

CITY COUNCIL OF THE CITY OF SEAT PLEASANT

RESOLUTION R-18-03

Introduced by: **City Council**

Date Introduced: **August 28, 2017**

Amendments Adopted (if applicable):

Date Adopted: **August 28, 2017**

Date Effective: **August 28, 2017**

A RESOLUTION concerning

**BOND ANTICIPATION NOTE FINANCING FOR
CITY HALL AND PUBLIC WORKS FACILITY IMPROVEMENTS**

FOR the purpose of providing for the sale and issuance by The City of Seat Pleasant, a municipal corporation of the State of Maryland (the "City"), to issue and sell a general obligation bond anticipation note in the original principal amount of Four Million One Hundred Thousand Dollars (\$4,100,000.00) or such lesser original principal amount as may be determined by the Mayor of the City (the "Mayor") as provided herein, pursuant to the provisions of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, 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 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 note to be designated "The City of Seat Pleasant Taxable Community Facilities Bond Anticipation Note of 2017", the proceeds of the sale thereof to be used and applied for the public purpose of financing or reimbursing on an interim basis costs of activities relating to renovating, expanding and improving the existing City Hall and Public Works facility buildings as described herein, together with related expenses as more particularly described herein; prescribing the form and tenor of the note and the terms and conditions for the issuance and sale thereof at private sale to Branch Banking and Trust Company; prescribing the terms and conditions of the note and other details incident to the sale, issuance and delivery of the note; providing for the disbursement of the proceeds of the note; covenanting to issue the bonds in anticipation of which the note is issued when, and as soon as, the reason for deferring the issuance thereof no longer exists; providing for the imposition and collection of any taxes necessary for the prompt payment of the principal of and interest on the note; providing that the full faith and credit and unlimited taxing power of the City shall be pledged to the payment of such principal and interest; providing that principal of and interest on the note may be payable from any other sources of revenue lawfully available for such purpose; providing that the provisions of this Resolution

shall be liberally construed; and generally relating to the sale, issuance and delivery and payment of and for the note.

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 and the Bond Anticipation Note Act identified herein (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 proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds; 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 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 (collectively, the “Ordinance”), the City authorized the issuance and sale from time to time, upon its full faith and credit, of 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 the Authorized Bonds may be issued in one or more series; and

WHEREAS, the Ordinance provides that the proceeds of the sale 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, the City applied to the United States Department of Agriculture, acting through the Rural Utilities Service or Rural Development (in either such case, “USDA”), and received a commitment for a loan or loans to finance costs of the Project; and

WHEREAS, USDA loans typically are not made until the applicable project or component thereof is complete or substantially complete and are evidenced by the issuance by a borrower to the United States of America of its general obligation bond or bonds; and

WHEREAS, pursuant to the authority of Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented and amended (the “Bond Anticipation Note Act”), and Section 7 of the Ordinance, the City, by resolution, was authorized to issue and sell from time to time, upon its full faith and credit, general obligation bond anticipation notes in one or more series in an aggregate principal amount not to exceed Four Million One Hundred Thousand Dollars (\$4,100,000.00) (the “Authorized Notes”) prior to and in anticipation of the sale of the Authorized Bonds in order to finance or reimburse costs of the Project on an interim basis; and

WHEREAS, the City has determined that, given the commencement of the Project, it is prudent to incur interim financing by issuing a series of the Authorized Notes at this time, and USDA has concurred in such determination; and

WHEREAS, pursuant to the authority of the Bond Anticipation Note Act and Section 7 of the Ordinance, the City has determined to sell and issue at private sale to Branch Banking and Trust Company a single series of the Authorized Notes, in the form of a general obligation bond anticipation note in the original principal amount of Four Million One Hundred Thousand Dollars (\$4,100,000.00) (or such lesser original principal amount as determined in accordance with the provisions of this Resolution) prior to and in anticipation of the sale of the Authorized Bonds in accordance with, and pursuant to the authority contained in, the Enabling Act, the Bond Anticipation Note Act, Sections C-817 and C-818 of the Charter and the Ordinance, and upon the terms and conditions set forth in this Resolution, the proceeds of which general obligation bond anticipation note are to be used and applied as herein set forth.

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

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

(b) References in this Resolution to any official by title shall be deemed to refer (i) to any official authorized under the Charter, the code of ordinances of the 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 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 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

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referred to herein.

