

TOWN OF EMMITSBURG GENERAL OBLIGATION BONDS

An Ordinance of the Town of Emmitsburg, a municipal corporation of the State of Maryland, providing for the issuance and sale of up to (and including) One Million One Thousand Dollars (\$1,001,000) par amount of bonds to be known as "Town of Emmitsburg General Obligation Bonds", to be issued and sold pursuant to the authority of Sections 19-301 et seq. of the Local Government Article of the Annotated Code of Maryland, as amended, and Article V, Sections 19 through 22 of the Charter of the Town of Emmitsburg, for the purpose of providing all or a portion of the funds necessary to pay the costs of improvements and upgrades to the Town's wastewater treatment plant, together with any ancillary or related facilities or improvements, capitalized interest on the bonds and costs of issuing the bonds; providing that the bonds shall be issued upon the full faith and credit of the Town of Emmitsburg; providing for the disbursement of the proceeds of the sale of the bonds and for the levy of annual taxes upon all assessable property within the corporate limits of the Town subject to assessment for the payment of the principal of and interest on the bonds as they shall mature; providing for the form, tenor, denomination, maturity date and other provisions of the bonds; providing for the sale of the bonds; providing for related purposes, including the method of fixing the interest rate to be borne by the bonds; and providing for the addition or substitution of additional projects under certain circumstances for related purposes.

WHEREAS, the Town of Emmitsburg (the "Issuer") is a municipal corporation of the State of Maryland organized and operating under a charter (the "Charter") adopted in accordance with Article XI-E of the Constitution of Maryland, and Sections 19-301 *et seq.* of the Local Government Article of the Annotated Code of Maryland, as amended; and

WHEREAS, pursuant to the authority of Sections 19-301 *et seq.* of the Local Government Article of the Annotated Code of Maryland, as amended, and Article V, Sections 19 through 22 of the Charter of the Town of Emmitsburg (the "Charter"), the Issuer has determined to issue its general obligation bonds to be known as the "Town of Emmitsburg General Obligation Bonds" (the "Bonds") in the principal amount of up to (and including) One Million One Thousand Dollars (\$1,001,000) for the purpose of providing all or a portion of the funds necessary for paying the costs of improvements and upgrades to the Town's wastewater treatment plant, together with any ancillary or related facilities or improvements, capitalized interest on the Bonds and costs of issuing the Bonds (the "Project"), all in accordance with the terms and provisions of this Ordinance.

WHEREAS, the Issuer intends by this Ordinance to provide for the issuance and sale of the Bonds; and

NOW, THEREFORE, BE IT ORDAINED:

Section 1. Authorization, Terms, Form of Bonds.

(a) The Issuer shall borrow upon its full faith and credit and shall issue and sell upon its full faith and credit up to (and including) One Million One Thousand Dollars (\$1,001,000) principal amount of the Bonds, to be issued pursuant to the authority of Sections 19-301 et seq. of the Local Government Article of the Annotated Code of Maryland, as amended, and Article V, Sections 19 through 22 of the Charter. The proceeds from the sale of the Bonds shall be used for the purpose of providing all or a portion of the funds necessary to pay the costs of the Project, including capitalized interest on the Bonds, costs of issuance of the Bonds and other related costs.

(b) The Bonds shall be issued in one or more series from time to time, as fully registered bonds in the principal amount of up to (and including) One Million One Thousand Dollars (\$1,001,000), payable to the registered owners thereof. The Bonds of each series may be issued in such amount or such lesser amounts and in such denominations as determined by the Mayor pursuant to subsection (f) below. The interest rates and provisions for prepayment or redemption of the Bonds of any series may differ from the interest rates and provisions for prepayment or redemption of the Bonds of any other series.

(c) The Bonds of each series shall be dated as of their date of issue and delivery to the initial purchaser thereof; shall be numbered R-1 upwards; shall be initially registered in the name of the initial purchaser thereof or such purchaser's designee; and shall bear interest from their dated date in monthly, quarterly, semiannual or other periodic installments, as determined by the Mayor pursuant to subsection (f) below at the designated office of the Issuer.

(d) The Issuer hereby determines that it is in the best interests of the Issuer to issue and sell the Bonds at a private negotiated sale.

(e) The Bonds shall be in substantially the form set forth on Exhibit A attached hereto and made a part hereof, subject to completion and modification as authorized by this Ordinance, which form of Bonds, together with all of the covenants and conditions therein contained, is hereby adopted by the Issuer as and for the form of obligation to be incurred by the Issuer and such covenants and conditions are hereby made binding upon the Issuer, including the promise to pay therein contained.

