

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND

2016 Legislative Session

Legislative Day No. 04

Resolution No. 21-2016

Introduced by: The President of the Council at the Request of the County Executive

A RESOLUTION of the County Council of Wicomico County, Maryland (the "County Council") providing for the issuance and sale by Wicomico County, Maryland (the "County"), upon its faith and credit, of its general obligation installment bond as described herein, pursuant to the authority of Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland, the Charter of Wicomico County, Maryland (the "Charter") and Bill No. 2014-10 of the Legislative Session of the County Council passed on October 7, 2014 and approved by the County Executive of the County (the "County Executive") on October 10, 2014, the bond to be issued in the par amount of One Million One Hundred Thousand Dollars (\$1,100,000) and designated "Wicomico County, Maryland Water System Improvements Bond (Morris Mill Project), Series 2016B" (the "Bond") and the proceeds thereof to be used and applied for the public purpose of reimbursing costs of the Morris Mill Urban Service District Water Project as described herein (the "Project"); prescribing the form and tenor of the Bond and the terms and conditions for the issuance and sale of the Bond to United States of America through the United States Department of Agriculture by private sale without competitive bidding; prescribing the terms and conditions of the Bond and other details incident to the issuance, sale and delivery of the Bond and authorizing the County Executive, on behalf of the County, to adjust the amortization schedule therefor within the limitations set forth in this Resolution; providing for the disbursement of the proceeds of the Bond; providing for the expenditure of the proceeds of the Bond; providing that debt service on the Bond will be payable in the first instance from assessments levied on property owners in the district served by the Project; pledging, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to the Bond, the faith and credit and taxing power of the County to the payment of the principal of and interest on the Bond as it becomes due; providing for the levy and collection of taxes necessary for the payment of the principal of and interest on the Bond as it becomes due, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to the Bond; covenanting that the proceeds of the Bond, or any monies which may be deemed to be proceeds, will not be used in a manner to cause the Bond to be an arbitrage bond; making or providing for certain covenants, representations, designations or elections as to tax matters; ratifying, confirming and approving the engagement of Funk & Bolton, P.A. as bond counsel; providing that the provisions of this Resolution shall be liberally construed; and generally relating to the sale, issuance and delivery of and payment of and for the Bond.

RECITALS:

1. Wicomico County, Maryland (the "County") is authorized pursuant to Sections 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland

(previously codified as Section 5(P) of Article 25A of the Annotated Code of Maryland), as replaced, supplemented or amended, to borrow money on the faith and credit of the County for any proper purpose.

2. The County intends to undertake a project with several components that it is referring to globally as the Morris Mill Urban Service District Water Project. By letter dated September 18, 2013, the United States of America, acting through the United States Department of Agriculture (“USDA”), issued an obligation of funds for a \$900,000 loan and a \$1,500,000 grant for a project it referred to as the Morris Mill Main/Water Towers, and by Resolution No. 19-2014, adopted by the County Council of Wicomico County, Maryland (the “County Council”) on February 18, 2014, the County Council authorized acceptance of such loan and grant funding. In addition, by letter dated April 21, 2014, USDA issued an obligation of funds for a \$1,100,000 loan and a \$1,500,000 grant for a project it referred to as Phase II Morris Mills Water Distribution, and by Resolution No. 37-2014, adopted by the County Council on April 15, 2014, the County Council authorized acceptance of such loan and grant funding.

3. Pursuant to Bill No. 2014-10 of the Legislative Session of the County Council passed on October 7, 2014 and approved by the County Executive of the County (the “County Executive”) on October 10, 2014 (“Bill No. 2014-10”), the County authorized the issuance and sale from time to time, upon its faith and credit, of one or more series of its general obligation bonds in an aggregate par amount not to exceed Two Million Dollars (\$2,000,000) (the “Authorized Bonds”), and Bill No. 2014-10 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.

