

CITY COUNCIL OF THE CITY OF SEAT PLEASANT

RESOLUTION NO. R-23-03

Introduced by: City Council

Date Introduced: August 1, 2022

Amendments Adopted (if applicable):

Date Adopted: August 1, 2022

Date Effective: August 1, 2022

A RESOLUTION concerning

**USDA LOAN FOR
CITY HALL AND PUBLIC WORKS FACILITY IMPROVEMENTS**

FOR the purpose of providing for the issuance and sale, by The City of Seat Pleasant (the “City”), upon its full faith and credit, of its general obligation installment bond in the original principal amount not to exceed Four Million One Hundred Thousand Dollars (\$4,100,000.00), pursuant to the authority of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, Sections C-817 and C-818 of the Charter of the City of Seat Pleasant and Ordinance O-17-04, passed by the Council of the City (the “Council”) on October 3, 2016, approved by the Mayor of the City (the “Mayor”) on October 3, 2016 and effective on October 24, 2016, as amended and supplemented by Ordinance No. O-17-10, passed by the Council on November 14, 2016, approved by the Mayor on November 15, 2016 and effective on December 6, 2016, the bond to be designated “The City of Seat Pleasant Taxable Community Facilities Bond of 2022,” for the public purpose of financing or reimbursing costs of activities relating to renovating, expanding and improving the existing City Hall and Public Works facility buildings as described herein; prescribing the form and tenor of the bond and the terms and conditions for the issuance and sale thereof by private (negotiated) sale without advertisement or the solicitation of competitive bids to the United States of America on its own behalf or acting through any department, division, agency or instrumentality thereof; pledging the full faith and credit and unlimited taxing power of the City to payment of principal of and interest on the bond; providing for the imposition of ad valorem taxes sufficient for the payment of the principal of and interest on the bond; providing that principal of and interest on the bond may be payable from other sources legally available for that purpose; authorizing certain officials to take certain actions or make certain determinations in connection with the bond or the prepayment or payment of the bond anticipation note identified herein; 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 bond.

RECITALS

WHEREAS, The City of Seat Pleasant, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act identified below (the “City”), is authorized and empowered by Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Enabling Act”), and Sections C-817 and C-818 of the Charter of the City of Seat Pleasant, as replaced, supplemented or amended (the “Charter”), to borrow money for any public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds, notes or other evidences of indebtedness; and

WHEREAS, pursuant to Ordinance O-17-04, passed pursuant to the authority of the Enabling Act and Sections C-817 and C-818 of the Charter by the Council of the City (the “Council”) on October 3, 2016, approved by the Mayor of the City (the “Mayor”) on October 3, 2016 (“Ordinance O-17-04”) and effective on October 24, 2016, as amended and supplemented by Ordinance O-17-10, passed pursuant to the authority of the Enabling Act and Sections C-817 and C-818 of the Charter by the Council on November 14, 2016, approved by the Mayor on November 15, 2016 and effective on December 6, 2016 (“Ordinance O-17-10” and, collectively with Ordinance O-17-04, the “Ordinance”), the City authorized the issuance and sale from time to time, upon its full faith and credit, of one or more series of its general obligation bonds in an aggregate principal amount not to exceed Four Million One Hundred Thousand Dollars (\$4,100,000.00) (the “Authorized Bonds”), and the Ordinance provides that any such series may consist of one or more bonds and that any bond may be issued in installment form and/or draw-down form; and