(f) The Mayor is hereby authorized to make such changes to the amount, terms and form of the Bonds and any related documents and certificates, including insertions therein or additions or deletions thereto, as may be necessary to conform the terms of the Bonds to the terms and requirements of the purchaser and as are consistent with the other provisions of this Ordinance. Accordingly, the Mayor is specifically authorized: (i) to determine and approve the final principal amount of the Bonds of any series to be issued from time to time in order to reflect the final principal amount thereof (not to exceed the maximum principal amount of Bonds authorized by this Ordinance for all series of Bonds), (ii) to determine and approve the interest rate or rates of the Bonds of any series pursuant to either a public or private sale of the Bonds of such series, the method of calculation of interest, and

the date or dates for the payment of interest, all as the Mayor shall deem to be in the best interests of the Issuer, (iii) to determine and approve the maturity date or dates of the Bonds of any series or the principal installments payable on the Bonds of any series and the dates on which the Bonds of any series are subject to mandatory or optional prepayment or redemption, the principal amounts to be prepaid or redeemed on such dates, and the redemption premium thereon, if any, (iv) to determine the number and denominations of Bonds of any series, and (v) to insert into the form of the Bonds a series designation for the Bonds, which shall include the actual year in which the Bonds of any series are issued and any additional designations as may be determined by the Mayor.

(g) Concurrently with the delivery of the Bonds of any series to the purchaser thereof, the Issuer will enter into, execute and deliver in connection with the issuance of the Bonds of such series additional documents, agreements, instruments and certificates (which are herein referred to as the "Related Bond Documents"). The Related Bond Documents shall be in such form and shall contain such terms and conditions as shall be approved by the Mayor and acceptable to the purchaser of the Bonds and the Issuer's bond counsel. The Issuer agrees to perform the covenants and agreements set forth in the Related Bond Documents.

Section 2. Execution. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Mayor of the Issuer, and the seal of the Issuer shall be affixed thereto or reproduced thereon and attested by the manual signature of the Town Clerk of the Issuer. The Related Bond Documents shall be executed on behalf of the Issuer by the manual signature of the Mayor of the Issuer, the Town Manager and other officers and employees of the Issuer, as appropriate, and the seal of the Issuer may (but is not required) be affixed thereto or reproduced thereon and attested by the manual signature of the Town Clerk of the Issuer. In the event any official whose signature appears on the Bonds or any of the Related Bond Documents shall cease to be an official prior to the delivery of the Bonds or the Related Bond Documents, or, in the event any official whose signature appears on any of the Bonds or the Related Bond Documents becomes an officer after the date of the issue, the Bonds or Related Bond Documents shall nevertheless be valid and binding obligations of the Issuer in accordance with their terms. The Mayor of the Issuer is hereby authorized, empowered and directed to complete the applicable form of the Bonds or the Related Bond Documents and to make modifications, deletions, corrections or other changes thereto in any manner which the Mayor, in his or her discretion, shall deem necessary to complete the issuance and sale of the Bonds and the execution and delivery of the Related Bond Documents, as will not alter the substance thereof. The Mayor is hereby also authorized to execute other and additional documents relating to the Bonds, the Related Bond Documents and their administration, including subsequent modifications, deletions, corrections and other changes thereto in any manner which the Mayor, in his or her discretion, shall deem appropriate. The execution of the Bonds and the Related Bond Documents and any other documents relating to the Bonds and the Related Bond Documents by the Mayor shall be conclusive evidence of his or her approval of the form and substance thereof.

Section 3. Registration of Bonds. The Town Clerk shall act as registrar for the

Bonds and shall maintain registration books for the registration and registration of transfer of the Bonds of each series. No security or bond shall be required of the Town Clerk in the performance of the duties of registrar for the Bonds. The Issuer may from time to time by resolution adopted by the Board of Commissioners, either prior to or following the issuance of the Bonds of any series, designate and appoint one or more substitute or successor registrars or a paying agents for the Bonds of any series.

The Bonds of any series will be transferable by the Town Clerk only upon the register for the Bonds maintained by the Town Clerk. Any Bond presented for transfer, exchange or registration, shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Town Clerk, duly executed by the registered owner thereof or by such owner's duly authorized attorney. Upon any transfer or exchange, the Issuer shall execute and deliver in the name of the registered owner or the transferee or transferees, as the case may be, a new registered Bond of authorized denomination(s) in the outstanding and unpaid principal amount of the Bond, payable or maturing on the same date or dates and bearing interest at the same rate as the surrendered Bond. In each case, the Issuer may require payment by the registered owner requesting the exchange or transfer of any tax, fee or other governmental charge and of any shipping and insurance charges 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. The Registrar shall not be required to transfer or exchange any Bond after the mailing or giving of a notice of redemption.

The Issuer may deem and treat the person in whose name any Bonds shall be registered upon the books of the Issuer as the absolute owner of such Bonds, whether such Bonds shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, premium, if any, of and interest on such Bonds and for all other purposes.

