

**COMMISSIONERS OF OXFORD**

ORDINANCE NUMBER: 1902

INTRODUCED BY: \_\_\_\_\_

DATE OF INTRODUCTION: \_\_\_\_\_

**AN ORDINANCE** of the Commissioners of the Town of Oxford (the “Town”) concerning an increase of the maximum aggregate principal amount of that certain non-revolving line of credit provided by Shore United Bank, previously known as The Talbot Bank of Easton, Maryland (the “Bank”), to the Town (the “Original Line of Credit”), and an increase in the interest rate borne under the Original Line of Credit, as well an extension of the maturity date of the Original Line of Credit pursuant to a certain Loan Agreement between the Town and the Bank (the “Loan Agreement”), which Original Line of Credit is evidenced by a certain general obligation note of the Town issued and authorized under Ordinance No. 1516 of the Town (the “Original Note”), by amending the Loan Agreement with respect to the Original Line of Credit and by replacing the Original Note with the issuance, upon the full faith and credit of the Town, of a general obligation note in a principal amount not to exceed Thirteen Million Eight Hundred and Eighty Thousand Dollars (\$13,880,000), with an interest rate not to exceed three point three five (3.35%) per annum, under the authority of Sections 19-207 and 19-301, *et seq.* of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) and Section C6-20 of the Charter of the Town, to be designated “Town of Oxford General Obligation Note (Wastewater Treatment Plant Project),” as further designated by the Town in its discretion (the “Replacement Note”); authorizing the issuance, upon the full faith and credit of the Town, of a general obligation installment bond in the principal amount not to exceed Four Hundred Ninety Three Thousand and 00/1100 Dollars (\$493,000), under the authority of Sections 19-207 and 19-301, *et seq.* of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) and Section C6-20 of the Charter of the Town, to be designated “Town of Oxford General Obligation Bond (Wastewater Treatment Plant Project),” as further designated by the Town in its discretion (the “Bond”); the net proceeds of the sale of the Replacement Note and the Bond to be used and applied for the public purpose of financing and refinancing, respectively, a portion of the cost of construction, rehabilitation and upgrade of the Town’s wastewater treatment plant facility, together with the acquisition of all necessary property rights and equipment, together with any related construction, architectural, financial, fiscal, legal, design, planning and engineering expenses; prescribing the form and tenor of the Bond and of the Replacement Note and the terms and conditions for the issuance and sale of the Bond and the Replacement Note; providing for the levy and collection of any taxes necessary for the prompt payment of the maturing principal of and interest on the Bond and the Replacement Note and that the full faith and credit and taxing power of the Town be irrevocably and unconditionally pledged to the payment of the principal and interest on the Bond and the Replacement Note.

## **RECITALS**

Sections 19-207 and 19-301, *et seq.* of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) (the “Enabling Act”) and Section C6-20 of the Charter of the Town of Oxford, Talbot County, Maryland (the “Charter”) authorize the Town of Oxford (the “Town”) to issue its general obligation bonds and its general obligation notes for any proper public purpose.

The Town plans to finance and refinance a portion of the costs of construction and rehabilitation of the Town’s Wastewater Treatment Plant project, including the costs of acquisition and development of property rights and the acquisition and installation of equipment, together with any related architectural, financial, fiscal, legal, design, planning and engineering expenses (the “Project”).

The Town has received a written commitment from the United States of America, acting through Rural Utilities Service, United States Department of Agriculture (the “USDA”), for a loan in a principal amount not to exceed Four Hundred Ninety Three Thousand and 00/100 Dollars (\$493,000) to finance and refinance a portion of the Project. In addition to the sources of funding authorized hereunder, the Project is expected be financed and refinanced by grant funding from the USDA (the “USDA Grant”) and from the Maryland Department of the Environment (the “MDE Grant”).