WHEREAS, the Ordinance provides that the proceeds of the Authorized Bonds are to be used and applied for the public purpose of financing, reimbursing or refinancing all or a portion of the cost of any one or more activities relating to the renovation, expansion and improvement of (i) the existing City Hall building located on the property known as 6301 Addison Road, Seat Pleasant, Maryland and (ii) the existing Public Works facility building located on the property known as 108 69th Street, Seat Pleasant, Maryland, and, in connection therewith, acquiring or paying for, as applicable, necessary property rights and equipment, related site and utility improvements (including, without limitation, paving, repaving, sidewalk, curb, gutter, water, sewer, drain and landscaping improvements), related architectural, planning, design, feasibility, engineering, bidding, permitting, demolition, removal, acquisition, construction, construction management, reconstruction, renovation, rehabilitation, expansion, improvement, installation and equipping expenses, costs of additional activities related to any of the foregoing, costs of issuance of any borrowing therefor, and, if the Council so determines by resolution, paying interest during construction and for a reasonable period thereafter (collectively, the “Project”); and

WHEREAS, pursuant to the authority of the Enabling Act, Sections C-817 and C-818 of the Charter and Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended, the Ordinance and Resolution R-18-03, the City issued to Branch Banking and Trust Company (now known as Truist Bank) on September 14, 2017 its \$4,100,000 The City of Seat Pleasant Taxable Community

Facilities Bond Anticipation Note of 2017 (the “Note”) for the public purpose of financing or reimbursing costs of the Project on an interim basis; and

WHEREAS, the Note as originally issued was scheduled to mature on August 15, 2019, but pursuant to (i) Resolution R-20-02, adopted by the Council on August 15, 2019 and effective on August 15, 2019, the maturity date of the Note was extended to August 15, 2020, (ii) pursuant to Resolution R-21-06, adopted by the Council on July 27, 2020 and effective on July 27, 2020, the maturity date of the Note was extended to August 15, 2021, and (iii) pursuant to Resolution R-22-03, adopted by the Council on August 30, 2021 and effective on August 30, 2021, the maturity date of the Note was extended to August 15, 2022; and

WHEREAS, the City has the right to prepay the Note in whole only on any date upon at least ten (10) days’ prior written notice (or such fewer number of days’ notice as is acceptable to the registered owner of the Note) at a prepayment price of the par amount of the Note plus accrued interest on such par amount to the date fixed for prepayment, without penalty or premium; and

WHEREAS, the Note is outstanding in the principal amount of \$4,100,000;

WHEREAS, in accordance with the Ordinance, the City desires to issue to the United States of America, acting through the United States Department of Agriculture (“USDA”), a series of the Authorized Bonds, in the form of a single general obligation installment bond, in the original principal amount not to exceed Four Million One Hundred Thousand Dollars (\$4,100,000.00), and to apply proceeds of the same, together with other available moneys, to prepay or pay at maturity the outstanding principal amount of the Note and accrued interest thereon and to thereby refinance costs of the Project; and

WHEREAS, the interest payable on such Authorized Bond shall be includable in gross income for federal income tax purposes.

SECTION 1. NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEAT PLEASANT that:

(a) The Recitals hereto constitute an integral part of this Resolution and are incorporated herein by reference. Capitalized terms used in the Sections of this Resolution and not 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 City (the “City 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 City 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 official in accordance with the Charter, the City 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 City Code, the official, however known, who is charged under the Charter, the City Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein. As of the date of introduction of this Resolution, it is expressly recognized that the position of City Manager is vacant but that an Interim City Manager has been appointed. Until such time as a City Manager has been appointed, references in this Resolution to the “City Manager” shall be construed to mean the Interim City Manager.

(c) To the extent that applicable laws, orders, regulations or other authority allow for the impression or affixing of the City seal or signatures of City officials or employees on the Bond or any of the documents, certificates or instruments provided for herein to be made by facsimile, digital, electronic or other means, whether due to the impact of the COVID-19 pandemic or for other applicable reasons, the provisions of such applicable laws, orders, regulations or other authority allowing such corporate seal or signatures to be impressed, affixed or made, as applicable, in a manner other than manually shall apply to any impression or affixing of the City seal and/or signatures of City officials or employees provided for in or contemplated by this Resolution.