Section 4. Prepayment and Redemption. Principal of the Bonds is subject to prepayment or redemption in whole or in part at any time prior to maturity, with or without premium or penalty, together with interest on the principal amount to be prepaid or redeemed accrued to the prepayment or redemption date, as shall be set forth in the form of the Bonds. If less than all of the outstanding principal of any Bond or installments of principal on any Bond shall be called for prepayment or redemption, the principal amount to be so prepaid or redeemed shall be applied to reduce the installments of principal payable on any Bond in the amount and order as determined by the Issuer. Notice of prepayment or redemption shall be sent to the registered owners of any Bonds to be prepaid or redeemed by first class mail at such owners' addresses appearing on the register for the Bonds, or by any other method accepted by the owners of the Bonds, if and as required by the initial purchaser(s) of the Bonds.

If, on the date designated for prepayment or redemption of any Bonds, notice having been duly given or waived, moneys for the prepayment or redemption of principal of the Bonds plus accrued interest to the prepayment or redemption date

are then held by the Issuer, the principal called for prepayment or redemption shall become due and payable at the prepayment or redemption price provided therefor, together with any accrued interest thereon, and interest on such principal called for prepayment or redemption shall cease to accrue from and after such date. From and after any such prepayment or redemption date, the principal of the Bonds called for prepayment or redemption shall cease to bear interest and the registered owners thereof shall thereafter be entitled only to receive from the Issuer payment of the principal thereof called for prepayment or redemption and any accrued interest payable on such principal to the date of prepayment or redemption.

Section 5. Replacement of Mutilated, Lost, Stolen, or Destroyed Bonds. In case any of the Bonds shall become mutilated or be destroyed, lost or stolen, the Issuer may cause to be executed and delivered a new Bond of like date and tenor and bearing the same or a different number, in exchange and substitution for each Bond mutilated, destroyed, lost or stolen, upon the owner paying the reasonable expenses and charges of the Issuer in connection therewith and, in the case of any Bond being destroyed, lost or stolen, upon the owner filing with the Issuer evidence satisfactory to it that such Bond was destroyed, lost or stolen, and furnishing the Issuer with indemnity satisfactory to it. Any Bond so issued in substitution for a Bond so mutilated, destroyed, lost or stolen: (i) may be reproduced in a manner similar to the Bond being replaced, and (ii) shall constitute an original contractual obligation on the part of the Issuer, whether or not the Bond in exchange for which said new Bond is issued shall at any later date be presented for payment and such payment shall be enforceable by anyone, and any such new Bond shall be equally and proportionately entitled to the benefits of the Bonds with all other like Bonds, in the manner and to the extent provided herein. The Issuer may require payment by the registered owner requesting a replacement Bond of any tax, fee or other governmental charge, costs of preparation of the replacement Bond and any shipping and insurance charges that may be required to be paid with respect thereto.

Section 6. Use of Proceeds; Records.

(a) If the Issuer issued bond anticipation notes before the issuance of the Bonds, the Issuer is required to use the first proceeds of the Bonds or other available taxes or revenues to pay or redeem such bond anticipation notes.

(b) The proceeds of the Bonds shall be held, invested, administered and disbursed by the Issuer and shall be used, when and as required, to pay the costs of the Project, including capitalized interest on the Bonds and costs of issuing the Bonds, together with other related costs.

(c) Pending expenditure of the proceeds of the Bonds as contemplated hereby, the Town Treasurer may invest all or part of such proceeds in such manner as authorized or permitted by law; provided, however, that no such investments shall be made which would cause the Bonds to be "arbitrage bonds" as more fully set forth in Section 14 below.

(d) The Town Treasurer shall create and maintain, or cause to be created and maintained, full and complete books and records of account for the receipt, investment and disbursement of the proceeds of the Bonds of any series.

Section 7. Covenants. The Issuer covenants for the benefit of the owners from time to time of the Bonds, that so long as the Bonds or installments of principal thereunder shall remain outstanding and unpaid:

(a) The Issuer will duly and punctually pay, or cause to be paid, to the owners of the Bonds the principal of the Bonds and interest accruing thereon, at the dates and places and in the manner mentioned in the Bonds from unlimited *ad valorem* taxes in the event that available monies or revenues of the Issuer are inadequate to make such payment.

(b) The Issuer covenants that so long as the Bonds are outstanding and not paid, unless other monies or revenues are available for payment of principal of, premium (if any) and interest on the Bonds, it will levy annually, in the manner prescribed by law, a tax on all real and tangible personal property within its corporate limits subject to assessment for unlimited taxation, *ad valorem* taxes in rate and amount and sufficient, to provide for the payment of the principal of and interest on the Bonds as the same become due and payable. In the event that available monies or revenues or the taxes so levied in any fiscal year shall prove inadequate for the above purposes, the Issuer shall levy additional taxes in the succeeding fiscal year to make up such deficiency. The full faith and credit and the unlimited taxing power of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due.