SECTION 2. AND BE IT FURTHER RESOLVED that pursuant to the authority of the Enabling Act, the Bond Anticipation Note Act, Sections C-817 and C-818 of the Charter and the Ordinance, the City hereby determines to issue and sell, upon its full faith and credit, a general obligation bond anticipation note prior to and in anticipation of the sale of the Authorized Bonds, for the public purpose of financing or reimbursing on an interim basis all or a portion of the cost of any one or more activities constituting the Project. The total cost of that portion of the Project to be financed from the proceeds of the Note (as defined in Section 3 below) will not exceed Four Million One Hundred Thousand Dollars (\$4,100,000.00). To the extent the proceeds of the Note are not sufficient to fully fund on an interim basis the costs of the Project, such remaining costs shall be funded from other available sources. Within the limitations set forth in the Bond Anticipation Note Act, the City may apply proceeds of the Note to pay capitalized interest thereon.

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, the Bond Anticipation Note Act, Sections C-817 and C-818 of the Charter and the Ordinance, hereby determines to issue and sell, upon its full faith and credit, its general obligation bond anticipation note in the original principal amount of Four Million One Hundred Thousand Dollars (\$4,100,000.00), or such lesser original principal amount as may be determined by the Mayor in accordance with this Section 3, such bond anticipation note to be designated "The City of Seat Pleasant Taxable Community Facilities Bond Anticipation Note of 2017" (the "Note"). The Mayor, on behalf of the City, with the advice of the City Administrator of the City (the "City Administrator") and the City Treasurer of the City (the "City Treasurer"), is hereby authorized to determine prior to the delivery of the Note that the Note shall be issued in an original principal amount less than \$4,100,000.00, such determination to be evidenced conclusively by the Mayor's execution and delivery of the final form of the Note in an original principal amount less than \$4,100,000.00. Proceeds of the Note are hereby appropriated to finance or reimburse costs of the Project.

SECTION 4. AND BE IT FURTHER RESOLVED that:

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

(b) The Note shall mature, subject to prior prepayment *in whole only* as provided in Section 5 hereof, on August 15, 2019.

(c) The Note shall bear interest from its date of delivery at a rate per annum of three and two-hundredths percent (3.02%). Interest on the Note shall be computed on a 30-day month/360-day year basis.

(d) Interest on the Note shall be payable on February 15 and August 15 in each year until maturity or prior prepayment in whole, commencing on February 15, 2018; provided that,

the last installment of interest shall be due on the date the principal of the Note is retired or prepaid in whole.

(e) The principal of and interest on the Note shall be payable in lawful money of the United States of America at the time of payment. The principal of the Note, at maturity or prior prepayment in whole, shall be payable by check or draft at the office of the City Treasurer in Seat Pleasant, Maryland, unless the City Treasurer and the registered owner agree on a different place or manner of payment. Interest on the Note shall be payable by check or draft mailed to the registered owner thereof at the address designated by the registered owner in writing to the City Treasurer, unless the City Treasurer and the registered owner agree on a different manner of payment (which, by way of illustration, and not in limitation, may include by wire, electronic funds transfer or automatic debit of an appropriate account of the City). The registered owner of the Note shall not be required to surrender the Note in order to receive payment thereon. If any interest payment date or principal payment date is not a Business Day (as defined below), payment shall be made on the next succeeding Business Day and no interest will accrue on the amount owed as of such scheduled payment date for the intervening period. As used herein, "Business Day" means any day other than a Saturday, Sunday or day on which the City or banks in the State of Maryland and/or the state in which the registered owner of the Note is located are authorized or obligated by law to close. The registered owner of the Note shall provide reasonable prior written notice to the City Treasurer of the interest due on the Note on each interest payment date (and the principal due at maturity), but failure to provide such notice shall not affect the amount of, or the City's obligation to pay, interest or principal due on the Note.

(f) The date and amount of all interest and the principal paid at maturity or prepaid in whole accordance with the provisions of Section 5 hereof shall be noted by the registered owner of the Note on its books and records, which notation when made will be presumed correct absent manifest error. The registered owner's failure to make appropriate notation of any such principal payment or prepayment or interest payment shall not limit or otherwise affect the obligations of the City hereunder.