SECTION 2. AND BE IT FURTHER RESOLVED that pursuant to the authority of the Enabling Act, Sections C-817 and C-818 of the Charter and the Ordinance, the City hereby determines to borrow money and incur indebtedness for the public purpose of refinancing costs of the Project. The City will effect such refinancing by using proceeds of the Bond identified in Section 3 hereof, together with other non-borrowed funds available to the City, to prepay or pay at maturity the outstanding principal balance of the Note and accrued interest thereon, thereby effecting a current refunding of the Note and providing permanent financing for applicable costs of the Project.

SECTION 3. AND BE IT FURTHER RESOLVED that to evidence the borrowing and indebtedness authorized in Section 2 of this Resolution, the City, acting pursuant to the authority of the Enabling Act, Sections C-817 and C-818 of the Charter and the Ordinance, shall issue a general obligation installment bond in the original principal amount not to exceed Four Million One Hundred Thousand Dollars (\$4,100,000.00), to be known as “The City of Seat Pleasant Taxable Community Facilities Bond of 2022” (the “Bond”). The proceeds of the sale of the Bond shall be used and applied as described in the Recitals to this Resolution and as provided in Section 2 hereof.

SECTION 4. AND BE IT FURTHER RESOLVED that:

(a) The Bond shall be issued and sold upon the full faith and credit of the City, shall be dated the date of delivery, and shall be issued in the form of a single fully registered general obligation installment bond, without coupons attached, in the original principal denomination not to exceed Four Million One Hundred Thousand Dollars (\$4,100,000.00). While it is anticipated that the Bond shall be issued in the original principal amount of Four Million One Hundred Thousand Dollars (\$4,100,000.00), the City Manager, on behalf of the City, is hereby authorized to provide for the issuance of the Bond in an original principal amount of less than Four Million One Hundred Thousand Dollars (\$4,100,000.00) that reflects any lesser original principal amount approved by USDA based on Account Summaries submitted by the City in the event USDA does Resolution R-23-03 Approval of the USDA Loan for City Hall and Public Works Facility

not approve Account Summaries providing for the full Four Million One Hundred Thousand Dollars (\$4,100,000.00). In such event, the City may use other available funds, together with the final principal amount of the Bond, to effect the prepayment or payment at maturity of the Note in whole.

(b) Subject to the provisions of subsection (c) of this Section 4, the Bond shall bear interest on the unpaid principal balance from its date at the rate of two and seventy-five hundredths' percent (2.75%) per annum; such interest rate is based on USDA's obligation of funds. Subject to the provisions of subsection (c) of this Section 4, debt service on the Bond will be payable in one hundred twenty (120) quarterly installments of Fifty Thousand Three Hundred Seven Dollars (\$50,307.00) each, or such other amounts as shall be calculated by USDA prior to issuance of the Bond as being the amount necessary to amortize the Bond on the schedule provided for in this Section 4. Notwithstanding the foregoing, the last such installment payable on the Bond shall be in such greater or lesser amount as is calculated to be necessary to fully amortize principal and interest due on the Bond. The first installment of principal and interest on the Bond shall be due and payable on the date three months following the date of delivery of the Bond (or such earlier date occurring within the third month following the date of issuance of the Bond as may be required by USDA in accordance with applicable law and regulations) and subsequent installments of principal and interest shall be payable at three-month intervals thereafter until the principal of and interest on the Bond are fully paid, except that the final installment of the entire indebtedness evidenced by the Bond, if not sooner paid, shall be due and payable on the date that is thirty (30) years from the date of issuance of the Bond (or such earlier date occurring within the month in which the 30th anniversary of the date of issuance of the Bond occurs as may be required by the Purchaser (as defined in Section 9 of this Resolution) in accordance with applicable law and regulations), and except that prepayments may be made as provided in Section 5 of this Resolution.