4. Bill No. 2014-10 provides that the proceeds of the Authorized Bonds are to be used and applied for the public purpose of financing, refinancing or reimbursing the cost of the project identified as the Morris Mill Urban Service District Water Project, and that the word “cost” shall include land and right-of-way acquisition and development; site and utility improvements; construction and improvement of new buildings, facilities or structures and/or renovations of, additions to, or improvement of, existing buildings, facilities or structures; acquisition and installation of equipment and furnishings; capitalized interest during construction and for a reasonable period thereafter, whether or not specifically stated; professional and other fees and expenses incurred in connection with the project or the financing thereof (which shall include, without limitation, planning, design, engineering, architectural, permitting, construction management, administrative, fiscal and legal expenses related thereto); costs of issuing the bonds (which costs may include the costs of bond insurance or other credit enhancement); and any of such costs which may represent the County’s share or contribution to the financing or refinancing of such project (collectively, the “Project”).

5. The County has completed or substantially completed the second phase of the Project, and USDA has agreed to purchase from the County an Authorized Bond, in the form of a single general obligation installment bond, in the principal amount of One Million One Hundred Thousand Dollars (\$1,100,000), the proceeds of which shall be applied by the County to reimburse costs of the Project.

6. In accordance with Section 3 of Bill No. 2014-10, the County has determined that it is in the best interests of the County and its citizens to sell an Authorized Bond by private sale

without competitive bidding to the United States of America on its own behalf or acting through any department, division, agency or instrumentality thereof, based on the beneficial interest rate, amortization period and prepayment terms offered by such purchaser.

BE IT RESOLVED BY THE COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND:

Section 1. That (a) the Recitals to this Resolution are deemed a substantive part of this Resolution and incorporated by reference herein. Capitalized terms used in the Sections of this Resolution that are not otherwise defined herein shall have the meanings given to such terms in the Recitals to this Resolution.

(b) References in this Resolution to any official by title shall be deemed to refer (i) to any official authorized under the Charter of Wicomico County, Maryland (the "Charter") or other applicable law 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 or other applicable law, (iii) to any person who serves in a "Deputy" or "Assistant" capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy or assistant in accordance with 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 code of County ordinances (the "County Code"), the official, however known, who is charged under the Charter, the County Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

Section 2. That pursuant to the authority of the Enabling Act and Bill No. 2014-10, and in accordance with applicable provisions of the Charter, the County hereby determines to borrow money and incur indebtedness for the public purpose of reimbursing the cost (as defined in Bill No. 2014-10) of the Project. The County will effect such reimbursing by applying proceeds of the Bond (as defined in Section 3) to reimburse Project expenses previously paid by the County. The total cost of the Project not covered by grants, loans or funds otherwise available to the County will not be less than One Million One Hundred Thousand Dollars (\$1,100,000).

Section 3. That to evidence the borrowing and indebtedness authorized in Section 2 of this Resolution, the County, acting pursuant to the authority of the Enabling Act, the Charter and Bill No. 2014-10, shall issue and sell, upon its faith and credit, a general obligation installment bond in the par amount of One Million One Hundred Thousand Dollars (\$1,100,000), to be known as "Wicomico County, Maryland Water System Improvements Bond (Morris Mill Project), Series 2016B" (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. That (a) the Bond shall be issued and sold upon the faith and credit of the County, shall be dated the date of delivery, and shall be issued in the form of a single fully-registered installment bond, without coupons attached, in the principal denomination of One Million One Hundred Thousand Dollars (\$1,100,000).

(b) The Bond shall bear interest on the unpaid principal balance from its date at the rate of one and eight hundred seventy-five thousandths percent (1.875%) per annum. The principal of and interest on the Bond shall be paid in thirty (30) annual installments of Forty-Eight Thousand Two Hundred Seventy-Nine Dollars (\$48,279.00) each. 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 one year following the date of delivery of the Bond (or such earlier date occurring within the twelfth month following the date of issuance of the Bond as may be required by the Purchaser (as defined in Section 9 hereof) in accordance with applicable law and regulations) and subsequent installments of principal and interest shall be payable at 12-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 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 delivery of the Bond that (i) the interest rate reflected in subsection (b) needs to be adjusted based on the date of delivery and USDA's program requirements and/or (ii) the amortization schedule provided for in such subsection (b) needs to be modified for any reason, including to reflect a change in the interest rate and/or because of a calculation error by USDA, the County Executive is hereby authorized and empowered to approve any such modifications required by USDA, such approval to be evidenced conclusively by the County Executive's execution and delivery of the Bond reflecting such modifications in accordance with the provisions of Sections 6 and 8 of this Resolution.

