith and credit, general obligation bond anticipation notes in one or more series in an aggregate principal amount not exceeding \$31,000,000.00 (the "Authorized Notes") prior to and in anticipation of the sale of the Authorized Bonds in order to finance or reimburse Costs of the projects identified in Bill No. 2017-6 on an interim basis.

7. The Board of Education of Dorchester County has commenced activities with respect to the project described above as Replace NDHS and the County has determined that, given the commencement of such project, it is prudent to incur interim financing by issuing a series of the Authorized Notes for a portion of the authorized Costs of such project at this time.

8. Due to the short-term nature of such interim financing and in an effort to reduce issuance costs, the County determined to sell such series of the Authorized Notes to a bank in a direct purchase transaction. On behalf of the County, the financial advisor to the County, working with the Director of Finance of the County (the "Director of Finance") and bond counsel to the County, circulated to area banks a request for proposals for the purchase a series of the Authorized Notes in the form of a single general obligation bond anticipation note. Three responses were received and the Director of Finance and the financial advisor to the County have

advised that 1880 Bank's proposal offered the lowest interest rate for the purchase of such bond anticipation note, flexible prepayment terms, and other acceptable terms, and have recommended that such bond anticipation note be sold to 1880 Bank.

9. Pursuant to the authority of the Bond Anticipation Note Act and Section 3 of Bill No. 2017-6, the County has determined to sell and issue at private sale to 1880 Bank a single series of the Authorized Notes, in the form of a single general obligation bond anticipation note in the original principal amount of \$8,491,354.00 (or such lesser original principal amount as determined in accordance with the provisions of this Resolution) prior to and in anticipation of the sale of the Authorized Bonds, and upon the terms and conditions set forth in this Resolution, the proceeds of which general obligation bond anticipation note are to be used and applied as herein set forth.

BE IT RESOLVED BY THE COUNTY COUNCIL OF DORCHESTER COUNTY, MARYLAND THAT:

Section 1.

(a) The Recitals to this Resolution are incorporated by reference herein and deemed a substantive part of this Resolution. Capitalized terms used in the Sections of this Resolution and not otherwise defined herein shall have the meanings given to such terms in the Recitals.

(b) References in this Resolution to any official by title shall be deemed to refer (i) to any official authorized under the Charter, the code of ordinances of the County (the "County Code"), or other applicable law or authority to act in such titled official's stead during the absence or disability of such titled official, (ii) to any person who has been elected, appointed or designated to fill such position in an acting or interim capacity under the Charter, the County Code or other applicable law or authority, (iii) to any person who serves in a "deputy", "associate" or "assistant" capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy, associate or assistant in accordance with the Charter, the County Code or other applicable law or authority, and/or (iv) to the extent an identified official commonly uses another title not provided for in the Charter or the County Code, the official, however known, who is charged under the Charter, the County Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

(c) References in this Resolution to "principal amount" are intended to mean to the par amount of the obligations being referenced.

Section 2.

(a) Pursuant to the authority of the Enabling Act, the Bond Anticipation Note Act, Section 509 of the Charter and Bill No. 2017-6, the County hereby determines to issue and sell, upon its full faith and credit, a series of the Authorized Notes comprised of a single general obligation bond anticipation note prior to and in anticipation of the sale of the Authorized Bonds, for the public purpose of financing or reimbursing on an interim basis a portion of the Costs of the project described in Bill No. 2017-6 as Replace NDHS (the "Project").

(b) As provided in Section 1 of Bill No. 2017-6, it is hereby recognized and acknowledged that (i) the Project identified in subsection (a) above was included in the Capital Budgets of the County for Fiscal Years 2016 and 2017 under the Department/Agency category of "Board of Education" and under the Description category with a designation of "NDHS Replacement Planning/Design", (ii) any such Capital Budgets are necessarily subject to change because of corresponding changes in construction and other costs, Project time schedules, availability of other funding sources and other circumstances not now known or anticipated, and (iii) it is the purpose and intent of this Resolution to authorize the borrowing of money to finance, reimburse or refinance Costs of the Project identified in this Resolution as such Project is referenced in the Capital Budgets for Fiscal Year 2016 to 2018, inclusive, as the same may be amended, and in any subsequent Capital Budget or capital improvement program, as originally approved or as amended, unless otherwise contrary to applicable law, subject to the limitations set forth in Section 4 of Bill No. 2017-6.