(c) Notwithstanding the provisions of subsection (b) above, in the event USDA determines prior to the date of issuance and delivery of the Bond that (i) the amortization schedule provided for in such subsection needs to be modified due to USDA allowing the Bond to be issued as a draw-down Bond, including (by way of illustration and not in limitation), to provide for interest only payments for some period of time, (ii) the interest rate reflected in subsection (b) needs to be adjusted based on the date of delivery of the Bond and/or USDA's program requirements, (iii) USDA has not approved the issuance of the Bond in the full amount of \$4,100,000.00, and/or (iv) the amortization schedule provided for in subsection (b) needs to be modified for any reason, including (by way of illustration and not in limitation) to reflect a change in the interest rate due to the date of delivery of the Bond, to reflect a reduction in the final original principal amount of the Bond, and/or because of a calculation error by USDA, the City Manager is hereby authorized and empowered to approve any such adjustments or modifications to such amortization schedule and/or the interest rate required by USDA, any such approval to be evidenced conclusively by such official's execution and delivery of the Bond reflecting such adjustments or modifications in accordance with Sections 6 and 8 of this Resolution.

SECTION 5. AND BE IT FURTHER RESOLVED that the City shall have the right to prepay scheduled installments, or any portion thereof, at any time at par without premium or

penalty. Prepayments and any refunds or extra payments, as designated in the regulations of the United States of America according to the source of funds involved shall, after payment of interest then due on the Bond, be applied to the installments of principal last to become due under the Bond and shall not affect the obligation of the City to pay the remaining principal of and interest on the Bond as and when due. Notice of prepayment shall be given at least thirty (30) days prior to the prepayment date (or such fewer number of days as is acceptable to the registered owner of the Bond) by mailing or otherwise providing to the registered owner a notice fixing the prepayment date and the amount to be prepaid.

SECTION 6. AND BE IT FURTHER RESOLVED that the Bond shall be executed in the name of the City and on its behalf by the City Manager. The corporate seal of the City shall be affixed to the Bond and attested to by the signature of the City Clerk of the City (the "City Clerk"). For so long as the registered owner of the Bond is the United States of America, acting through any department, division, agency, or instrumentality thereof, principal and interest on the Bond shall be paid through the Preauthorized Debit (PAD) process, unless otherwise required by such registered owner. With respect to any registered owner of the Bond other than the United States of America or any department, division, agency or instrumentality thereof, the principal of and interest on the Bond shall be paid by check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mail on or before the payment date) to the registered owner at its address as it appears in the books kept for that purpose at the office of the City Manager, if such address is within the United States of America; otherwise, the principal of and interest on the Bond shall be paid at the office of the City Manager in Seat Pleasant, Maryland. Notwithstanding the preceding sentence, the City Manager and such other registered owner may agree to any other commercially reasonable method of payment of principal of and interest on the Bond (including, by way of illustration and not in limitation, by wire or electronic funds transfer). In the event any official whose signature appears on the Bond shall cease to be such official prior to delivery of the Bond, or, in the event any official whose signature appears on the Bond shall have become such official after the date of issue thereof, the Bond shall, nevertheless, be a valid and legally binding obligation of the City in accordance with its terms.

SECTION 7. AND BE IT FURTHER RESOLVED that the Bond shall be transferable only upon the books kept for that purpose by the City Manager at the City office, by the registered owner thereof in person or by his duly authorized attorney, upon surrender thereof, together with a written instrument of transfer satisfactory to the City Manager, duly executed by such registered owner or duly authorized attorney. At the expense of any transferor, other than the United States of America on its own or acting through any department, division, agency or instrumentality thereof, the City shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in denominations of \$100.00 and integral multiples thereof and in such odd denomination or denominations as may be requested by the transferee and approved by the City Manager on behalf of the City, or as otherwise required by the regulations of the United States of America, if applicable, in an aggregate principal amount equal to the unpaid principal amount of the Bond surrendered, and with the same maturity, series, installment payment dates and interest rate. If more than one bond is issued upon any such transfer, the installment of principal and interest to be paid on each such bond on each payment date shall be equal to the product of the