Section 5. That the County 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 County 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. That the Bond shall be executed in the name of the County and on its behalf by the County Executive and countersigned by the Director of Finance of the County (the "Director of Finance"). The corporate seal of the County shall be affixed to the Bond and attested to by the signature of the Director of Administration of the County (the "Director of Administration"). 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 Director of Finance, 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 Director of Finance in Salisbury, Maryland. Notwithstanding the preceding sentence, the Director of Finance 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 County in accordance with its terms.

Section 7. That the Bond shall be transferable only upon the books kept for that purpose by the Director of Finance at the County 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 Director of Finance, duly executed by such registered owner or duly authorized attorney. The County 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 Director of Finance on behalf of the County, 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 County 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 County. 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. That except as provided hereinafter or in a resolution or resolutions of the County 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 County Executive to provide dates, numbers and amounts (including to reflect matters determined in accordance with Section 4 of

this Resolution), to comply with United States of America regulations, practices and policies applicable from time to time, or as recommended by counsel. In addition, the County Executive may make other modifications not altering the substance of the Bond. The covenants contained in Bond, as modified in accordance with the provisions of this Section 8 and as executed and delivered by the County in accordance with the provisions of Section 6 of this Resolution, are hereby adopted by the County as and for the form of obligation to be incurred by the County, and such covenants and conditions are hereby made binding upon the County, including the promise to pay therein contained.

Section 9. That the Bond shall be sold by private sale without competitive bidding 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.

Section 10. That as soon as may be practicable, the Bond shall be suitably prepared in definitive form, executed and delivered to the Purchaser upon receipt of the purchase price therefor. The County Executive, the Director of Administration, the Director of Finance and all other appropriate officials and employees of the County are expressly authorized, empowered and directed to take any and all action necessary to complete and close the sale and delivery of the Bond to the Purchaser (including, without limitation, negotiating, approving, executing and delivering all documents, certificates and instruments necessary or appropriate in connection therewith), and to carry out and effectuate the transactions contemplated hereby.

Section 11. That the proceeds of the sale of the Bond shall be paid directly to the County and shall be deposited by the Director of Finance or other appropriate County official in the proper County accounts. The proceeds of the sale of the Bond are hereby appropriated for, and shall be used and applied by the County 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 public purpose, the amount of such unexpended excess shall be applied to the prepayment of the Bond or as otherwise required by the Charter, 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. That the principal of and interest on the Bond will be payable in the first instance from assessments made on property owners in the district served by the Project to the extent such assessments are lawfully available for such purpose. In the event such assessments are or will be insufficient in any fiscal year to provide for the prompt payment, when due, of the principal of and interest on the Bond, the County, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to the Bond, shall levy or cause to be levied, for each and every fiscal year during which the Bond may be outstanding, *ad valorem* taxes upon all taxable property within the corporate limits of the County in rate and amount sufficient to provide for the punctual payment of the principal of and interest on the Bond becoming due in each such fiscal year and, in the event the proceeds from the collection of the taxes so levied in any such fiscal year may prove inadequate for such purpose, additional taxes shall be levied in the subsequent fiscal year to make up any deficiency, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to the Bond. In the event the Bond shall be issued in any fiscal year after the making of the regular levy for that fiscal year, any and all interest becoming due before the next

levy shall be paid out of any other funds at the disposal of the County and there shall be levied at the next succeeding levy an amount sufficient to reimburse such other funds, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to the Bond. To the extent permitted by Bill No. 2010-14 and applicable law, funds available from other sources may be applied to pay debt service on the Bond and taxes that might otherwise be levied hereunder may be reduced or not levied to the extent of such funds being received or receivable. The faith and credit and taxing power of the County are hereby irrevocably pledged to the punctual payment of the principal of the Bond, as it becomes due, and interest on the Bond, when it becomes due, and to the levy 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 Bond, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to the Bond. The County 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 make the principal and interest payments due thereon, and, specifically, to levy and collect the taxes hereinabove described, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to the Bond.

