

**ORDINANCE NO. 4- 2019
THE TOWN OF TRAPPE**

AN ORDINANCE OF THE TOWN OF TRAPPE, A MUNICIPAL CORPORATION OF THE STATE OF MARYLAND, PROVIDING FOR THE ISSUANCE AND SALE OF NO MORE THAN ONE MILLION NINE HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED DOLLARS (\$1,975,500) PAR AMOUNT OF GENERAL OBLIGATION BOND AND GRANT ANTICIPATION NOTES TO BE KNOWN AS "THE TOWN OF TRAPPE GENERAL OBLIGATION BOND ANTICIPATION NOTES" AND "THE TOWN OF TRAPPE GENERAL OBLIGATION GRANT ANTICIPATION NOTES", TO BE ISSUED AND SOLD PURSUANT TO THE AUTHORITY OF SECTION 19-212 OF THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS AMENDED, AND SECTION 612 OF THE CHARTER OF THE TOWN OF TRAPPE, FOR THE PURPOSE OF PROVIDING FUNDS NECESSARY TO PAY THE COSTS OF REPAIRING, UPGRADING OR REPLACING SANITARY SEWER PUMPING STATIONS, AND OTHER PUBLIC IMPROVEMENTS FOR THE TOWN OF TRAPPE, AND PAYING CAPITALIZED INTEREST ON AND THE COSTS OF ISSUING THE NOTES, ALL IN ANTICIPATION OF THE FUTURE ISSUANCE OF THE ISSUER'S GENERAL OBLIGATION BONDS OR THE RECEIPT OF GRANTS FOR SUCH PURPOSES; PROVIDING THAT THE NOTES SHALL BE ISSUED UPON THE FULL FAITH AND CREDIT OF THE TOWN OF TRAPPE; PROVIDING FOR THE DISBURSEMENT OF THE PROCEEDS OF THE SALE OF THE NOTES AND FOR THE LEVY OF ANNUAL TAXES UPON ALL ASSESSABLE PROPERTY WITHIN THE CORPORATE LIMITS OF THE ISSUER SUBJECT TO ASSESSMENT FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE NOTES AS THEY SHALL MATURE; PROVIDING FOR THE FORM, TENOR, DENOMINATION, MATURITY DATE, INTEREST RATE AND OTHER PROVISIONS OF THE NOTES; PROVIDING FOR THE SALE OF THE NOTES; AND PROVIDING FOR THE DESIGNATION OF SPECIFIC PROJECTS TO BE FINANCED WITH PROCEEDS OF THE NOTES AND RELATED PURPOSES.

WHEREAS, The Town of Trappe (the "Issuer"), is a municipal corporation of the State of Maryland organized and operating under a charter adopted in accordance with Article XI-E of the Constitution of Maryland, and Sections 4-201 *et seq.* of the Local Government Article of the Annotated Code of Maryland, as amended; and

WHEREAS, Section 19-212 of the Local Government Article of the Annotated Code of Maryland (the "Enabling Act"), as amended, and Section 612 of the Charter of the Town of Trappe, Maryland (the "Charter"), authorizes the Issuer to issue its general obligation bond anticipation notes and grant anticipation notes to be known as "The Town of Trappe General Obligation Bond Anticipation Notes" (the "Bond Notes") in the maximum aggregate principal amount of up to One Million Three Hundred Seventy-Six Thousand Dollars (\$1,376,000.00) and "The Town of Trappe General Obligation Grant Anticipation Notes" (the "Grant Notes"; together with the Bond Notes, the "Notes") in the maximum aggregate principal amount of up to Five Hundred Ninety-Nine Thousand Five Hundred Dollars (\$599,500.00), for the purpose of

providing all or a portion of the funds necessary to pay the costs of repairing, upgrading or replacing sanitary sewer pumping stations and other public improvements for the Issuer (individually a "Project" and, collectively, the "Projects"), capitalized interest on the Notes and the payment of the costs of issuing the Notes, all in accordance with the terms and provisions of this Ordinance; and