(c) The Issuer intends to pay principal of, premium (if any) and interest on the Bonds from any available monies or revenues of the Issuer. Accordingly, to the extent any such monies or revenues are used to pay principal of, premium (if any) and interest on the Bonds, the Issuer shall not be obligated to levy and collect a tax on all real and tangible personal property within its corporate limits subject to assessment for unlimited taxation, to provide for the payment of the principal of, premium (if any) and interest on the Bonds as the same become due and payable.

Section 8. Ordinance a Contract. The provisions of this Ordinance shall constitute a contract with the registered owners from time to time of the Bonds, and this Ordinance shall not be repealed, modified or altered in any manner materially adverse to the interests of such owners while the Bonds or any portion thereof remain outstanding and unpaid without the consent of the owners of the Bonds.

Section 9. Purchase Price of Bonds. The Bonds shall be sold for cash at not less than 100% of the par value thereof in accordance with the terms and provisions of this Ordinance, and as authorized by Sections 19-301 et seq. of the Local Government Article of the Annotated Code of Maryland, as amended.

Section 10. Sale of Bonds.

(a) The Bonds shall be sold either at a public sale or private negotiated sale as the Mayor of the Issuer deems to be in the best interests of the Issuer. The form of the notice of public sale or request for bids (the "Notice of Sale"), if any, shall be prescribed by the Mayor of the Issuer. In either event, the issuance and sale of the Bonds shall be subject to receipt of the approving opinion of Abramoff Neuberger LLP as Bond Counsel to the Issuer.

(b) The Mayor and other officers, employees, attorneys and agents of the Issuer are authorized to: (i) if a public sale of the Bonds is contemplated, prescribe the form of the Notice of Sale, including any amendments or supplements thereto, and to establish requirements and procedures for the public sale and award of the Bonds upon terms the Mayor determines to be in the best interests of the Issuer, (ii) take any necessary or appropriate actions in connection with any advertisement of the sale of the Bonds and publication of the Notice of Sale, and (iii) take such actions and make such determinations, including the award of the Bonds upon terms the Mayor determines to be in the best interests of the Issuer, either at a public competitive sale, by seeking bids from a limited number of financial institutions or prospective purchasers, or by the private negotiated sale of the Bonds with one or more prospective purchasers, all as may be necessary to effectuate the sale and issuance of the Bonds in accordance with the provisions of this Ordinance, the Notice of Sale (if a public sale) and applicable requirements of law. All actions heretofore taken by the officers or employees of the Issuer in connection with the offer and sale of the Bonds are hereby approved, ratified and confirmed.

Section 11. Special Provisions Applicable to Sale of the Bonds to the United States of America.

(a) *Provisions Applicable to Sale of Bonds to the United States.* The Issuer may sell one or more series of the Bonds to the United States of America (the "Government") under financing programs administered by the United States Department of Agriculture - Rural Development. The provisions of this Section provide for certain terms and conditions related to the sale of the Bonds to the Government and supplement the other provisions of this Ordinance. The following terms and conditions do not represent all the terms and requirements with respect to Bonds sold to the Government. The Issuer may adopt such supplemental ordinances or resolutions as necessary to confirm, modify or supplement any of the provisions of this Ordinance applicable to any Bonds to be sold to the Government.

(b) *Application for Financing Through the United States Department of Agriculture - Rural Development.* In addition to the other provisions of this Ordinance, the Mayor and Town Manager are authorized to make application to and directly negotiate with the United States Department of Agriculture - Rural Development for the purchase and sale of the Bonds to the Government upon terms mutually agreeable to the Mayor and Town Manager and the Government. All actions heretofore taken by the Mayor, the Town Manager and other officers or employees of the Issuer in connection with the purchase and sale of the Bonds by the Government are hereby approved, ratified and confirmed.

(c) *Payment of Bonds.* So long as the Government is the registered owner of the Bonds, payment shall be made by the Issuer to The United States Department of Agriculture, Rural Utilities Service, 1221 College Park Drive, Suite 200, Dover, DE 19904, or such other place as the Government may designate. Unless the Government shall direct otherwise, principal of and interest on the Bonds shall be repaid in one hundred sixty (160) quarterly installments, commencing on the first month after the date of delivery of the Bonds against

payment by the Government therefor, consisting of up to three (3) quarterly installments of interest only, as determined by the Mayor, followed by equal installments of principal and interest each to be in an amount sufficient to cause the principal of the Bonds to be paid in full over the remaining installments; and the entire unpaid principal balance and all accrued and unpaid interest thereon shall be due and payable forty (40) years following the date the Bonds are dated.

(d) *Prepayment of Bonds.*

(i) The Issuer may prepay, at any time, the entire unpaid principal amount of the Bonds or, from time to time, on any interest payment date, such lesser portion thereof as the Issuer may determine, at the principal amount thereof plus accrued interest to the date of such payment.