(c) The total Costs of that portion of the Project to be financed from the proceeds of the Note (as defined in Section 3 below) will not exceed \$8,491,354.00. To the extent the proceeds of the Note are not sufficient to fully fund on an interim basis the Costs of the Project, such remaining Costs shall be funded from other available sources. Within the limitations set forth in the Bond Anticipation Note Act, the County may apply proceeds of the Note to pay capitalized interest thereon.

Section 3. To evidence the borrowing and indebtedness authorized in Section 2 of this Resolution, the County, acting pursuant to the authority of the Enabling Act, the Bond Anticipation Note Act, Section 509 of the Charter and Bill No. 2017-6, hereby determines to issue and sell, upon its full faith and credit, its general obligation bond anticipation note in the original principal amount of Eight Million Four Hundred Ninety-one Thousand Three Hundred Fifty-four Dollars (\$8,491,354.00), or such lesser original principal amount as may be determined by the President of the County Council (the "President of the County Council") in accordance with this Section 3, such bond anticipation note to be designated "Dorchester County, Maryland Public Facilities Bond Anticipation Note of 2017" (the "Note"). The President of the County Council, on behalf of the County, with the advice of the County Manager of the County (the "County Manager") and the Director of Finance, is hereby authorized to determine prior to the delivery of the Note that the Note shall be issued in an original principal amount less than \$8,491,354.00, such determination to be evidenced conclusively by the President of the County Council's execution and delivery of the final form of the Note in an original principal amount less than \$8,491,354.00. Proceeds of the Note are hereby appropriated to finance or reimburse Costs of the Project.

Section 4.

(a) The Note shall be issued and sold upon the full faith and credit of the County, shall be dated the date of its delivery, and shall be issued in the form of a single, fully-registered bond anticipation note without coupons attached.

(b) The Note shall mature, subject to prior prepayment as provided in Section 5 hereof, on that date that is twelve (12) months from the date of issuance of the Note.

(c) The Note shall bear interest from its date of delivery at a rate per annum of seventy-eight one-hundredths of one percent (0.78%). Notwithstanding the foregoing, upon the failure of the County to pay principal of and/or interest on the Note when due, and during the continuance of such failure, the rate at which the Note shall bear interest shall be automatically increased to a default rate determined by application of the following formula: (i) the Wall Street Journal Prime Rate (as defined herein) plus (ii) one percent (1.00%), where the "Wall Street Prime Rate" means the Prime Rate published in the "Money Rates" section of *The Wall Street Journal* from time to time. In the event *The Wall Street Journal* (or any successor publication) is no longer published in print, electronic or other applicable form, the registered owner of the Note shall use a measure of the prime rate most closely aligned with the methodology previously employed by *The Wall Street Journal* in determining any such default adjustment of the per annum interest rate borne by the Note pursuant to application of the formula provided for in this subsection (c). Interest on the Note shall be computed on a 30-day month/360-day year basis.

(d) Interest on the Note shall be payable on that date that is six (6) months after the date of issuance of the Note and on the date of maturity; provided that, the last installment of interest shall be due on the date the principal of the Note is retired or prepaid in whole.

(e) The principal of and interest on the Note shall be payable in lawful money of the United States of America at the time of payment. The principal of the Note, at maturity or prior prepayment in whole, shall be payable by check or draft at the office of the Director of Finance in Cambridge, Maryland, unless the Director of Finance and the registered owner agree on a different place or manner of payment. Interest on the Note shall be payable by check or draft mailed to the registered owner thereof at the address designated by the registered owner in writing to the Director of Finance, unless the Director of Finance and the registered owner agree on a different manner of payment (which, by way of illustration, and not in limitation, may include by wire, electronic funds transfer or automatic debit of an appropriate account of the County). If any interest payment date or principal payment date is not a Business Day (as defined below), payment shall be made on the next succeeding Business Day and no interest will accrue on the amount owed as of such scheduled payment date for the intervening period. As used herein, "Business Day" means any day other than a Saturday, Sunday or day on which the County or banks in the State of Maryland and/or the state in which the registered owner of the Note is located are authorized or obligated by law to close. For purposes of calculating the interest due on the Note, unpaid outstanding principal on any day shall be an amount equal to the original principal amount of the Note, less any principal prepaid in accordance with the provisions of Section 5 of this Resolution. The registered owner of the Note shall provide at least fifteen (15) days' prior written notice to the Director of Finance (or such fewer number of days' notice as may be acceptable to the Director of Finance) of the interest due on the Note on each interest payment date (and the principal due at maturity), but failure to provide such notice shall not affect the amount of, or the County's obligation to pay, interest or principal due on the Note.