WHEREAS, the Issuer has received one or more written commitments from the United States of America, acting through Rural Utilities Service, United States Department of Agriculture (the "USDA") for one or more permanent loans in the total maximum principal amount not to exceed One Million Three Hundred Seventy-Six Thousand Dollars (\$1,376,000.00) to finance or refinance a portion of the costs of constructing the Project. The Issuer has received a commitment from the USDA for a grant in the amount of up to Five Hundred Ninety-Nine Thousand Five Hundred Dollars (\$599,500.00) (the "USDA Grant"). The Issuer intends that this Ordinance authorize Notes sufficient to fund all costs of the Project, however, Bond Notes shall be issued only in amounts for which the Issuer expects to refund with bonds or other payment sources, and Grant Notes shall be issued only in amounts for which the Issuer receives a commitment for the USDA Grant; and

WHEREAS, concurrently with the adoption of this Ordinance, the Issuer has adopted an Ordinance authorizing the issuance and sale of its general obligation bonds (herein referred to as the "Bonds") to refund the Bond Notes to pay the costs of the Projects herein authorized, together with capitalized interest, costs of issuance and other related costs; and

WHEREAS, the Issuer is authorized to issue and sell the Notes by public sale or by private negotiated sale, as authorized by the Enabling Act; and

WHEREAS, by this Ordinance, the Issuer intends to consolidate the authorization for interim financing, by authorizing an interim financing amount not to exceed One Million Nine Hundred Seventy-Five Thousand Five Hundred Dollars (\$1,975,500), subject to the limits described herein, and evidencing such obligation by the issuance of its Notes. The proceeds of the Notes will finance and refinance a portion of the costs of construction of the Project.

WHEREAS, the Issuer intends by this Ordinance to provide for the issuance and sale of the Notes in anticipation of the issuance of the Bonds and the receipt of the USDA Grant; and

WHEREAS, upon completion of the Project, the Issuer intends to repay the then outstanding principal amount of the Notes from a combination of the proceeds of its Bonds, the USDA Grant and funds of the Issuer.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. Authorization, Terms, Form of Notes.

(a) The Issuer shall borrow upon its full faith and credit and shall issue and sell the Notes in one or more installments as its general obligation notes and grant anticipation notes in the maximum aggregate principal amount of up to (and including) One Million Nine Hundred Seventy-Five Thousand Five Hundred Dollars (\$1,975,500), to be issued pursuant to the authority of the Enabling Act and the Section 612 of the Charter. The proceeds from

the sale of the Notes shall be used for the purpose of providing all or a portion of the funds necessary for payment of costs of the Projects, capitalized interest on the Notes and costs of issuing the Notes, together with other related costs.

(b) The Notes shall be issued in one or more installments, on a revolving or non-revolving basis, from time to time in the maximum aggregate principal amount of up to (and including) One Million Nine Hundred Seventy-Five Thousand Five Hundred Dollars (\$1,975,500), payable to the registered owners thereof. The maximum aggregate principal amount of the Bond Notes to be issued shall not exceed One Million Three Hundred Seventy-Six Thousand Dollars (\$1,376,000.00). The maximum aggregate principal amount of the Grant Notes to be issued shall not exceed Five Hundred Ninety-Nine Thousand Five Hundred Dollars (\$599,500.00). The Notes of each installment series may be issued in such amount or such lesser amounts and in such denominations as determined by the President of the Council, pursuant to subsection (f) below. The interest rates and provisions for prepayment or redemption of the Notes of any installment series may differ from the interest rates and provisions for prepayment or redemption of the Notes of any other installment series.

(c) The Notes of each installment 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; shall bear interest from their dated date, payable in monthly, quarterly, semiannual or other periodic installments, as determined by the President of the Council, pursuant to subsection (f) below, at the designated office of the Issuer.