(ii) If less than all of the outstanding installments of principal shall be called for prepayment, such prepayment shall be in the inverse chronological order of installments of principal.

(iii) Unless notice of prepayment shall be waived in writing by the registered owner of the Bonds, a notice calling for prepayment of the installments of principal to be prepaid shall be mailed by the Issuer, postage prepaid, at least thirty (30) days prior to the prepayment date, to the registered owner of the Bonds, at its last address appearing on the registration books kept by the Issuer. Such notice shall specify the installments of principal to be prepaid, the date fixed for prepayment and the prepayment price, and shall further state that on such date the installments of principal called for prepayment will be due and become payable at the offices of the Issuer located at 300A South Seton Avenue, Emmitsburg, Maryland 21727, or, if the Government is the registered owner, at The United States Department of Agriculture, Rural Utilities Service, 1221 College Park Drive, Suite 200, Dover, DE 19904 (or at such other place as the Government may designate), and that from and after such date, interest thereon shall cease to accrue. provided, however, that failure to mail any such notice or any defect in the notice so mailed, or in the mailing thereof, shall not affect the validity of any prepayment proceedings, except where the Government is the registered owner.

(iv) On the date designated for prepayment, notice having been mailed or waived, and moneys for the payment of the prepayment price plus accrued interest being held by the Issuer, the installments of principal so called for prepayment shall become due and payable at the prepayment price provided for prepayment of such installments of principal on such date, interest on such installments of principal so called for prepayment shall cease to accrue, and the registered owner of the Bonds shall have no rights in respect to the installments of principal so called for prepayment except to receive payment of the prepayment price thereof, plus accrued interest thereon to the prepayment date from such moneys held by the Issuer. If the Government is the registered owner of the Bonds, interest will cease to accrue on the principal so called for prepayment upon payment at The United States Department of Agriculture, Rural Utilities Service, 1221 College Park Drive,

Suite 200, Dover, DE 19904 (or at such other place as the Government shall have designated).

(e) *Investment of Bond Proceeds.* The Town Treasurer may invest all or part of such proceeds in such manner as authorized or permitted by law and, so long as the Government is the registered owner of the Bonds, by the Government.

(f) *Grant Agreement and Other Agreements.* If the Government is the purchaser of the Bonds to be issued for a Project, the Issuer shall enter into such agreements as may be required by the Government in connection with the Bonds and such Project, including, without limitation, a "Water and Waste System Grant Agreement" RUS Bulletin 1780-12, and shall abide by all covenants and agreements of the Issuer contained therein.

(g) *Covenant to Refinance the Bonds.* If at any time while the Government is the registered owner of the Bonds, it shall appear to the Government that the Issuer is able to refinance the principal amount then outstanding on the Bonds, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Issuer will, as required by Section 333(c) of the Consolidated Farm and Rural Development Act of 1961 (7 U.S.C. 1983(c)), upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such action as may be required in connection with such loan.

(h) *Modifications to Project.* If the owner of the Bonds is the Government, any additions to, substitutions for, or amendments or modifications of the Project being financed with the proceeds of such bonds shall be approved by the Government.

(i) *Terms to be Included in Form of Bonds.* Any Bonds sold to the Government in accordance with the provisions of this Section may, in addition to the terms set forth in this Section, include any of the following additional terms:

(i) Any amount advanced or expended by the Government for the collection of the Bonds or to preserve or protect any security for the Bonds, or otherwise under the terms of any security or other instrument executed in connection with the indebtedness evidenced by the Bonds, at the option of the Government, shall become an obligation of the Town, and shall bear interest at the same rate as the principal of the indebtedness evidenced by the Bonds and be immediately due and payable by the Town to the Government without demand. The Town agrees to use the proceeds of the Bonds solely for purposes authorized by the Government.

(ii) The Town shall certify to the Government that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing rates and terms in or near its community for loans for similar purposes and periods of time, and its legal borrowing authority and powers.

(iii) So long as the Government is the holder of any series of Bonds, if at any time it shall appear to the Government that the Town is able to refinance the principal amount then outstanding on such series of Bonds, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Town will, as required by Section 333(c) of the Consolidated Farm and Rural Development Act of 1961 (7 U.S.C. 1983(c)), upon request of the Government, apply for and accept such loan in sufficient amount to repay such series of Bonds to the Government and will take all action as may be required in connection with such loan.

(iv) Any Bond registered in the name of the Government or its designee shall state that [a] it is given as evidence of a loan to the Town made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act, and [b] shall be subject to the present regulations of the Rural Utilities Source of the United States Department of Agriculture and its future regulations not inconsistent with the express provisions thereof.

(v) The form of the Bonds attached hereto as Exhibit A may be amended or modified as necessary to comply with the requirements of the Government under the financing programs administered by the United States Department of Agriculture - Rural Development.