SECTION 5. AND BE IT FURTHER RESOLVED that the Note shall be subject to prepayment prior to maturity at the option of the City *in whole only* on any date at a prepayment price of the par amount of principal of the Note, plus accrued interest on such par amount to the date fixed for prepayment, without premium or penalty. Notice of prepayment shall be given by the City at least ten (10) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner) by mailing or otherwise providing to the registered owner a notice fixing the prepayment date. Any such notice may be conditioned upon availability of funds sufficient to effect such prepayment.

SECTION 6. AND BE IT FURTHER RESOLVED that the Note shall be executed in the name of the City and on its behalf by the Mayor. The corporate seal of the City shall be affixed or imprinted on the Note, attested by the signature of the City Clerk of the City (the "City Clerk"). In the event that any official of the City whose signature appears on the Note shall cease to be such official prior to delivery of the Note, or in the event that any such official whose signature shall

appear on the Note shall have taken office subsequent to the date of issue thereof, his or her signature, in either event, shall nevertheless be valid for the purposes intended.

SECTION 7. AND BE IT FURTHER RESOLVED that the Note shall be transferable only upon the books kept for that purpose by the City Treasurer at the City offices, by the registered owner thereof in person or by the registered owner's attorney duly authorized in writing, upon surrender thereof, together with (i) a written instrument of transfer in a form satisfactory to the City Treasurer and duly executed by the registered owner or the registered owner's duly authorized attorney and (ii) a covenant and agreement substantially as described in Section 9(b) hereof duly executed by the transferee. Upon any transfer or exchange, the City shall, at the expense of the transferor, issue and deliver within a reasonable time a new registered Note in the name of the transferee in original principal amount equal to the original principal amount of the Note surrendered, and with the same maturity date and bearing interest at the same rate. In each case, the City Treasurer may require payment by the registered owner requesting the exchange or transfer of any tax, fee, governmental charge, shipping charges and insurance that may be required to be paid with respect thereto, but otherwise no charge shall be made to the registered owner for the exchange or transfer. Any such new Note issued in transfer or exchange may be executed and sealed as provided in Section 6 hereof with respect to the original execution and delivery of the Note, or as otherwise required by then-applicable law, and appropriate changes may be made to the form of such Note delivered in transfer or exchange to account for the dated date of such new Note.

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

SECTION 9. AND BE IT FURTHER RESOLVED that:

(a) As authorized by the Bond Anticipation Note Act and the Ordinance, the City hereby determines to sell the Note at private sale, which private sale is hereby deemed by the City to be in its best interest and in the interest of its citizens due, in part, to the ability of the City to Resolution R-18-03 Bond Anticipation Note Financing for City Hall and Public Works Facilities August 28, 2017

negotiate terms with potential purchasers, the beneficial interest rate and other attractive terms offered by Branch Banking and Trust Company and the ability to time the issuance and delivery of the Note by conducting a sale by private negotiation. Therefore, and pursuant to the authority of the Enabling Act, the Bond Anticipation Note Act, Sections C-817 and C-818 of the Charter and the Ordinance, the Note shall be sold by private negotiation to Branch Banking and Trust Company (the “Purchaser”), at a price of the par amount of the Note, with no payment of accrued interest. The Note shall be registered in the name of the Purchaser or as otherwise specified by the Purchaser.

(b) The Note shall be sold for investment purposes only and not for resale to the general public. Accordingly, as a condition to delivery of the Note and prior to the issuance of the Note, the Purchaser shall furnish to the City a certificate acceptable to bond counsel to the City to the effect generally that (i) the Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of taxable municipal obligations, to be able to evaluate the risks and merits of the investment or loan represented by the purchase of the Note; (ii) the Purchaser has made its own independent and satisfactory inquiry of the financial condition of the City, including inquiry into financial statements and other information relating to the financial condition of the City to which a reasonable purchaser would attach significance, and of any other matters deemed to be relevant to a reasonably informed decision to purchase the Note; (iii) the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City and the Note, and the Purchaser has been able to make a reasonably informed decision to purchase the Note; (iv) the Purchaser is purchasing the Note for investment or loan purposes only (and not as an “underwriter” or “Participating Underwriter” as defined in Securities and Exchange Commission Rule 15c2-12, as amended, replaced or supplemented) and does not intend to distribute or sell the Note to the general public; (v) if the Note is subsequently sold, transferred or disposed of, such sale, transfer or disposition will be made in accordance with applicable federal and state securities laws and regulations and upon the condition that the purchaser or transferee covenant and agree to and with the City that the Note is being purchased or otherwise acquired for investment or loan purposes only and without intention to sell or distribute the Note to the general public; and (vi) the Purchaser understands and acknowledges that (A) the Note (1) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (2) will not be listed on any stock or other securities exchange, (3) will carry no rating from any rating service, and (4) will not be readily marketable, and (B) no disclosure document is being prepared in connection with the issuance and sale of the Note. Appropriate edits may be made to such certifications to reflect whether the Purchaser is treating the Note as a security or as a loan.