(d) To evidence the borrowing and indebtedness authorized in Section 1(a) of this Ordinance, the Issuer, acting pursuant to the authority of the Enabling Act and the Charter, shall issue and sell from time to time, upon its full faith and credit, the Notes one or more general obligation installment bond anticipation notes and grant anticipation notes in the aggregate principal amount not to exceed One Million Nine Hundred Seventy-Five Thousand Five Hundred Dollars (\$1,975,500) to be known as the "The Town of Trappe General Obligation Bond Anticipation Note" and the "Town of Trappe General Obligation Grant Anticipation Note". There shall be added to the title of the Notes a designation corresponding to the year in which the installment of Notes are issued and, as appropriate, an additional letter designation to distinguish the Notes from other indebtedness issued by the Issuer. The Notes shall be dated the delivery date and shall be issued in the form of a single fully registered note, without coupons attached. The Notes shall bear interest on the outstanding principal balance at a rate determined by the President of the Council and Clerk-Treasurer and shall be payable on such dates as may be determined by the President of the Council and Clerk-Treasurer of the Issuer. The final maturity date of the Notes shall be not later than 5 years from the date of issuance of the Notes and may be extended upon the prior written consent of the President of the Council and Clerk-Treasurer of the Issuer and the registered owner of the Notes in the event that completion of the Project is delayed. Prepayments may be made at the option of the Issuer with or without premium or penalty or as may be determined by the President of the Council and Clerk-Treasurer of the Issuer.

(e) The Notes shall be in substantially the form set forth on Exhibit A to this Ordinance, attached hereto and made a part hereof, subject to completion and modification as authorized by this Ordinance, which form of the Notes, 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 President of the Council and Clerk-Treasurer are hereby authorized to make such changes to the amount, terms and form of the Notes and any related documents and certificates, including insertions therein or additions or deletions thereto, as may be necessary to conform the terms of the Notes to the terms and requirements of the purchaser and as are consistent with the other provisions of this Ordinance. Accordingly, the President of the Council and Clerk-Treasurer are specifically authorized: (i) to determine and approve the final principal amount of the Notes of any series to be issued from time to time in order to reflect the final principal amount of the Notes of any series, not to exceed the maximum principal amount of Notes authorized by this Ordinance for all series of Notes, (ii) to determine and approve the interest rate or rates of the Notes of any series pursuant to either a public or private sale of the Notes of such series, the method of calculation of interest, and the date or dates for the payment thereof, if any, all as the President of the Council and Clerk-Treasurer shall deem to be in the best interests of the Issuer, (iii) to determine and approve the maturity date or dates of the Notes of any series (but not later than the date specified in paragraph 1(d) above), the dates on which the Notes of any series are subject to mandatory or optional prepayment or redemption, and 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 the Notes of any series, and (v) to insert into the form of the Notes a project and series designation for the Notes, which shall include the actual year in which the Notes of any series are issued and any additional designations as may be determined by the President of the Council and Clerk-Treasurer.

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

Section 2. Execution. The Notes shall be executed on behalf of the Issuer by the manual or facsimile signature of the President of the Council of the Issuer, and the seal of the Issuer shall be affixed thereto or reproduced thereon and attested by the manual signature of the Clerk-Treasurer of the Issuer. In the event any official whose signature appears on the Notes or the Related Note Documents shall cease to be an official prior to the delivery of the Notes or the Related Note Documents, or, in the event any official whose signature appears on any of the Notes or the Related Note Documents becomes an officer after the date of the issue, the Notes or Related Note Documents shall nevertheless be valid and binding obligations of the Issuer in accordance with their terms. The President of the Council of the Issuer is hereby authorized,

empowered and directed to complete the applicable form of the Notes and the Related Note Documents and to make modifications, deletions, corrections or other changes thereto in any manner which the President of the Council, in his or her discretion, shall deem necessary to complete the issuance and sale of the Notes and the execution and delivery of the Related Note Documents, as will not alter the substance thereof. The President of the Council is hereby also authorized to execute other and additional documents relating to the Notes, the Related Note Documents and their administration, including subsequent modifications, deletions, corrections and other changes thereto in any manner which the President of the Council, in his or her discretion, shall deem appropriate. The execution of the Notes and the Related Note Documents and any other documents relating to the Notes and the Related Note Documents by the President of the Council and Clerk-Treasurer shall be conclusive evidence of his or her approval of the form and substance thereof.

Section 3. Registration of Notes. The Clerk-Treasurer shall act as registrar for the Notes and shall maintain registration books for the registration and registration of transfer of the Notes of any series at the office of the Clerk-Treasurer. No security or bond shall be required of the Clerk-Treasurer in the performance of the duties of registrar for the Notes. The Issuer may from time to time by ordinance adopted by the Council of the Issuer, either prior to or following the issuance of the Notes, designate and appoint one or more substitute or successor registrars or paying agents for the Notes.