(f) The date and amount of all interest and the principal paid at maturity or prepaid in whole or in part in accordance with the provisions of Section 5 hereof shall be noted by the registered owner of the Note on its books and records, which notation when made will be presumed correct absent manifest error. The registered owner's failure to make appropriate

notation of any such principal payment or prepayment or interest payment shall not limit or otherwise affect the obligations of the County hereunder.

(g) Notwithstanding the foregoing provisions of this Section 4, the President of the County Council, on behalf of the County, is hereby authorized and directed to provide for the inclusion in the executed and delivered Note of provisions similar to the foregoing but stated differently and/or additional provisions required by the Bank (as defined in Section 9 hereof), including, without limitation, provisions typically required by the Bank to be contained in instruments similar to the Note, and, in such event, the provisions of the Note shall control. The President of the County Council's approval of any such similar, differently stated and/or additional provisions shall be evidenced conclusively by the President of the County Council's execution and delivery of the Note containing the same in accordance with the provisions of Sections 6 and 8 of this Resolution.

Section 5. The Note shall be subject to prepayment prior to maturity at the option of the County in whole or in part on any date at a prepayment price of the principal amount of the Note being prepaid, plus accrued interest on such principal amount being prepaid to the date fixed for prepayment, without premium or penalty. Notice of prepayment shall be given by the County at least ten (10) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner) by mailing or otherwise providing to the registered owner a notice fixing the prepayment date and indicating the amount of the outstanding principal of the Note to be prepaid. Any such notice may be conditioned upon availability of funds sufficient to effect such prepayment.

Section 6. The Note shall be executed in the name of the County and on its behalf by the President of the County Council. The corporate seal of the County shall be affixed or imprinted on the Note, attested by the signature of the County Manager, the Director of Finance, the Executive Administrative Specialist or any other authorized official. In the event that any official of the County whose signature appears on the Note shall cease to be such official prior to delivery of the Note, or in the event that any such official whose signature shall appear on the Note shall have taken office subsequent to the date of issue thereof, his or her signature, in either event, shall nevertheless be valid for the purposes intended.

Section 7. The Note shall be transferable only upon the books kept for that purpose by the Director of Finance at the County offices, by the registered owner thereof in person or by the registered owner's attorney duly authorized in writing, upon surrender thereof, together with (i) a written instrument of transfer in a form satisfactory to the Director of Finance and duly executed by the registered owner or the registered owner's duly authorized attorney and (ii) a covenant and agreement substantially as described in Section 9(b) hereof duly executed by the transferee. Upon any transfer or exchange, the County shall, at the expense of the transferor, issue and deliver within a reasonable time a new registered Note in the name of the transferee in original principal amount equal to the original principal amount of the Note surrendered, less any principal previously prepaid, and with the same maturity date and bearing interest at the same rate (including the provisions for the default rate). In each case, the Director of Finance may require payment by the registered owner requesting the exchange or transfer of any tax, fee, governmental charge, shipping charges and insurance that may be required to be paid with respect thereto, but otherwise no charge shall be made to the registered owner for the exchange

or transfer. Any such new Note issued in transfer or exchange may be executed and sealed as provided in Section 6 hereof with respect to the original execution and delivery of the Note, or as otherwise required by then-applicable law, and appropriate changes may be made to the form of such Note delivered in transfer or exchange to account for the dated date of such new Note or the principal amount of such replacement Note.

Section 8. Except as provided hereinafter or in a resolution or resolutions of the County Council adopted prior to the issuance of the Note, the Note shall be issued in substantially the form attached hereto as Exhibit A and incorporated by reference herein. Appropriate variations and insertions may be made to the Note by the President of the County Council to provide dates, numbers and amounts, to reflect modifications authorized by Sections 3, 4(g) and 10(b) hereof, to carry into effect the provisions of this Resolution, to reflect different or additional requirements of the Bank identified in Section 9(a) hereof pursuant to its written proposal to purchase the Note, or to comply with recommendations of legal counsel. All of the covenants contained in the Note as finally executed and delivered by the President of the County Council in accordance with Section 6 hereof and this Section 8 are hereby adopted by the County Council as and for the form of obligation to be incurred by the County, and the covenants and conditions contained therein are hereby made binding upon the County, including the promise to pay therein contained. The execution and delivery of the final form of the Note by the President of the County Council in accordance with the provisions of this Resolution shall be conclusive evidence of the approval by the President of the County Council of the final form of the Note and any variations, insertions, omissions, notations, legends or endorsements authorized by this Resolution. To the extent there are inconsistencies between the provisions of the Note, as executed and delivered in accordance with the provisions of this Section 8, and the provisions of this Resolution, the provisions of the executed and delivered Note shall control.