Section 13. That (a) the County Executive and the Director of Finance shall be the officers of the County responsible for the issuance of the Bond within the meaning of the Arbitrage Rules (defined herein). The County Executive and the Director of Finance shall also be the officers of the County responsible for the execution and delivery (on the date of issuance of the Bond) of a certificate of the County (the "Tax Certificate") which complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder (the "Arbitrage Rules"), and such officials are hereby authorized and directed to execute the Tax Certificate and to deliver the same to bond counsel on the date of issuance of the Bond.

(b) The County shall set forth in the Tax Certificate, among other things, (a) its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Bond, or of any moneys, securities or other obligations to the credit of any account of the County which may be deemed to be proceeds of the Bond pursuant to the Arbitrage Rules (collectively, "Bond Proceeds"); (b) certain covenants with respect to compliance with the Arbitrage Rules; (c) that the proceeds of the Bond will not be used in a manner that would cause the Bond to be classified as a "private activity bond" within the meaning of Section 141 of the Code; and such other covenants and other matters as the certifying officials and bond counsel may determine necessary or appropriate to implement the purposes of this Resolution. The County covenants with the registered owner of the Bond that the facts, circumstances, estimates and expectations set forth in the Tax Certificate will be based on the County's reasonable expectations on the date of issuance of the Bond and will be, to the best of the certifying officials' knowledge and belief, true and correct as of that date, and that the County will comply with all covenants contained in the Tax Certificate.

(c) The County covenants with the registered owner of the Bond that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds (or of any of the moneys, securities or other property that pursuant to the

Arbitrage Rules may be deemed to be proceeds of the Bond) that would cause the Bond to be an "arbitrage bond" within the meaning of the Arbitrage Rules. The County further covenants that it will comply with the requirements of, and the purpose and intent of, the Arbitrage Rules that are applicable to the Bond on the date of issuance of the Bond and which may subsequently lawfully be made applicable to the Bond.

(d) The County further covenants that it shall make such use of the proceeds of the Bond, regulate the investment of the proceeds thereof, and otherwise comply with applicable provisions of the Code and the Arbitrage Regulations in order to maintain the excludability from gross income for federal income tax purposes of interest on the Bond. All officers, employees and agents of the County are hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Bond, as may be necessary or appropriate from time to time to comply with, or to evidence the County's compliance with, the covenants set forth in this Section.

(e) The County may set forth in, or provide for in, the Tax Certificate, any issue elections, designations, determinations or allocations deemed necessary or desirable by bond counsel to the County or the Director of Finance, including, without limitation, any allocation of the sale proceeds of the Bond for the purposes described in this Resolution.

Section 14. That the County hereby ratifies, confirms and approves the engagement of the law firm of Funk & Bolton, P.A. of Chestertown, Maryland and Baltimore, Maryland, as bond counsel to the County to perform any and all legal services necessary or desirable, including, but not limited to, serving as special legislative draftsmen or codifiers and preparing any documents, certificates or instruments in connection with the Bond authorized to be issued, sold and delivered as provided by this Resolution, and compensating said law firm for such services.

Section 15. That the provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated hereby or to determine in accordance with Section 16 hereof that the 2013 Bond shall not be issued.


Section 16. That this Resolution shall take effect from the date of its adoption and passage.

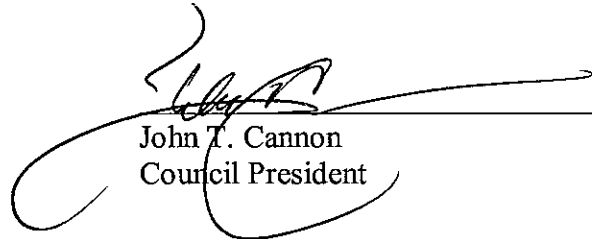
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ADOPTED AND PASSED by the County Council of Wicomico County, Maryland, by a vote of 6 (ayes) and 0 (nos) at its meeting held on 2/16, 2016.

ATTEST:


COUNTY COUNCIL OF
WICOMICO COUNTY, MARYLAND


Matthew E. Creamer
Council Administrator


John T. Cannon
Council President

CERTIFICATION

This Resolution was Adopted , Adopted with Amendments , Failed , Withdrawn , by the County Council on February 16, 2016.