The Notes of any series will be transferable by the Clerk-Treasurer only upon the register for the Notes maintained by the Clerk-Treasurer. Any Note 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 Clerk-Treasurer, 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 Note of authorized denomination(s) in the outstanding and unpaid principal amount of the Note, payable or maturing on the same date or dates and bearing interest at the same rate as the surrendered Note. 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 Clerk-Treasurer, as registrar, shall not be required to transfer or exchange any Note after the mailing of a notice of redemption.

The Issuer may deem and treat the person in whose name any Notes shall be registered upon the books of the Issuer as the absolute owner of such Notes, whether such Notes 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 Notes and for all other purposes.

Section 4. Prepayment and Redemption. Principal of the Notes may be repaid and re-borrowed and the principal 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 Notes or as otherwise determined by the President of the Council. If less than all of

the outstanding principal of any Note or installments of principal on any Note 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 Note in the amount and order as determined by the Issuer. Notice of prepayment or redemption shall be sent to the registered owners of any Notes to be prepaid or redeemed by first class mail at such owners' addresses appearing on the register for the Notes, if and as required by the purchaser(s) of the Notes.

If, on the date designated for prepayment or redemption of any Notes, notice having been duly given or waived, moneys for the prepayment or redemption of principal of the Notes 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 Notes 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 Notes. In case any of the Notes shall become mutilated or be destroyed, lost or stolen, the Issuer may cause to be executed and delivered new Notes of like date and tenor and bearing the same or a different number, in exchange and substitution for each Note 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 Notes being destroyed, lost or stolen, upon the owner filing with the Issuer evidence satisfactory to it that such Notes was destroyed, lost or stolen, and furnishing the Issuer with indemnity satisfactory to it. Any Notes so issued in substitution for any Notes so mutilated, destroyed, lost or stolen: (i) may be reproduced in a manner similar to the Note being replaced, and (ii) shall constitute an original contractual obligation on the part of the Issuer, whether or not the Notes in exchange for which said new Notes are issued shall at any later date be presented for payment and such payment shall be enforceable by anyone, and any such new Notes shall be equally and proportionately entitled to the benefits of the Notes with all other like Notes, in the manner and to the extent provided herein. The Issuer may require payment by the registered owner requesting a replacement Note of any tax, fee or other governmental charge, costs of preparation of the replacement Note and any shipping and insurance charges that may be required to be paid with respect thereto.

Section 6. Use of Proceeds; Records.

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

(b) Pending expenditure of the proceeds of the Notes as contemplated hereby, the President of the Council and Clerk-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 Notes to be "arbitrage bonds" as more fully set forth in Section 13 below.

(c) Upon the issuance of the Bonds in anticipation of which the Bond Notes are expected to be issued, the Issuer is required to use the first proceeds of the Bonds or other available taxes or revenues to pay or redeem the Bond Notes. Upon the redemption of the Bond Notes from the first proceeds of the Bonds or otherwise, and unexpended proceeds of the Bond Notes shall be deemed to be proceeds of the Bonds.

(d) Upon the distribution of the USDA Grant, the Issuer intends to use the first proceeds of the USDA Grant to satisfy obligations under the Grant Notes, and for any remaining proceeds of the USDA Grant to satisfy obligations under the Bond Notes.

(e) The Clerk-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 Notes of each series.

Section 7. Covenants. The Issuer covenants with the owners from time to time of the Notes that so long as the Notes 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 Notes the principal of the Notes and interest accruing thereon, at the dates and places and in the manner mentioned in the Notes 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 Notes are outstanding and not paid, unless other monies or revenues are available for payment of principal of, premium (if any) and interest on the Notes, 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 Notes 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 Notes as the same become due.

(c) The Issuer intends to pay principal of, premium (if any) and interest on the Notes 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 Notes, 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 Notes as the same become due and payable.

(d) The Issuer, pursuant to Section 19-212(a)(2) of the Enabling Act, covenants to issue the Bonds as soon as there is no longer a reason for deferring their issuance.