Pursuant to the authority of Ordinance No. 1516 enacted by the Commissioners of the Town on January 12, 2016 (“Ordinance No. 1516”), the Town obtained interim financing for the Project from Shore United Bank, previously known as The Talbot Bank of Easton, Maryland (the “Bank”)

of a non-revolving line of credit in the maximum principal amount of \$8,844,000 with an interest rate of two point two four percent (2.24%) (the “Original Line of Credit”). The Original Line of Credit, under a certain Loan and Financing Agreement dated as of March 10, 2016 between the Town and the Bank (the “Loan Agreement”), is evidenced by a certain general obligation note, dated March 10, 2016, in the maximum principal amount of \$8,844,000 to the Bank (the “Original Note”), with the terms of the Original Note contained in Ordinance No. 1516.

To date, the total amount that the Town has drawn under the Original Line of Credit is \$4,964,000 and the Town has made a principal payment towards the Original Line of Credit of \$1,964,000 with the proceeds of the Town’s General Obligation Bond (Wastewater Treatment Plant Project), Series 2018, authorized pursuant to Ordinance No. 1516, lowering the current balance thereof to \$3,000,000. The current maturity date of the Original Line of Credit is March 10, 2019.

Certain events have occurred that have delayed the Project completion date and, as such, the Commissioners of the Town have determined that it is in the Town’s best interest to materially amend the terms of the Original Line of Credit by extending its final maturity date, increasing the maximum principal amount and modifying the interest rate thereunder.

The Town, at its request, has received a written commitment from the Bank to extend the maturity of the Original Line of Credit to December 31, 2020, increase the maximum principal amount thereunder to \$13,880,000 and increase the interest rate to three point three five (3.35%) per annum (as so amended, the Original Line of Credit shall be referred to as the “Line of Credit”). The Town will amend the Loan Agreement to reflect the terms of the Line of Credit and issue a new general obligation note to the Bank in a maximum principal amount not to exceed \$13,880,000 (the “Replacement Note”); provided that the final principal amount of the Replacement Note is expected to equal the sum of (i) the total amount that the Town has drawn under the Original Note less any

principal payments made thereunder, in each case as of the closing date with respect to the Replacement Note, and (ii) the outstanding amount that the Town will be permitted to draw under the Replacement Note on the date of issuance of the Replacement Note. Upon completion of the Project, the Town intends to repay the Line of Credit provided by the Bank with the proceeds of a Bond (as defined herein) authorized hereunder which is expected to be issued to USDA, together with one or more USDA Grants, one or more MDE Grants and other available money.

**NOW, THEREFORE, BE IT ENACTED BY THE TOWN OF OXFORD (the “Town”),  
That:**

**Section 1.** All terms used herein which are defined in the Recitals shall have the meanings given such terms therein.

**Section 2.** Acting pursuant to the authority of the Enabling Act and Section C6-20 of the Charter, the Town hereby determines to borrow money and incur indebtedness for the public purpose of (i) financing and refinancing a portion of the cost of the Project and (ii) paying the cost of issuing such indebtedness.

**Section 3.** To evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the Town, acting pursuant to the authority of the Enabling Act and the Charter, shall issue and sell, upon its full faith and credit, a general obligation installment bond in principal amount not to exceed Four Hundred Ninety Three Thousand and 00/100 Dollars (\$493,000.00) to be known as the “Town of Oxford General Obligation Bond (Wastewater Treatment Plant Project)” (the “Bond”). There shall be added to the title of the Bond a designation corresponding to the year in which the Bond is issued so that, if the Bond is issued on or after January 1, 2019 and before January 1, 2020, the Bond shall be known as the “Town of Oxford General Obligation Bond (Wastewater Treatment

Plant Project), Series 2019” and, as appropriate, a letter or other designation to distinguish the Bond from other indebtedness issued by the Town may be added. The Bond shall be dated the delivery date and shall be issued in the form of a single fully registered installment bond, without coupons attached. The Bond shall bear interest at a rate not to exceed two point three seven five percent (2.375%) per annum. The principal of and interest on the Bond shall be paid in quarterly installments and the final payment on the Bond shall be paid on a date not later than forty (40) years from the date of issuance, except that prepayments may be made at the option of the Town in accordance with the USDA rules and regulations in effect from time to time.