following formula: the total installment due on the bonds of the same series bearing interest at the same rate on such payment date multiplied by a fraction, the numerator of which shall be the unpaid principal amount of such bond and the denominator of which shall be the aggregate principal amount of bonds of the same series bearing interest at the same rate then outstanding and unpaid, or as otherwise required by the regulations of the United States of America, as applicable. No bond shall be transferred upon the books kept by the City except upon payment of any taxes on, and any shipping or insurance expenses relating to, such transfer; provided, however, that if the United States of America or any department, division, agency or instrumentality thereof is the owner of the bond or bonds sought to be transferred, the costs thereof shall be borne by the City. Any such new bond issued in transfer or exchange may be executed and sealed as provided in Section 6 of this Resolution with respect to the original execution and delivery of the Bond, or as otherwise required by then-applicable law (including, without limitation, taking into account the general authority of other than elected or appointed City officials or employees to sign bonds or other documents, agreements, certificates or instruments of the City or attest to the City seal), and appropriate changes may be made to the form of such bond delivered in transfer or exchange to account for the dated date of such replacement bond or the principal amount of such replacement bond. In the event the Bond is ever transferred or exchanged for more than one bond of such series, references in this Resolution to the "Bond" shall be deemed to refer to all bonds of such series and references in this Resolution to the "owner" of the Bond shall be deemed to refer to the registered owners of all bonds of the same series as the Bond, as the context requires.

SECTION 8. AND BE IT FURTHER RESOLVED that except as provided hereinafter or in a resolution of the Council adopted prior to the issuance of the Bond, the Bond shall be issued in substantially the form attached hereto as Exhibit A and incorporated by reference herein. Appropriate variations and insertions shall be made by the City Manager to provide dates, numbers, and amounts, including to reflect matters determined in accordance with Sections 4 or 11 of this Resolution, and other modifications not altering the substance of the Bond may be made by the City Manager. The covenants contained in the substantially final form of the Bond, as modified in accordance with the provisions of this Section 8 and as executed and delivered by the City in accordance with the provisions of Section 6 of this Resolution, are hereby adopted by the City as and for the form of obligation to be incurred by the City, and such covenants and conditions are hereby made binding upon the City, including the promise to pay therein contained.

SECTION 9. AND BE IT FURTHER RESOLVED that as provided in Section 4 of Ordinance O-17-04, the Bond shall be sold by private (negotiated) sale without advertisement or solicitation of competitive bids to the United States of America on its own behalf or acting through any department, division, agency or instrumentality thereof (the "Purchaser"), at a price of par and for cash. The Council hereby finds that such private (negotiated) sale serves the public interest due to the attractive loan program offered by USDA, including a longer amortization period than a bank typically would be willing to offer, an attractive interest rate, and the ability to prepay the Bond in whole or in part at any time at par, without premium or penalty.

SECTION 10. AND BE IT FURTHER RESOLVED that:

(a) On August 11, 2022 or such other date on or prior to December 31, 2022 as shall be acceptable to USDA, the City Manager and bond counsel to the City, the Bond shall be suitably prepared in definitive form, executed and delivered to the Purchaser upon receipt of the purchase price therefor (or, to the extent applicable as determined in accordance with Section 11 hereof, upon receipt of the initial advance of the par amount of the Bond). To the extent not otherwise expressly provided for herein, the City Manager, the City Clerk and all other appropriate officials and employees of the City are expressly authorized, empowered and directed to (i) take any and all action necessary to complete and close the sale, issuance and delivery of the Bond, (ii) negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection with any such sale, issuance and delivery, including, without limitation, making such changes or modifications in the form of Bond adopted herein as may be necessary or appropriate to comply with United States of America regulations, practices and policies applicable from time to time, and (iii) carry out the transactions contemplated by the Ordinance, any ordinance supplemental to or amending or modifying the Ordinance, this Resolution, any additional resolution supplementing, amending or modifying this Resolution or adopted in furtherance of this Resolution, and any documents, certificates or instructions executed and delivered in connection with the issuance of the Bond.