Section 9.

(a) As authorized by the Bond Anticipation Note Act and Bill No. 2017-6, the County hereby determines to sell the Note at private sale, which private sale is hereby deemed by the County to be in its best interest and in the interest of its citizens due, in part, to the ability of the County to negotiate terms with potential banks, the beneficial interest rate and other attractive terms offered by 1880 Bank and the ability to time the issuance and delivery of the Note by conducting a sale by private negotiation. Therefore, and pursuant to the authority of the Enabling Act, the Bond Anticipation Note Act, Section 509 of the Charter and Bill No. 2017-6, the Note shall be sold by private negotiation to 1880 Bank (the "Bank"), at a price of the par amount of the Note, with no payment of accrued interest. The Note shall be registered in the name of the Bank or as otherwise specified by the Bank.

(b) The Note shall be sold for investment purposes only and not for resale to the general public. Accordingly, as a condition to delivery of the Note and prior to the issuance of the Note, the Bank shall furnish to the County a certificate acceptable to bond counsel to the County to the effect generally that (i) the Bank has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt obligations, to be able to evaluate the risks and merits of the investment or loan represented by the purchase of the Note; (ii) the Bank has made its own independent and satisfactory inquiry of the financial condition of the County, including inquiry into financial statements and other information

relating to the financial condition of the County to which a reasonable bank would attach significance, and of any other matters deemed to be relevant to a reasonably informed decision to purchase the Note; (iii) the Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the County and the Note, and the Bank has been able to make a reasonably informed decision to purchase the Note; (iv) the Bank is purchasing the Note for investment or loan purposes only (and not as an “underwriter” or “Participating Underwriter” as defined in Securities and Exchange Commission Rule 15c2-12, as amended, replaced or supplemented) and does not intend to distribute or sell the Note to the general public; (v) if the Note is subsequently sold, transferred or disposed of, such sale, transfer or disposition will be made in accordance with applicable federal and state securities laws and regulations and upon the condition that the Bank or transferee covenant and agree to and with the County that the Note is being purchased or otherwise acquired for investment or loan purposes only and without intention to sell or distribute the Note to the general public; and (vi) the Bank understands and acknowledges that (A) the Note (1) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (2) will not be listed on any stock or other securities exchange, (3) will carry no rating from any rating service, and (4) will not be readily marketable, and (B) no disclosure document is being prepared in connection with the issuance and sale of the Note. Appropriate edits may be made to such certifications to reflect whether the Bank is treating the Note as a security or as a loan.

Section 10.

(a) The Note shall be suitably prepared in definitive form, executed and delivered to the Bank, upon a date mutually acceptable to the President of the County Council, the Director of Finance and the Bank, contemporaneously with the receipt of the purchase price for the Note; provided that, such date shall occur no later than September 29, 2017 without the prior consent of the Bank. The President of the County Council, the County Manager, the Director of Finance and all other appropriate officers and employees of the County are expressly authorized, empowered and directed to take any and all action necessary to complete and close the sale, issuance and delivery of the Note to the Bank, and to negotiate, approve, execute and deliver all customary closing documents, certificates and instruments necessary and appropriate in connection therewith, with such representations and conditions contained therein as the Bank may require. The President of the County Council, the County Manager, the Director of Finance and all other appropriate officials and employees of the County are further expressly authorized, empowered and directed to undertake any post-closing activities provided for in the Note, Bill No. 2017-6, this Resolution or the Bank’s proposal.