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

Section 9. Purchase Price of Notes. The Notes shall be sold in accordance with the terms and provisions of this Ordinance and of Section 19-213 of the Local Government Article of the Annotated Code of Maryland, as amended.

Section 10. Sale of Notes.

(a) The Notes shall be sold either at a public sale or private negotiated sale as the President of the Council 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 President of the Council of the Issuer. In either event, the issuance and sale of the Notes shall be subject to receipt of the approving opinion of Whiteford, Taylor & Preston L.L.P., as Bond Counsel to the Issuer.

(b) The President of the Council and Clerk-Treasurer and other officers, employees, attorneys and agents of the Issuer are authorized to (i) if a public sale of the Notes 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 Notes upon terms the President of the Council 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 Notes and publication of the Notice of Sale, and (iii) take such actions and make such determinations, including the award of the Notes upon terms the President of the Council 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 Notes with one or more prospective purchasers, all as may be necessary to effectuate the sale and issuance of the Notes 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 Notes are hereby approved, ratified and confirmed.

Section 11. Bank Qualified Status of Interest Paid on the Notes. The Issuer hereby authorizes the Notes (or any series of the Notes) to be designated as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and in connection with any such designation shall certify at the time the Notes or series of Notes are issued that (a) the Notes 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 Ten Million Dollars (\$10,000,000) (or any other amount as may then be applicable) of tax exempt obligations during any calendar year in which any series of the Notes designated as qualified tax exempt obligations may be issued, and (c) the Issuer, including all subordinate entities of the Issuer, has not and will not designate more than Ten Million Dollars (\$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 Notes or series of Notes are issued.

Section 12. 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 Notes, the Related Note 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 Note 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 Notes are hereby approved, ratified and confirmed.

Section 13. Covenants Relating to Tax Exempt Status of the Notes.

(a) The President of the Council and Clerk-Treasurer shall be the officials of the Issuer responsible for the execution and delivery on the date of the issuance of the Notes of a certificate or certificates of the Issuer (a "Tax and Section 148 Certificate") that complies with the requirements of Section 148 of the Internal Revenue Code ("Section 148"), and the applicable 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 Notes on the date of issuance of the Notes. The President of the Council and Clerk-Treasurer shall be the officials of the Issuer responsible for the issuance of the Notes 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 Notes 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 Notes 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 Notes 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 Notes 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 Notes that would cause the Notes 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 Notes on the date of issuance thereof and which may subsequently be made applicable thereto as long as the Notes remains outstanding and unpaid. The President of the Council and Clerk-Treasurer are hereby authorized and directed to prepare or cause to be prepared and to execute any certification, opinion or other document, including, without limitation, a Tax and Section 148 Certificate, which may be required to assure that the Notes 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 Notes 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 Notes, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on such Notes.

(e) The Issuer further covenants with the registered owner or owners of the Notes (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 Notes or a portion of the Notes 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 Notes or a portion of such proceeds that would cause the Notes or a portion of the Notes to be "private activity bonds" within the meaning of Section 141(a) of the Internal Revenue Code.

(f) The President of the Council may make such covenants or agreements in connection with the issuance of the Notes as he shall deem advisable in order to assure the registered owner or owners of the Notes that interest thereon shall be and remain excludable from gross income for federal income tax purposes, and such covenants or agreements shall be binding on the 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 on the Notes 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 President of the Council shall deem advisable in order to assure the registered owner or owners of the Notes that the interest thereon shall be and remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the use and investment of proceeds of the Notes, 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 Notes may be expended, the use of specified procedures for accounting for and segregating proceeds of the Notes, the operation and use of any Project being financed with the proceeds of any Notes or series of Notes, and retention of records relating to the foregoing matters and the Notes. Such covenants and agreements may be set forth in a Tax and Section 148 Certificate or other agreement.

Section 14. Designation of Projects. The Issuer may, from time to time, prior to or after the issuance of the Notes, either by amending or supplementing this Ordinance or by administrative order designate one or more specific Projects to be financed with the proceeds of any series of Notes, or to amend or modify any Project previously designated, without the consent of the holders of the Notes, provided that if any amendment or modification of a Project is to be financed from any series of Notes previously issued, the Issuer receives an opinion of bond counsel to the effect that the use of the proceeds of the Notes for any Project as proposed to

be modified will not adversely affect the exclusion from federal income taxation applicable to interest paid on such Notes.