(b) The City hereby acknowledges its obligation to comply with all applicable USDA reporting and other requirements while the Bond remains outstanding and agrees to comply with the same.

SECTION 11. AND BE IT FURTHER RESOLVED that the entire par amount of the Bond shall be disbursed by the registered owner of the Bond upon delivery of the Bond and paid (i) directly to the City and shall be deposited by the appropriate City official or officials in the proper municipal account or accounts and/or (ii) directly to a third party at the direction of the appropriate City official or officials. Notwithstanding the foregoing, in the event USDA determines not to disburse the entire par amount of the Bond upon its delivery, a portion of such par amount will be advanced to the City upon delivery of the Bond, with subsequent advances to be made in accordance with the requirements of USDA; any such advanced proceeds shall be paid as provided in the first sentence of this Section 11. The proceeds of the sale of the Bond are hereby appropriated for and shall be used and applied by the City exclusively and solely for, the public purposes described in Section 2 hereof. If the proceeds received from the sale of the Bond exceed the amount actually expended or required for such purpose, the amount of such unexpended excess shall be applied to the prepayment of the Bond, unless a supplemental ordinance or resolution, as applicable, is passed by the Council to provide for the expenditure of that excess for some other valid purpose authorized by the Enabling Act, the Charter and/or other applicable law, and except that the unexpended excess shall be applied in accordance with United States of America regulations, practices and policies applicable from time to time.

SECTION 12. AND BE IT FURTHER RESOLVED that to provide for the payment, when due, of the principal of and interest on the Bond, the City shall impose, for each and every fiscal year during which the Bond may be outstanding, ad valorem taxes upon all real and tangible Resolution R-23-03 Approval of the USDA Loan for City Hall and Public Works Facility

personal property in the City that is subject to assessment for unlimited municipal taxation at a rate or rates and in an amount sufficient to pay the principal of and interest on the Bond payable in each such fiscal year and, in the event the proceeds from the collection of the taxes so imposed may prove inadequate for such purposes in any fiscal year, additional taxes shall be imposed in the subsequent fiscal year to make up any deficiency. The full faith and credit and unlimited taxing power of the City are hereby pledged to the payment of the principal of and interest on the Bond as and when the same are payable and to the imposition 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 Bond. The City hereby covenants and agrees with the registered owner of the Bond to take any action that may be lawfully appropriate from time to time during the period that the Bond remains outstanding and unpaid to provide the funds necessary to pay promptly the principal and interest due thereon. The foregoing provisions shall not be construed so as to prohibit the City from paying the principal of and interest on the Bond from the proceeds of the sale of any other obligations of the City or from any other funds legally available for that purpose. Subject to any applicable law, the City may apply to the payment of the principal of or interest on the Bond 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 City for the purpose of assisting the City in accomplishing the type of project or projects which the Bond is issued to finance or refinance 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. AND BE IT FURTHER RESOLVED that the City Manager or any other City official or employee designated by him is authorized to take all action necessary to effectuate the prepayment or payment of the Note from Bond proceeds and any other moneys available for such purpose, including (without limitation) determining whether the Note will be prepaid prior to maturity or paid at maturity, and giving any notices required in connection with any such prepayment or payment.

SECTION 14. AND BE IT FURTHER RESOLVED that that this Resolution may be executed (i) in counterparts and/or (ii) to the extent not prohibited by applicable law, by electronic, digital, stamped, or facsimile signature, and all executed counterparts of this Resolution shall be treated as one and the same instrument.

SECTION 15. AND BE IT FURTHER RESOLVED that the provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

SECTION 16. AND BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its adoption.