(b) Notwithstanding anything to the contrary contained in this Resolution, to the extent the provisions set forth in Sections 3, 4, 5 or 9(b) of this Resolution, or elsewhere in this Resolution, do not comport with the provisions specified by the Bank in its proposal or contemplated by such proposal, the President of the County Council, on behalf of the County, with the advice of the County Manager, the Director of Finance, the financial advisor to the County and/or bond counsel to the County, as applicable, is hereby authorized and empowered to include in the final form of the Note such provisions as modified as required by the Bank, the President of the County Council’s approval of any such modifications to be evidenced conclusively by the President of the County Council’s execution and delivery of the final form of the Note containing such modifications in

accordance with the provisions of Sections 6 and 8 of this Resolution, and to the extent of any discrepancy between Sections 3, 4, 5, 9(b) or otherwise hereof and the final provisions of the Note, the provisions so included in the executed Note shall control. Notwithstanding any other provisions of this Resolution, the President of the County Council, with the advice of the County Manager, the Director of Finance, the financial advisor to the County and/or bond counsel to the County, as applicable, is hereby authorized and empowered to agree to terms relating to the Note that (i) accurately reflect the provisions of the Bank's proposal to purchase the Note, to the extent such terms are not accurately reflected herein, (ii) are more favorable to the County than the terms reflected in this Resolution, and/or (iii) are not more favorable to the County but are not uncommon for municipal obligations in the nature of the Note, any of which such other terms shall be reflected in the final form of the Note executed and delivered by the President of the County Council in accordance with Sections 6 and 8 of this Resolution and/or in other applicable closing documents, certificates and instruments executed and delivered by appropriate County officials pursuant to the authority of this Resolution, and to the extent of any discrepancy among the provisions of this Resolution and the executed and delivered Note and/or closing documents, certificates and instruments, the provisions of such executed and delivered Note and/or closing documents, certificates and instruments shall control.

(c) Any one or more of the President of the County Council, the County Manager or the Director of Finance, on behalf of the County, is hereby authorized to countersign the Bank's proposal.

(d) The County hereby acknowledges its obligations to provide to the Bank periodic progress reports with respect to Project activities.

Section 11. The Director of Finance, or any other appropriate County official, is hereby designated to receive payment on behalf of the County of the proceeds of the Note contemporaneously with the delivery of the Note, unless any portion of such proceeds is to be paid directly to one or more third parties as directed by the County. The proceeds of the Note physically received by the County shall be deposited in the proper account or accounts of the County, shall be invested within the limits prescribed by applicable law, and shall be used and applied exclusively for the purpose of financing or reimbursing Costs of the Project on an interim basis. If the proceeds received from the Note exceed the amount needed for the applicable public purposes hereinabove described, the amount of such unexpended excess shall be set apart in a separate fund or funds and applied to pay debt service on the Note or to prepay the Note in accordance with Section 5 hereof (together with other available funds as necessary), unless a supplemental bill or resolution is passed by the County Council, as applicable, to provide for the expenditure of that excess for some other valid purpose authorized by the Enabling Act, the Bond Anticipation Note Act, the Charter or other applicable law. Investment earnings on proceeds of the Note, if any, held by the County may be applied to pay Costs of the Project, to make debt service payments on the Note, to prepayment of the Note in accordance with Section 5 hereof (together with other available funds as necessary) or for any other proper purpose of the County, unless a supplemental bill or resolution, as applicable, is passed by the County Council to provide for the expenditure of such earnings for some other valid purpose authorized by the Enabling Act, the Bond Anticipation Note Act, the Charter or other applicable law. Nothing in this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose. The provisions of this Section 11 are subject to the provisions of Section 13 of this Resolution.

Section 12.

(a) For the purpose of paying the principal of and interest on the Note, and for the purpose of permanently financing Costs of the Project, the County shall issue the Authorized Bonds on or before the date of maturity of the Note, in an amount not less than that necessary (together with any other funds legally available for the purpose) for the payment of the principal of and interest on the Note due on the date of maturity or prepayment in whole of the Note.

(b) The County covenants with the registered owner of the Note that the County shall pay the Note and the interest thereon not paid from other sources out of the first proceeds of the sale of the Authorized Bonds in anticipation of which the Note was issued and any other moneys available for such purpose.