SECTION 10. AND BE IT FURTHER RESOLVED that:

(a) The Note shall be suitably prepared in definitive form, executed and delivered to the Purchaser, upon a date mutually acceptable to the Mayor, the City Administrator and the Purchaser, contemporaneously with the receipt of the purchase price for the Note; provided that, such date shall occur no later than September 16, 2017 without the prior consent of the Purchaser. The Mayor, the City Administrator, the City Treasurer, the City Clerk and all other appropriate

officers and employees of the City are expressly authorized, empowered and directed to take any and all action necessary to complete and close the sale, issuance and delivery of the Note to the Purchaser, and to negotiate, approve, execute and deliver all customary closing documents, certificates and instruments necessary and appropriate in connection therewith, with such representations and conditions contained therein as the Purchaser may require. The Mayor, the City Administrator, the City Treasurer, the City Clerk and all other appropriate officials and employees of the City are further expressly authorized, empowered and directed to undertake any post-closing activities provided for in the Note or the Purchaser's proposal. The Council hereby acknowledges the obligation of the City to pay the fees and expenses of the Purchaser's counsel as provided for in the Purchaser's proposal.

(b) Notwithstanding anything to the contrary contained in this Resolution, to the extent the provisions set forth in Sections 3, 4, 5 or 9(b) of this Resolution, or elsewhere in this Resolution, do not comport with the provisions specified by the Purchaser in its proposal or contemplated by such proposal, the Mayor, on behalf of the City, with the advice of the City Administrator, the City Treasurer, the financial advisor to the City and/or bond counsel to the City, as applicable, is hereby authorized and empowered to include in the final form of the Note such provisions as modified as required by the Purchaser, the Mayor's approval of any such modifications to be evidenced conclusively by the Mayor's execution and delivery of the final form of the Note containing such modifications in accordance with the provisions of Sections 6 and 8 of this Resolution, and to the extent of any discrepancy between Sections 3, 4, 5, 9(b) or otherwise hereof and the final provisions of the Note, the provisions so included in the executed Note shall control. Notwithstanding any other provisions of this Resolution, the Mayor, with the advice of the City Administrator, the City Treasurer, the financial advisor to the City and/or bond counsel to the City, as applicable, is hereby authorized and empowered to agree to terms relating to the Note that (i) accurately reflect the provisions of the Purchaser's proposal to purchase the Note, to the extent such terms are not accurately reflected herein, (ii) are more favorable to the City than the terms reflected in this Resolution, and/or (iii) are not more favorable to the City but are not uncommon for municipal obligations in the nature of the Note, any of which such other terms shall be reflected in the final form of the Note executed and delivered by the Mayor in accordance with Sections 6 and 8 of this Resolution and/or in other applicable closing documents, certificates and instruments executed and delivered by appropriate City officials pursuant to the authority of this Resolution, and to the extent of any discrepancy among the provisions of this Resolution and the executed and delivered Note and/or closing documents, certificates and instruments, the provisions of such executed and delivered Note and/or closing documents, certificates and instruments shall control.