Certified by: 
Matthew E. Creamer
Council Administrator

#167679;58025.034

EXHIBIT A

FORM OF BOND

\$1,100,000.00

No. RB-_____

REGISTERED

UNITED STATES OF AMERICA

STATE OF MARYLAND

WICOMICO COUNTY, MARYLAND

Water System Improvements Bond of 2016B

Dated _____, 2016

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.

Wicomico County, Maryland, a body politic and corporate and a political subdivision organized and existing under the Constitution and laws of the State of Maryland (the "County"), hereby acknowledges itself indebted and for value received promises to pay to the United States of America, acting through the Rural Utilities Service, U.S. Department of Agriculture, the registered owner, the principal amount of One Million One Hundred Thousand Dollars (\$1,100,000), plus interest on the unpaid balance from the date hereof at the rate of one and eight hundred seventy-five thousandths percent (1.875%) per annum. The principal of and interest on this bond shall be paid in annual installments of \$48,279.00 each, commencing on _____, 2017 and each _____ 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 _____, 2046, 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 Director of Finance of the County (the "Director of Finance"), 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 County office in Salisbury, Maryland, unless the registered owner and the Director of Finance agree to a different place or manner of payment.

If any scheduled 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, Sunday or day on which the County or banks in the State of Maryland and/or the state in which the registered owner of this 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 10-203 and 19-401 of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (which was previously codified as Section 5(P) of Article 25A of the Annotated Code of Maryland), the Charter of Wicomico County, Maryland, as replaced, supplemented or amended (the "Charter"), and by virtue of due proceedings had and taken by the County, particularly Bill No. 2014-10 of the Legislative Session of the County Council of the County (the "County Council") passed on October 7, 2014 and approved by the County Executive of the County on October 10, 2014 ("Bill No. 2014-10"), and Resolution No. _____ of the County Council sitting in Legislative Session adopted on _____, 2016 (the "Resolution"). This bond is also subject to the provisions of RUS Bulletin 1780-27 Loan Resolution (Public Bodies) adopted by the County Council on _____, 2016 and effective on _____, 2016.

The faith and credit and taxing power of the County are hereby pledged to the punctual payment of the principal of and interest on this bond according to its terms, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to this bond; and the County does hereby covenant and agree to pay punctually the principal of this bond and the interest hereon on the dates and in the manner mentioned herein according to the true intent and meaning thereof, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to this bond.

This bond is transferable only upon the books kept for that purpose at the County 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 Director of Finance, duly executed by the registered owner or his duly authorized attorney. The County 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 Director of Finance

on behalf of the County, 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 County 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 County 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 County 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, recited and declared by the County that: (a) all conditions, acts and things required by the Constitution and statutes of the State of Maryland and by the Charter and the laws of the County and by Bill No. 2014-10 to exist, to have happened or to have been performed precedent to or in connection with the issuance of this bond, exist, have happened or have been performed; (b) no litigation is pending or threatened in any manner affecting the validity of this bond or the power of the County to issue and deliver this bond or in any manner challenging the status or existence of the County as a body politic and corporate of the State of Maryland or its power to expend the proceeds of this bond on the purposes intended; (c) this bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by such Constitution, statutes, Charter and laws; and (d) due provision will be made for the levy and collection of an annual *ad valorem* tax upon all the taxable property within the corporate limits of the County in rate and amount sufficient to provide for the payment, when due, of the principal of, and interest on, this bond, subject to any lawful limitations on the County's taxing power set forth in the Charter, as that taxing power may relate to this bond.

IN WITNESS WHEREOF, this bond has been executed by the manual or facsimile signature of the County Executive of the County and countersigned by the manual or facsimile signature of the Director of Finance of the County, and an impression or facsimile of the corporate seal of the County has been imprinted hereon, attested by the manual or facsimile signature of the Director of Administration of the County, all as of the _____ day of _____, 2016.

ATTEST:

WICOMICO COUNTY, MARYLAND

Director of Administration of
Wicomico County, Maryland

By: _____
County Executive of
Wicomico County, Maryland

[SEAL]

By: _____
Director of Finance of
Wicomico County, Maryland

(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 County kept for the registration thereof, with full power of substitution in the premises.

Dated:

In the presence of:

_____(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.