Section 12. Bank Qualified Status of Interest Paid on the Bonds. The Issuer hereby authorizes the Bonds to be designated as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Internal Revenue Code"), if and to the extent any such designation may be made by the Issuer at the time the Bonds or any series of Bonds are issued. In connection with any such designation, the Issuer shall certify at the time the Bonds or series of Bonds are issued that: (a) the Bonds are not private activity bonds for purposes of Section 265(b)(3)(B)(i)(II) of the Internal Revenue Code, (b) the Issuer, including all subordinate entities of the Issuer, has not issued and will not issue more than \$10,000,000 (or any other amount as may then be applicable) of tax exempt obligations during the calendar year in which any series of the Bonds may be issued, and (c) the Issuer, including all subordinate entities of the Issuer, have not designated and will not designate more than \$10,000,000 (or any other amount as may then be applicable) of obligations as qualified tax exempt obligations during the calendar year in which the Bonds or series of Bonds are issued.

Section 13. Authority to Take Action. The officers and employees of the Issuer are hereby authorized and directed to do all acts and things required of them by the provisions of this Ordinance, for the full, punctual and complete performance of all the terms, covenants and provisions of the Bonds, the Related Bond Documents and this Ordinance and to do and perform all acts and to execute, seal and deliver all documents, certificates or instruments of writing which may be necessary or desirable to carry out the full intent and purposes of this Ordinance and the Related Bond Documents. Any and all acts heretofore taken by the officers or employees of the Issuer in connection with the authorization, offer, sale and delivery of the Bonds are hereby approved, ratified and confirmed.

Section 14. Covenants Relating to Tax Exempt Status of the Bonds.

(a) The Mayor and the Town Manager shall be the officials of the Issuer responsible for the execution and delivery on the date of the issuance of the Bonds of a certificate or certificates of the Issuer (a "Tax and Section 148 Certificate") that the Bonds comply with the requirements of Sections 103 and 141 through 150 and other provisions of the Internal Revenue Code and Treasury Regulations applicable to the Bonds, including, without limitation, the provisions and requirements of Section 148 of the Internal Revenue Code ("Section 148"), and the applicable Treasury Regulations thereunder (the "Arbitrage Regulations"), and such officials are hereby authorized and directed to execute and deliver a Tax and Section 148 Certificate to counsel rendering an opinion on the validity of the Bonds on the date of issuance of the Bonds. The Mayor and the Town Manager shall be the officials of the Issuer responsible for the issuance of the Bonds within the meaning of Treasury Regulations Section 1.148-2 of the Arbitrage Regulations.

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

(c) The Issuer covenants and agrees with the registered owner or owners of the Bonds that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the proceeds of the Bonds that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. The Issuer further covenants that it will comply with Section 148 and the Arbitrage Regulations which are applicable to the Bonds on the date of issuance thereof and which may subsequently be made applicable thereto as long as the Bonds remains outstanding and unpaid. The Mayor and the Town Manager are hereby authorized and directed to prepare or cause to be prepared and to execute any certification, opinion or other document, including, without limitation, the Tax and Section 148 Certificate, which may be required to assure that the Bonds will not be deemed to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. All officers, employees and agents of the Issuer are hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Bonds as may be necessary or appropriate from time to time to comply with, or to evidence the Issuer's compliance with, the covenants set forth in this Section.

(d) The Issuer further covenants that it shall make such use of the proceeds of the Bonds, 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 paid on such Bonds.

(e) The Issuer further covenants with the registered owner or owners of the

Bonds (i) that it will not take any action or (to the extent that it exercises control or direction) permit any action to be taken that would cause the Bonds or a portion of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code, and (ii) that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the proceeds of the Bonds or a portion of such proceeds that would cause the Bonds or a portion of the Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Internal Revenue Code.

(f) The Mayor may make such covenants or agreements in connection with the issuance of the Bonds as he or she shall deem advisable in order to assure the registered owner or owners of the Bonds 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 Issuer so long as the observance by the Issuer of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the Issuer regarding compliance with the provisions of the Internal Revenue Code as the Mayor shall deem advisable in order to assure the registered owner or owners of the Bonds that the interest paid thereon shall be and remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the use and investment of proceeds of the Bonds, the payment of certain earnings (if any) resulting from such investment to the United States, limitations on the times within which and the purposes for which proceeds of the Bonds may be expended, the use of specified procedures for accounting for and segregating proceeds of the Bonds, the operation and use of the Project, and retention of records relating to the foregoing matters and the Bonds. Such covenants and agreements may be set forth in a Tax and Section 148 Certificate or other agreement.