[CONTINUED ON FOLLOWING PAGE]

COUNCIL OF THE CITY OF SEAT PLEASANT

DocuSigned by:

Monica Higgs

Monica Higgs, Councilmember

DocuSigned by:

Hope Love

Hope Love, Councilmember

DocuSigned by:

Kelly Porter

Kelly Porter, Councilmember

DocuSigned by:

Gerald R. Raynor, Sr.

Gerald R. Raynor, Sr., Councilmember

DocuSigned by:

Gloria L. Sistrunk

Gloria L. Sistrunk, Councilmember

Kizzie Scott, Councilmember

ATTEST:

DocuSigned by:

Dashaun N. Lanham

Dashaun N. Lanham, CMC
City Clerk

EXPLANATION

Underlining indicates additions to the Resolution by amendment
~~Strike Out~~ indicates matter stricken from the Resolution by amendment

#227116;52038.024

EXHIBIT A

FORM OF BOND

Note: Bracketed items or blanks shall be edited or completed by the City Manager in accordance with the provisions of this Resolution prior to delivery of the Bond.

[\$4,100,000.00]

No. R-_____

REGISTERED

UNITED STATES OF AMERICA

STATE OF MARYLAND

THE CITY OF SEAT PLEASANT

Taxable Community Facilities Bond of 2022

Dated _____, 2022

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.

The City of Seat Pleasant, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act identified herein (the "City"), hereby acknowledges itself indebted and for value received promises to pay to the United States of America, acting through the Rural Housing Service, U.S. Department of Agriculture, the registered owner, the principal amount of [Four Million One Hundred Thousand Dollars (\$4,100,000.00)], plus interest on the unpaid balance from the date hereof at the rate of [two and seventy-five hundredths percent (2.75%)] per annum. The principal of and interest on this bond shall be paid in quarterly installments of [\$50,307.00] each, commencing on _____ and each _____, _____, _____ and _____ thereafter until the principal of and interest on this bond are fully paid (provided that the last such installment shall be in such greater or lesser amount as is calculated to be necessary to fully amortize principal and interest due on this bond), except that the final installment of the entire indebtedness evidenced by this bond, if not sooner paid, shall be payable on _____, 2052, and except that prepayments may be made as provided below.

Both the principal of and interest on this bond will be paid in lawful money of the United States of America at the time of payment. For so long as the registered owner of this bond is the United States of America, acting through any department, division, agency, or instrumentality thereof, principal and interest on this bond shall be paid through the Preauthorized Debit (PAD)

process, unless such registered owner requires a different payment process. With respect to any registered owner of this bond other than the United States of America or any department, division, agency or instrumentality thereof, the principal of and interest on this bond shall be paid by check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mail on or before the payment date) to the registered owner at its address as it appears in the books kept for that purpose by the City Manager of the City (the "City Manager"), if such address is within the United States of America, and otherwise, the principal of and interest on this bond shall be paid at the City office in Seat Pleasant, Maryland, unless the registered owner and the City Manager agree to a different place or manner of payment.

References in this bond to any City official by title shall be deemed to refer to any person serving in an "acting" or "interim" capacity, where applicable.

If any payment date provided for in this bond is not a Business Day, payment shall be made on the next succeeding Business Day. As used herein, a "Business Day" means any day other than a Saturday, a Sunday, or a day on which the City or banks in the State of Maryland and/or the state in which the registered owner of this bond are authorized or obligated by law to close. Each installment of principal and interest shall be applied first to interest accrued (calculated on a 365/366 day year basis) and then to principal; provided that, for so long as the registered owner is the United States of America, acting through any department, division, agency or instrumentality thereof, principal and interest on this bond shall be calculated and applied as required by such registered owner.