SECTION 11. AND BE IT FURTHER RESOLVED that the City Treasurer, or any other appropriate City official, is hereby designated to receive payment on behalf of the City of the proceeds of the Note contemporaneously with the delivery of the Note, unless any portion of such proceeds is to be paid directly to one or more third parties as directed by the City. The proceeds of the Note physically received by the City shall be deposited in the proper account or accounts of the City, shall be invested within the limits prescribed by applicable law, and shall be used and applied exclusively for the purposes described in Section 2 hereof. If the proceeds received from the Note exceed the amount needed for the applicable public purposes hereinabove described, the amount of such unexpended excess shall be set apart in a separate fund or funds and applied to

pay debt service on the Note or to prepay the Note in whole in accordance with Section 5 hereof (together with other available funds as necessary), unless a supplemental ordinance or resolution is passed by the Council, as applicable, to provide for the expenditure of that excess for some other valid purpose authorized by the Enabling Act, the Bond Anticipation Note Act, the Charter or other applicable law. Investment earnings on proceeds of the Note, if any, held by the City may be applied to pay costs of the Project, to make debt service payments on the Note, or to prepayment in whole of the Note in accordance with Section 5 hereof (together with other available funds as necessary), unless a supplemental ordinance or resolution, as applicable, is passed by the Council to provide for the expenditure of such earnings for some other valid purpose authorized by the Enabling Act, the Bond Anticipation Note Act, the Charter or other applicable law. Nothing in this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose.

SECTION 12. AND BE IT FURTHER RESOLVED that:

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

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

(c) If the City shall be unable, for reasons beyond its control, to issue and sell the Authorized Bonds as aforesaid, or if the proceeds from the sale of the Authorized Bonds shall be insufficient to pay the principal of and interest on the Note when due, then the principal of and interest on the Note shall be paid from tax or other revenues which the City previously has determined to apply to the payment of the principal of the Authorized Bonds and the interest thereon. The City shall impose, for each and every fiscal year during which the Note may be outstanding, upon all real and tangible personal property in the City that is subject to assessment for unlimited City taxation, ad valorem taxes at a rate and in an amount sufficient pay the principal of and interest on the Note in each fiscal year in which the Note is outstanding; and, if the proceeds from the taxes so imposed in any fiscal year are inadequate for such payment, additional taxes shall be imposed in the succeeding fiscal year to make up such deficiency. 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 the Note, as and when they become due and payable, and to the imposition and collection of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Note. The City hereby covenants and agrees with the registered owner of the Note to impose and collect the taxes hereinabove prescribed and to take any further action that may be lawfully appropriate from time to time during the period that the Note remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

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

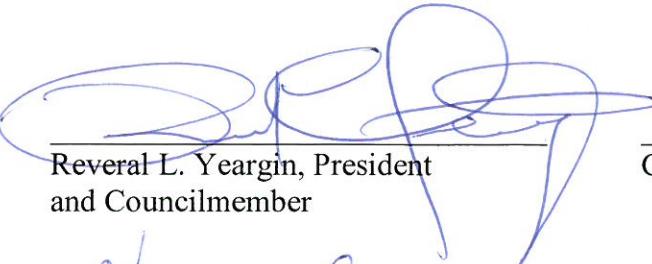
SECTION 13. AND BE IT FURTHER RESOLVED that the provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

SECTION 14. AND BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its adoption.

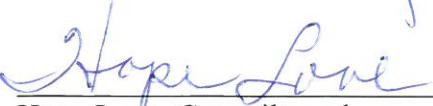
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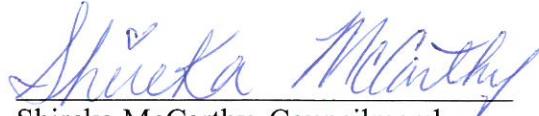
COUNCIL OF THE CITY OF SEAT PLEASANT

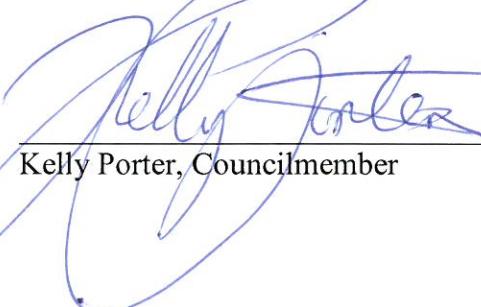

Reveral L. Yeargin, President
and Councilmember


Charl Jones, Councilmember


Hope Love, Councilmember


Lamar Maxwell, Councilmember


Shireka McCarthy, Councilmember


Kelly Porter, Councilmember


Gloria L. Sistrunk, Councilmember

ATTEST:


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

EXHIBIT A

FORM OF NOTE

No. R-_____ \$ _____ .00

REGISTERED

UNITED STATES OF AMERICA

STATE OF MARYLAND

THE CITY OF SEAT PLEASANT

COMMUNITY FACILITIES BOND ANTICIPATION NOTE OF 2017

Dated Date: _____, 2017

THE CITY OF SEAT PLEASANT, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act and the Bond Anticipation Note Act identified below (the "City"), hereby acknowledges itself indebted and for value received promises to pay _____, the registered owner hereof, or registered assigns or legal representatives, the principal amount of _____ Dollars (\$ _____), plus interest on such principal amount as set forth herein. This note shall mature on August 15, 2019, on which date the entire principal amount hereof shall become due and payable, subject to prior prepayment of such principal *in whole only* as provided herein. [IF MAYOR DETERMINES NOTE TO BE ISSUED IN A LESSER ORIGINAL PRINCIPAL AMOUNT, SUCH LESSER AMOUNT SHALL BE INSERTED IN THE PRECEDING SENTENCE.]

This note shall bear interest on the original principal amount from the date of its delivery at a per annum interest rate of three and two-hundredths percent (3.02%).

Accrued interest on this note shall be due and payable on February 15 and August 15 in each year until maturity or prior prepayment in whole. This note shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the Dated Date set forth above. Interest shall be computed on a 30/360 basis.

The registered owner of this note shall provide reasonable prior written notice to the City Treasurer of the City (the "City Treasurer") of the interest due on this note on each interest payment date (and the principal due at maturity), but failure to provide such notice shall not affect the amount of, or the City's obligation to pay, interest or principal due on this note. If any such payment date is not a Business Day (as hereinafter defined), such payment may be made on the

Resolution R- _____ -
_____, 20____

next succeeding Business Day and no interest shall accrue on the amount owed as of such regularly scheduled payment date for the intervening period. As used herein, a “Business Day” means any day other than a Saturday, Sunday or day on which the City or banks in the State of Maryland and/or the state in which the registered owner of this note is located are authorized or obligated by law to close. The registered owner of this note shall not be required to surrender this note in order to receive payment hereon.

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 note, at the dates and in the manner mentioned herein, according to the true intent and meaning hereof.

This note is the duly authorized bond anticipation note of the City, designated “The City of Seat Pleasant Taxable Community Facilities Bond Anticipation Note of 2017”, dated _____, 2017, and is issued pursuant to the authority of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented and amended, Sections 19-211 to 19-223, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented and amended, Sections C-817 and C-818 of the Charter of the City of Seat Pleasant, as replaced, supplemented or amended (the “Charter”), 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 (collectively, the “Ordinance”), and Resolution R-____, adopted by the Council on _____, 2017 and effective on _____, 2017 (the “Resolution”).

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

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

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

Resolution R-____, 20____

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conditioned upon availability of sufficient funds to effect such prepayment.

It is hereby certified, recited, and declared by the City: (a) that this note has been authorized for a valid public purpose which the City is empowered by law to undertake and perform; (b) that the City is authorized by law to issue and sell its bonds to provide funds for such public purpose and for the payment of this note and the interest hereon; (c) that the City has, by adoption of the Resolution, covenanted to issue and sell its bonds in an amount at least equal to the outstanding principal amount of this note, and has provided for the payment of this note and the interest hereon not paid from other sources from the proceeds of the sale of such bonds before expenditure of such proceeds on any other project; (d) that, by the adoption of the Resolution, the City has also pledged to the payment of this note and the interest hereon, the proceeds of the taxes or other revenues imposed for the payment of such bonds and the interest thereon, until such time as this note and the interest hereon are fully paid; (e) that this note, together with all outstanding indebtedness of the City, is within every debt and other limit prescribed by the Constitution or statutes of the State of Maryland or the Charter; and (f) that all other acts, conditions, and things required to exist, to be done, to have happened, and to be performed precedent to or in the issuance of this note do exist, have been done, have happened, and have been performed in full and strict compliance with the Constitution and statutes of the State of Maryland, the Charter, the Ordinance and the Resolution.

IN WITNESS WHEREOF, The City of Seat Pleasant has caused this note to be executed by the manual or facsimile signature of the Mayor, and the corporate seal has been affixed hereto or impressed hereon, 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: _____

Mayor

Resolution R-_____
_____, 20_____

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FORM OF INSTRUMENT OF TRANSFER

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

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

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

the within note and all rights thereunder and does hereby constitute and appoint

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

Dated: _____

Signature Guaranteed:

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

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