(c) If the County shall be unable, for reasons beyond its control, to issue and sell the Authorized Bonds as aforesaid, or if the proceeds from the sale of the Authorized Bonds shall be insufficient to pay the principal of and interest on the Note when due, then the principal of and interest on the Note shall be paid from tax or other revenues which the County previously has determined to apply to the payment of the principal of the Authorized Bonds and the interest thereon. The County shall levy annual ad valorem taxes upon the assessable property in the County subject to unlimited County taxation sufficient pay the principal of and interest on the Note in each fiscal year in which the Note is outstanding; and, if the proceeds from the taxes so levied in any fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency. The full faith and credit and unlimited taxing power of the County are hereby pledged to the payment of the principal of and interest on the Note, as and when they become due and payable, and to the levy of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Note. The County hereby covenants and agrees with the registered owner of the Note to levy the taxes hereinabove prescribed and to take any further action that may be lawfully appropriate from time to time during the period that the Note remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

(d) The foregoing provisions shall not be construed so as to prohibit the County from paying the principal of and interest on the Note from the proceeds of the sale of any other obligations of the County or from any other funds legally available for that purpose. Subject to the provisions of Section 13 of this Resolution, the County may apply to the payment of the principal of or interest on the Note any funds received by it from the State of Maryland or the United States of America, or any governmental agency or instrumentality, or from any other source, if such funds are granted or paid to the County for the purpose of assisting the County in accomplishing the type of project which the Note is issued to finance or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be imposed may be reduced proportionately.

Section 13. (a) Any two of the President of the County Council, the County Manager and the Director of Finance shall be the officers of the County responsible for the issuance of the Note within the meaning of Section 1.148-2(b)(2) of the Treasury Regulations (defined herein). Any two of the President of the County Council, the County Manager and the

Director of Finance shall also be the officers of the County responsible for the execution and delivery (on the date of the issuance of the Note) of a certificate of the County (the "Section 148 Certificate") which complies with the requirements of Section 148 ("Section 148") of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated under the Code (the "Treasury Regulations"). Such officers are hereby authorized and directed to execute and deliver the Section 148 Certificate to counsel rendering an opinion on the validity of and the tax-exempt status of the Note on the date of issuance of the Note.

(b) 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 Note 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 Note pursuant to Section 148 or the Treasury Regulations (collectively, the "Note Proceeds"). The County covenants and agrees with the registered owner of the Note 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 the issuance of the Note and will be, to the best of the certifying officers' knowledge, true and correct as of that date.

(c) The County covenants and agrees with the registered owner of the Note that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Note Proceeds that would cause the Note to be an "arbitrage bond" within the meaning of Section 148 and the Treasury Regulations. The County further covenants that it will comply with Section 148 and the Treasury Regulations which are applicable to the Note on the date of issuance of the Note, and which may subsequently lawfully be made applicable to the Note, so long as the Note remains outstanding and unpaid.

(d) The County specifically covenants that it will comply with the provisions of the Code and the Treasury Regulations applicable to the Note, including, without limitation, compliance with provisions regarding the timing of the expenditure of the proceeds of the Note, the use of such proceeds and the facilities financed with such proceeds, the restriction on investment yields, the filing of information with the Internal Revenue Service, and the rebate of certain earnings resulting from the investment of the proceeds of the Note or payments in lieu thereof. The County further covenants that it shall make such use of the proceeds of the Note, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain the exemption from federal income taxation of interest payable on the Note. 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 Note, 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.

(e) In connection with their execution and delivery of the Section 148 Certificate, the authorized officials identified in this Section 13 are hereby authorized and empowered, on behalf of the County, to make any designations, elections, determinations or filings on behalf of the County provided for in or permitted by the Code and the Treasury Regulations and to reflect the same in the Section 148 Certificate and/or the IRS Form 8038-G filed in connection with the issuance of the

Bond or any other documentation deemed appropriate by bond counsel to the County; provided that, only one of such identified officials must sign the IRS Form 8038-G.

Section 14. The County hereby designates the Note as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code (relating to the exception from disallowance of the deduction for that portion of a financial institution’s interest expense which is allocable to tax-exempt interest) and, in connection therewith, represents and certifies that (i) the Note is not a “private activity bond” within the meaning of Section 141 of the Code, (ii) the reasonably anticipated amount of tax-exempt obligations (excluding private activity bonds other than “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code) which will be issued by the County (and all on-behalf-of issuers or subordinate entities of the County) during calendar year 2017 does not exceed an amount in excess of Ten Million Dollars (\$10,000,000.00), and (iii) not more than Ten Million Dollars (\$10,000,000.00) of obligations issued by the County (and all on-behalf-of issuers or subordinate entities of the County) during calendar year 2017, including the Note, have been designated or, except as permitted by the Code, will be designated, qualified tax-exempt obligations of the County.