Section 15. Project; Additional Projects. The Issuer reserves the right, prior to or after the issuance of the Bonds, to amend and supplement this Ordinance to add or substitute additional capital projects to the Project, or to amend or modify the Project, without the consent of the holders of the Bonds, provided that the Issuer receives an opinion of bond counsel to the effect that the use of the proceeds of the Bonds for the Project as proposed to be modified will not adversely affect the exclusion from federal income taxation applicable to interest paid on the Bonds. As provided in Section 11(h) of this Ordinance, if the owner of the Bonds is the Government, any additions to, substitutions for, or amendments or modifications of the Project being financed with the proceeds of such bonds shall be approved by the Government.

Section 16. Effective Date; Miscellaneous.

(a) **Effective Date.** This Ordinance shall take effect from the date of its approval by the Mayor after its adoption by the Board of Commissioners, or from the date it is passed by the Board of Commissioners over the Mayor's veto.

(b) **Governing Law.** The laws of the State of Maryland shall govern the construction of this Ordinance and the Bonds.

(c) Publication of Ordinance; Filing; Certified Copies of Ordinance.

The Town Clerk of the Issuer shall cause (i) a notice of this Ordinance to be published in accordance with the requirements of Section 2.04.010 E. of the Municipal Code of the Issuer, and (ii) a true and correct copy of this Ordinance to be recorded in the ordinance book and attested by the Town Clerk in accordance with the requirements of Section 2.04.010 A. of the Municipal Code of the Issuer. Any copy of this Ordinance duly certified by the Town Clerk or any successor in office shall constitute evidence of the contents and provisions hereof.

(d) Severability. The provisions of this Ordinance are severable, and if any provision, sentence, phrase, clause, section or part of this Ordinance shall be held or deemed to be illegal, invalid, inoperative, or unenforceable, the same shall not affect or impair any other provision, sentence, phrase, clause, section or part of this Ordinance. Any references in this Ordinance to any provisions of state, federal or local law are not exclusive of any other provisions of federal, state or local law applicable to any provisions hereof. It is hereby declared to be the legislative intent that this Ordinance would have been adopted if such illegal, invalid or unconstitutional provision, sentence, phrase, clause, section or part had not been included herein.

(e) No Personal Liability of Officers, Agents or Employees. No stipulation, obligation or agreement herein contained or contained in the Bonds or in any Related Bond Documents executed on behalf of the Issuer shall be deemed to be a stipulation, obligation or agreement of any officer, agent or employee of the Issuer in his or her individual capacity, and no such officer, agent, or employee shall be personally liable on the Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

(f) Supplements to Ordinance. The Board of Commissioners of the Issuer may adopt a resolution for the purpose of supplementing the terms of this Ordinance or carrying out any of the actions authorized by this Ordinance.

PASSED AND ADOPTED by the Board of Commissioners of the Town of Emmitsburg on November 3, 2014.

ATTEST:

**BOARD OF COMMISSIONERS
TOWN OF EMMITSBURG**

Vickie Felix, Recording Secretary

Tim O'Donnell, President

APPROVED X
Donald N. Briggs, Mayor

Date: November 3, 2014

**Exhibit A to
Ordinance No. _____ - _____**

Form of Bonds

[Subject to modification as authorized herein.]

PAYMENTS OF PRINCIPAL AND INTEREST ON THIS BOND ARE MADE BY DRAFT OR ELECTRONIC FUNDS TRANSFER TO THE REGISTERED OWNER. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

\$1,001,000

R - _____

**UNITED STATES OF AMERICA
STATE OF MARYLAND
Town of Emmitsburg
General Obligation Bond, Series 201__**

Dated _____, 201__

Registered Owner: UNITED STATES OF AMERICA, acting through RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (the "Government")

The Town of Emmitsburg, a municipal corporation of the State of Maryland (the "Town"), hereby acknowledges itself obligated to pay to the registered owner shown above, the principal amount of \$1,001,000, plus interest on the unpaid principal amount at the rate of _____% per annum.

The principal amount hereof and interest due and payable hereon shall be paid in quarterly installments on the dates and in the amounts as set forth in Schedule A attached hereto.

Interest due on the unpaid principal amount hereof shall accrue on the basis of a 365-day year, from the date hereof, first payable on _____ 1, 201__, and thereafter on the first day of _____ and _____ in each year until the principal amount hereof has been paid or provision for payment shall have been made.

Both the principal of and interest on this bond will be paid to the registered owner in lawful money of the United States of America, at the time of payment, and will be paid by electronic funds transfer, through the Rural Utilities Service Preauthorized Debt payment process, while the registered owner of the Bond is the United States of America.

The Town may prepay, at any time, the entire unpaid principal amount of this Bond or, from time to time, on any interest payment date, such lesser portion thereof as the Town may determine, at the principal amount thereof plus accrued interest to the date of such payment. If less than all of the outstanding installments

of principal shall be called for prepayment, such prepayment shall be in the inverse chronological order of installments of principal.