Section 15. Official Intent to Reimburse. The Issuer declares that the Issuer intends to reimburse itself from proceeds of the Notes or Bonds any expenditures for costs of the Projects made by the Issuer prior to the issuance of the Notes or the Bonds and that such declaration in the Ordinance constitutes the Issuer's "official intent" under Treasury Regulations 1.150-2.

Section 16. Effective Date; Miscellaneous.

(a) **Effective Date.** This Ordinance shall take effect twenty (20) days after the date of its adoption by the Council of the Issuer.

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

(c) **Filing of Ordinance; Certified Copies of Ordinance.** The President of the Council or Clerk-Treasurer of the Issuer shall cause a true and correct copy of this Ordinance to be filed in the permanent records of the Issuer and kept available for public inspection. Any copy of this Ordinance duly certified by the Clerk-Treasurer 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.

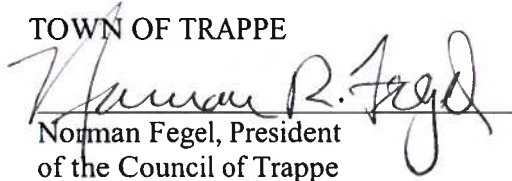
(e) **No Personal Liability of Officers, Agents or Employees.** No stipulation, obligation or agreement herein contained or contained in the Notes or in any Related Note Documents executed on behalf of the Issuer shall be deemed to be a stipulation, obligation or agreement of any officer, agent or employee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

(f) **Amendments and Supplements.** The Council of the Issuer may supplement or amend this Ordinance with respect to the terms of any series of Notes issued under the authority of this Ordinance.

Section 17. This Ordinance was introduced on April 3, 2019, and read and adopted this 1st day of May, 2019.

[SEAL]

TOWN OF TRAPPE


Norman Fegel, President
of the Council of Trappe


Walter Chase, Commissioner

absent
Tonya Pritchett, Commissioner

absent
Robert Diefenderfer, Jr., Commissioner


Nicholas Newnam, Commissioner

I hereby certify that the foregoing Ordinance No. 4- 2019 of the Town of Trappe was duly read and enacted in accordance with the applicable provisions of the Charter of the Town of Trappe.

ATTEST:


Erin Braband, Clerk-Treasurer
Town of Trappe

EFFECTIVE DATE OF ORDINANCE: May 22, 2019

Exhibits

A - Form of Note

EXHIBIT A

FORM OF NOTE

THIS NOTE HAS BEEN DESIGNATED AS "BANK QUALIFIED TAX EXEMPT" UNDER SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

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

\$ _____

R - ____

**UNITED STATES OF AMERICA
STATE OF MARYLAND
Town of Trappe
General Obligation [Bond][Grant] Anticipation Note
Series _____
Dated _____**

Registered Owner:

The Town of Trappe, a municipal corporation organized under the laws of the State of Maryland (the "Town"), for value received, hereby promises to pay to the Registered Owner shown above, or registered assigns or legal representative, the Principal Sum shown above (or such lesser amount as shall be outstanding hereunder from time to time), with interest thereon from and including the most recent date to which interest has been paid or, if this note shall be delivered prior to the first interest payment date, from the date of delivery of this note, until such Principal Sum shall be paid or provided for in accordance with the Ordinance (defined herein). Interest on this note shall be payable on _____ at the rate of interest equal to _____% per annum.

The principal amount hereof shall be due and payable in full on _____, together with any accrued and unpaid interest on this note to such date.

Interest due on the unpaid principal amount hereof shall accrue on the basis of a 360-day year of twelve 30-day months, from the date hereof, and shall be paid [quarterly commencing on _____, and thereafter on the ___ day of _____, _____ and _____ and _____ in each year], as set forth on SCHEDULE A attached to this Note, until the principal amount hereof has been paid or provision for payment shall have been made.