Section 15. The County hereby ratifies, confirms and approves the engagement of: (a) the law firm of Funk & Bolton, P.A. of Baltimore, Maryland, as bond counsel to perform any and all legal services necessary or desirable, including, but not limited to, serving as special legislative draftsmen or codifiers in connection with the Note authorized to be issued, sold and delivered as provided by this Resolution, and compensating said law firm for such services; and (b) Public Advisory Consultants, Inc., Owings Mills, Maryland, as financial advisor to the County and compensating said firm for such services.

Section 16. The provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

Section 17. This Resolution shall become effective immediately upon its adoption.

[CONTINUED ON FOLLOWING PAGE]

ADOPTED this 19th day of September, 2017.

ATTEST:

COUNTY COUNCIL OF
DORCHESTER COUNTY:

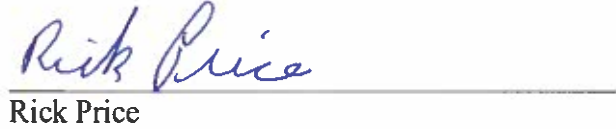
By: 
Jeremy Goldman, County Manager


Ricky Travers, President


Tom Bradshaw, Vice President


Don B. Satterfield


William V. Nichols


Rick Price

#198482,58058.047

LIBERO 007 FOLIO 202

EXHIBIT A

FORM OF NOTE

DORCHESTER COUNTY, MARYLAND
HAS DESIGNATED THIS NOTE A
“QUALIFIED TAX-EXEMPT OBLIGATION”
WITHIN THE MEANING OF SECTION 265(b)(3) OF THE
INTERNAL REVENUE CODE OF 1986, AS AMENDED.

No. R-__

\$ _____ .00

REGISTERED

UNITED STATES OF AMERICA

STATE OF MARYLAND

DORCHESTER COUNTY, MARYLAND

PUBLIC FACILITIES BOND ANTICIPATION NOTE OF 2017

Dated Date: _____, 2017

DORCHESTER COUNTY, MARYLAND, a body politic and corporate of the State of Maryland (the “County”), hereby acknowledges itself indebted and for value received promises to pay _____, the registered owner hereof, or registered assigns or legal representatives, the principal amount of _____ Dollars (\$ _____), plus interest on such principal amount as set forth herein. This note shall mature on _____, 2018, on which date the entire principal amount hereof shall become due and payable, subject to prior prepayment of such principal as provided herein. [IF PRESIDENT OF THE COUNTY COUNCIL DETERMINES NOTE TO BE ISSUED IN A LESSER ORIGINAL PRINCIPAL AMOUNT, SUCH LESSER AMOUNT SHALL BE INSERTED IN THE PRECEDING SENTENCE.]

This note shall bear interest on the original principal amount from the date of its delivery at a per annum interest rate of seventy-eight one-hundredths of one percent (0.78%); provided that, upon the failure of the County to pay principal of and/or interest on this note when due, and during the continuance of such failure, the rate at which this Note shall bear interest shall be automatically increased to a default rate determined by application of the following formula: (i) the Wall Street Journal Prime Rate (as defined herein) plus (ii) one percent (1.00%), where the “Wall Street Prime Rate” means the Prime Rate published in the “Money Rates” section of *The Wall Street Journal* from time to time. In the event *The Wall Street Journal* (or any successor publication) is no longer published in print, electronic or other applicable form, the registered owner of this note shall use a measure of the prime rate most closely aligned with the methodology

previously employed by *The Wall Street Journal* in determining any such default adjustment of the per annum interest rate borne by this note pursuant to application of the formula provided for in this paragraph.

Accrued interest on this note shall be due and payable on _____, 2018 and on the maturity date of this note or the date outstanding principal of this note is prepaid in whole. This note shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the Dated Date set forth above. Interest shall be computed on a 30/360 basis. For purposes of calculating the interest due on this note, unpaid outstanding principal on any date shall be an amount equal to the original principal amount of this note, less any principal prepaid as described herein.