This bond is issued pursuant to and in full conformity with the provisions of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "Enabling Act"), Sections C-817 and C-818 of the Charter of the City of Seat Pleasant, as replaced, supplemented or amended (the "Charter"), and by virtue of due proceedings had and taken by the City, particularly Ordinance O-17-04, passed by the Council of the City (the "Council") on October 3, 2016, approved by the Mayor of the City (the "Mayor") on October 3, 2016 and effective on October 24, 2016, as amended and supplemented by Ordinance O-17-10, passed by the Council on November 14, 2016, approved by the Mayor on November 15, 2016 and effective on December 6, 2016 (the "Ordinance"), and Resolution No. R-23-____, adopted by the Council on _____, 2022 and effective on _____, 2022 (the "Resolution"). This bond and the City are also subject to the provisions of Form RD 1942-47 Loan Resolution (Public Bodies) adopted by the Council on September 7, 2016, and effective on September 7, 2016.

The full faith and credit and unlimited taxing power of the City are hereby pledged to the prompt payment of the principal of and interest on this bond according to its terms, and the City does hereby covenant and agree to pay the principal of this bond and the interest hereon, at the dates and in the manner mentioned herein, according to the true intent and meaning hereof. The City shall impose, in each and every fiscal year in which this bond is outstanding, ad valorem taxes upon all real and tangible personal property within the City that is subject to assessment for unlimited municipal taxation at a rate or rates and in an amount sufficient to provide for such

payments when due. In the event the proceeds from the taxes so imposed in any fiscal year are inadequate for such purpose, the City shall impose additional taxes in the succeeding fiscal year to make up any deficiency.

This bond is transferable only upon the books kept for that purpose at the City office by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer satisfactory to the City Manager, duly executed by the registered owner or his duly authorized attorney. At the expense of any transferor, other than the United States of America or any department, division, agency or instrumentality thereof, the City shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in denominations of \$100.00 and integral multiples thereof and in such odd denomination or denominations as may be requested by the transferee and approved by the City Manager on behalf of the City, or as otherwise required by the regulations of the United States of America, if applicable, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds of the same series surrendered, and with the same maturities, installment payment dates and interest rate. If more than one bond is issued upon any such transfer, the installment of principal and interest to be paid on each such bond on each such payment date shall be equal to the product of the following formula: the total installment due on the bonds of the same series bearing interest at the same rate on such payment date multiplied by a fraction the numerator of which shall be the unpaid principal amount of such bond and the denominator of which shall be the aggregate principal amount of the bonds of the same series bearing interest at the same rate then outstanding and unpaid, or, if the registered owner is the United States of America or any department, division, agency or instrumentality thereof, as otherwise required by the regulations of the United States of America, as applicable. Except for transfers made by the United States of America on its own behalf or acting through any department, division, agency, or instrumentality thereof, the new bond or bonds shall be delivered to the transferee only after payment of any taxes on, and any shipping or insurance expenses relating to, such transfer. The City may deem and treat the party in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

The City has the right to prepay scheduled installments, or any portion thereof, at any time at par without premium or penalty. Prepayments (and, if this bond is registered in the name of the United States of America or any department, division, agency or instrumentality thereof, any refunds or extra payments, as designated in the regulations of the United States of America according to the source of funds involved) shall, after payment of interest then due on this bond, be applied to the installments of principal last to become due under this bond and shall not affect the obligation of the City to pay the remaining principal of and interest on this bond as and when due. Notice of prepayment shall be given at least thirty (30) days prior to the prepayment date (or such fewer number of days as is acceptable to the registered owner of this bond) by mailing or otherwise providing to the registered owner a notice fixing the prepayment date and the amount to be prepaid.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland, the Charter of the City, the Ordinance and the Resolution 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 City, is within every debt and other limit prescribed by said Constitution or statutes or Charter.

IN WITNESS WHEREOF this bond has been executed by the [manual] signature of the [Interim] City Manager and the corporate seal of the city has been affixed hereto, attested by the [manual] signature of the City Clerk, all as of the dated date set forth above.

(SEAL)

ATTEST:

THE CITY OF SEAT PLEASANT

City Clerk

By: _____
[Interim] City Manager

(Form of Transfer)

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

Dated:

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

In the presence of