Both the principal amount of and interest on this note 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, or by check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mails before the payment date) to the registered owner at such address as the registered owner may designate from time to time by notice in writing delivered to the Clerk-Treasurer, Town of Trappe, 4011 Powell Avenue, P. O. Box 162, Trappe, Maryland, 21673.

The principal of this Note is subject to prepayment or redemption in whole or in part at any time prior to maturity, together with a prepayment or redemption premium as described herein, if any, upon not less than ten (10) days prior notice from the Town mailed or delivered to the Registered Owner of this note as shown on books of the Town, together with interest on the principal amount to be prepaid or redeemed accrued to the prepayment or redemption date. If less than all of the outstanding installments of principal 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 in the amount and order as determined by the Town. From and after any prepayment or redemption date, the principal of this Note called for prepayment or redemption shall cease to bear interest and the Registered Owner hereof shall thereafter be entitled only to receive from the Town payment of the principal hereof called for prepayment or redemption and any accrued interest payable on such principal to the date of prepayment or redemption.

[ADD IF NOTE IS A LINE OF CREDIT]

[This Note evidences a [straight][revolving] line of credit. Once the total principal amount has been advanced, the Town is not entitled to further loan advances. Advances under this Note may be requested orally by the Town or as provided in this section. All oral requests shall be confirmed in writing on the day of

the request. All communications, instructions, or directions by telephone or otherwise to the Registered Owner are to be directed to the Registered Owner at _____, or such other address as is communicated by the Registered Owner of this Note. Registered Owner shall have no obligation to advance sums under this Note if there is a default by the Town under the terms of this note.]

This Note constitutes the entire issue of the Town of Trappe General Obligation [Bond][Grant] Anticipation Notes, Series 201____, and this Note is issued pursuant to (i) the Constitution and laws of the State of Maryland, particularly Sections 19-212 *et seq.* of the Local Government Article of the Annotated Code of Maryland, (ii) Section 612 of the Town Charter and (iii) an Ordinance adopted by the Town on _____, 201__ (the "**Ordinance**"). The terms of this Note include those stated in the Ordinance, and this Note is subject to all such terms. The registered owner of this Note is referred to the Ordinance (a copy of which is on file with the Town) for a complete statement of such terms, to which the owner hereof, by acceptance of this Note, assents.

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 Note according to its terms, and the Town hereby covenants and agrees to pay the principal of and interest on this Note 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 Note from any available monies or revenues of the Town.

This Note is transferable only upon the books of the Town at the office of the Clerk-Treasurer 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 Clerk-Treasurer, 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 note in an aggregate principal amount equal to the unpaid principal amount of the note surrendered and with the same maturities and interest rate. The new note shall be delivered to the transferee only after payment of any taxes on and any shipping or insurance expenses relating to such transfer by the transferee.

The Town may deem and treat the person 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.

No covenant or agreement contained in this Note 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 Note, shall be liable personally on this note or be subject to any personal liability or accountability by reason of the issuance or sale of this Note.

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 Note, exist, have happened and have been performed, and that the issuance of this Note, together with all other indebtedness of the Town, is within every debt and other limit prescribed by said Constitution or statutes.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

In Witness Whereof, this note has been executed by the manual signature of the President of the Council and the seal of the Town has been affixed hereto, and attested by the manual signature of the Clerk-Treasurer of the Town, all as of _____, 201__.

TOWN OF TRAPPE

[SEAL]

By: Norman R. Fegel
Norman R. Fegel
President of the Council

ATTEST:

Erin Braband
Erin Braband, Clerk-Treasurer

**UNITED STATES OF AMERICA
STATE OF MARYLAND
TOWN OF TRAPPE
GENERAL OBLIGATION [BOND][GRANT] ANTICIPATION NOTE
SERIES _____**

Schedule A - Principal and Interest Payments

Date	Principal	Interest
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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 Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Note on the books kept for registration thereof by the Clerk-Treasurer of the Town of Trappe, Maryland, at the offices of the Town located Town of Trappe, 4011 Powell Avenue, P. O. Box 162, Trappe, Maryland, 21673, with full power of substitution in the premises.

Dated: _____

INSERT SIGNATURE GUARANTY BELOW

Signature of Registered Owner

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. The signature must be guaranteed.