Unless notice of prepayment shall be waived in writing by the registered owner of this Bond, a notice calling for prepayment of the installments of principal to be prepaid shall be mailed by the Town, postage prepaid, at least thirty (30) days prior to the prepayment date, to the registered owner of this Bond, at its last address appearing on the registration books kept by the Town. Such notice shall specify the installments of principal to be prepaid, the date fixed for prepayment and the prepayment price, and shall further state that on such date the installments of principal called for prepayment will be due and become payable at the offices of the Town located at 300A South Seton Avenue, P. O. Box 990, Emmitsburg, Maryland 21727, or, if the Government is the registered owner, at The United States Department of Agriculture, Rural Utilities Service, 1221 College Park Drive, Suite 200, Dover, DE 19904 (or at such other place as the Government may designate), and that from and after such date, interest thereon shall cease to accrue; provided, however, that failure to mail any such notice or any defect in the notice so mailed, or in the mailing thereof, shall not affect the validity of any prepayment proceedings, except where the Government is the registered owner.

On the date designated for prepayment, notice having been mailed or waived, and moneys for the payment of the prepayment price plus accrued interest being held by the Town, the installments of principal so called for prepayment shall become due and payable at the prepayment price provided for prepayment of such installments of principal on such date, interest on such installments of principal so called for prepayment shall cease to accrue, and the registered owner of this Bond shall have no rights in respect to the installments of principal so called for prepayment except to receive payment of the prepayment price thereof, plus accrued interest thereon to the prepayment date from such moneys held by the Town. If the Government is the registered owner of this Bond, interest will cease to accrue on the principal so called for prepayment upon payment at the United States Department of Agriculture, Rural Utilities Service, 1221 College Park Drive, Suite 200, Dover, DE 19904 (or at such other place as the Government shall have designated).

This bond constitutes the entire authorized issue of the Town of Emmitsburg General Obligation Bond of the series designated above, and is issued pursuant to the provisions of (a) Sections 19-301 et seq. of the Local Government Article of the Annotated Code of Maryland, as amended, (b) Article V, Sections 19 through 22 of the Charter of the Town of Emmitsburg, Maryland (the "Charter"), and (c) Ordinance No. 2014-____ adopted by the Board of Commissioners and approved by the Mayor of the Town of Emmitsburg, Maryland on _____, 2014 (the "Ordinance"). The terms and conditions set forth herein concerning payment, prepayment or redemption and all other rights and remedies of the registered owner of this bond are subject to the terms and conditions set forth in the Ordinance.

The full faith and credit and unlimited taxing power of the Town are hereby irrevocably pledged to the prompt payment of the principal of and interest on this bond according to its terms, and the Town hereby covenants and agrees to pay the

principal of and interest on this bond at the dates and in the manner prescribed herein. Under the Ordinance the Town has the right to pay principal of and interest on this bond from any available monies or revenues of the Town.

This bond is transferable only upon the registration books for this bond maintained by the Town at the office of the Town Clerk by the registered owner hereof in person or by such owner's attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer satisfactory to the Town Clerk, duly executed by the registered owner or such owner's duly authorized attorney. The Town shall, within a reasonable time, issue in the name of the transferee a new registered bond in an aggregate principal amount equal to the unpaid principal amount of the bond surrendered and with the same maturities and interest rate. The new bond shall be delivered to the transferee only after payment of any taxes on and any shipping or insurance expenses relating to such transfer.

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

No covenant or agreement contained in this bond or the Ordinance shall be deemed to be a covenant or agreement of any officer, agent, representative or employee of the Town in his or her individual capacity, and neither the officers, agents, representatives or employees of the Town, nor any officer executing this bond, shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance or sale of this bond.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland, the Charter and the Ordinance to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond, together with all other indebtedness of the Town, is within every debt and other limit prescribed by said Constitution or statutes.

IN WITNESS WHEREOF, this bond has been executed by the manual signature of the Mayor and the seal of the Town has been affixed hereto and attested by the manual signature of the Town Clerk, all as of _____, 201__.

TOWN OF EMMITSBURG

[SEAL]

By: _____
Donald N. Briggs, Mayor

Attest:

Cathy Willets, Town Clerk

**UNITED STATES OF AMERICA
STATE OF MARYLAND
Town of Emmitsburg
General Obligation Bond, Series 201__**

Schedule A

Date	Principal Amount	Date	Principal Amount
	\$ -----		

Assignment

For Value Received, the undersigned, hereby sells, assigns and transfers unto

[NAME AND ADDRESS OF TRANSFEREE.]

(TAX IDENTIFICATION OR SOCIAL SECURITY NO. _____)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Bond on the books kept for registration thereof by the Town Clerk of the Town of Emmitsburg, Maryland, at the offices of the Town located at 300A South Seton Avenue, Emmitsburg, Maryland 21727, with full power of substitution in the premises.

Dated: _____

Signature of Registered Owner

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

INSERT SIGNATURE GUARANTY HERE:

[Empty box for signature guaranty]

[Empty box]