The registered owner of this note shall provide at least fifteen (15) days' prior written notice to the Director of Finance of the County (the "Director of Finance") (or such fewer number of days' notice as may be acceptable to the Director of Finance) of the interest due on this note on each interest payment date (and the principal due at maturity), but failure to provide such notice shall not affect the amount of, or the County's obligation to pay, interest or principal due on this note. If any such payment date is not a Business Day (as hereinafter defined), such payment may be made on the next succeeding Business Day and no interest shall accrue on the amount owed as of such regularly scheduled payment date for the intervening period. As used herein, a "Business Day" means any day other than a Saturday, Sunday or day on which the County or banks in the State of Maryland and/or the state in which the registered owner of this note is located are authorized or obligated by law to close.

This note shall be subject to prepayment prior to maturity at the option of the County in whole or in part on any date at a prepayment price of the principal amount of this note being prepaid, plus accrued interest on such principal amount being prepaid to the date fixed for prepayment, without penalty or premium. Notice of prepayment shall be given by the County at least ten (10) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner) by mailing or otherwise providing to the registered owner a notice fixing the prepayment date and indicating the amount of the outstanding principal of this note to be prepaid. Any such notice of prepayment may be conditioned upon availability of sufficient funds to effect such prepayment.

The full faith and credit and unlimited taxing power of the County are hereby pledged to the prompt payment of the principal of and interest on this note, at the dates and in the manner mentioned herein, according to the true intent and meaning hereof.

This note is the duly authorized bond anticipation note of the County, designated "Dorchester County, Maryland Public Facilities Bond Anticipation Note of 2017", dated _____, 2017, and is issued pursuant to the authority of Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended, Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended, Section 509 of the Charter of Dorchester County, Maryland, as replaced, supplemented or amended (the "Charter"), Bill No. 2017-6, passed by the County Council of the County (the "County Council")

on July 18, 2017 and effective on September 18, 2017 ("Bill No. 2017-6") and Resolution No. _____, adopted by the County Council on _____, 2017 and effective on _____, 2017 (the "Resolution").

This note is transferable only upon the books kept for that purpose at the office of the Director of Finance in the County offices, by the registered owner hereof in person, or by the registered owner's duly authorized attorney, upon surrender hereof, together with (i) a written instrument of transfer in the form attached hereto and satisfactory to the Director of Finance and duly executed by the registered owner or the registered owner's duly authorized attorney and (ii) the covenant and agreement in general effect described in Section 9(b) of the Resolution duly executed by the transferee. Upon any such transfer, the County shall issue a new registered note in denomination equal to the original principal amount of the note surrendered, less any principal previously prepaid, and with the same maturity date and bearing interest at the same rate (including the same default rate provisions).

The County may deem and treat the party in whose name this note is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

The provisions of this note shall be subject to the provisions of the Resolution to the extent not otherwise expressly provided for herein.

It is hereby certified, recited, and declared by the County: (a) that this note has been authorized for a valid public purpose 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 purpose and for the payment of this note and the interest hereon; (c) that the County has, by adoption of the Resolution, covenanted to issue and sell its bonds in an amount at least equal to the outstanding principal amount of this note, and has provided for the payment of this note and the interest hereon not paid from other sources from the proceeds of the sale of such bonds before expenditure of such proceeds on any other project; (d) that, by the adoption of the Resolution, the County has also pledged to the payment of this note and the interest hereon, the proceeds of the taxes or other revenues imposed for the payment of such bonds and the interest thereon, until such time as this note and the interest hereon are fully paid; (e) that this note, together with all outstanding indebtedness of the County, is within every debt and other limit prescribed by the Constitution or statutes of the State of Maryland or the Charter; and (f) that all other acts, conditions, and things required to exist, to be done, to have happened, and to be performed precedent to or 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 statutes of the State of Maryland, the Charter, Bill No. 2017-6 and the Resolution.

LIBERO 007 FOLIO 205

IN WITNESS WHEREOF, Dorchester County, Maryland has caused this note to be executed by the manual or facsimile signature of the President of the County Council, and the corporate seal of the County has been affixed hereto or impressed hereon, attested by the manual signature of the [County Manager][other official's title], all as of the Dated Date set forth above.

(SEAL)

ATTEST:

DORCHESTER COUNTY, MARYLAND

[County Manager][other official]

By: _____
President of the County Council

LIBERO 007 FOLIO 206

FORM OF INSTRUMENT OF TRANSFER

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 note and all rights thereunder and does hereby constitute and appoint

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

Dated: _____

Signature Guaranteed:

Notice: Signatures 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 on the face of the within note in every particular, without alteration or enlargement or any change whatever.