**Section 4.** The Bond shall be executed in the name of the Town and on its behalf by the President of the Commissioners of the Town (the “President”). The corporate seal of the Town shall be affixed to the Bond, attested by the manual signature of the Clerk-Treasurer of the Town (the “Clerk-Treasurer”). The principal of and interest on the Bond shall be paid by the Town by electronic funds transfer (including, without limitation, any pre-authorized debit payment process pursuant to which the Town authorizes payments to be withdrawn electronically from an account of the Town’s on or about the day that principal or interest is due) or check mailed to the registered owner thereof at the address of such owner as it appears on the books kept for the registration of the Bond at the office of the Clerk-Treasurer in Oxford, Maryland. In the event any official whose signature appears on the Bond ceases to be an official prior to the delivery of the Bond, or shall have become such official after the date of issuance of such Bonds, the Bond shall, nonetheless, be a valid and legally binding obligation of the Town in accordance with its terms.

**Section 5.** The Bond shall be transferable only upon the books kept for that purpose at the office of the Clerk-Treasurer by the registered owner in person or by his duly authorized attorney,

upon surrender thereof, together with a written instrument of transfer satisfactory to the Clerk-Treasurer, duly executed by such registered owner or duly authorized attorney.

**Section 6.** Except as provided hereinafter or in an ordinance or ordinances of the Town adopted prior to the issuance of the Bond, the Bond shall be issued in substantially the following registered installment bond form. Appropriate variations and insertions shall be made to provide dates, numbers and amounts, and modifications not altering its substance may be made by the President as deemed necessary, appropriate and convenient. All of the covenants contained in the following form are hereby adopted by the Town as and for the form of obligation to be incurred by the Town, and the covenants and conditions contained therein are hereby made binding upon the Town, including the promise to pay therein contained:

FORM OF BOND

R-1

\$ \_\_\_\_\_

**REGISTERED**

**UNITED STATES OF AMERICA  
STATE OF MARYLAND**

**TOWN OF OXFORD  
GENERAL OBLIGATION BOND  
(WASTEWATER TREATMENT PLANT PROJECT)  
SERIES 20\_\_**

**Dated Date: \_\_\_\_\_**

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

THE TOWN OF OXFORD, a body corporate and municipal corporation organized under the laws of the State of Maryland (the "Town"), hereby acknowledges itself indebted and for value received promises to pay to the UNITED STATES OF AMERICA, acting through Rural Utilities Service, United States Department of Agriculture ("USDA" or "Holder"), the registered owner, the principal amount of Four Hundred Ninety Three Thousand and 00/100 Dollars (\$493,000) plus interest on the unpaid principal balance from the date hereof at the rate of two point three seven five percent (2.375%) per annum. The principal of and interest on this bond shall be paid in [quarterly] installments of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) on the \_\_\_ day of \_\_\_\_\_, and the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ thereafter until the principal of and interest on this bond are fully paid, except that the final installment of the entire indebtedness evidenced by this bond, if not sooner paid, shall be payable on \_\_\_\_\_, 20\_\_ and except that prepayments may be made as provided below. Each and every [quarterly] installment shall include a payment of a portion of the principal of this bond.

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, and will be paid by electronic funds transfer (including, without limitation, any pre-authorized debit payment process pursuant to which the Town authorizes payments to be withdrawn electronically from an account of the Town's on or about the day that principal or interest is due) [or check or draft (by depositing such check or draft, correctly addressed and postage prepaid, in the United States of America mails on or before the payment date) mailed] to the registered owner hereof at the address as it appears on the books kept for the registration and registration of transfers of the bond at the office of the Clerk-Treasurer to the Town (the "Clerk-Treasurer") in Oxford, Maryland.

This bond is issued pursuant to and in full conformity with the provisions of Sections 19-207 and 19-301 *et seq.* of Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) (the “Enabling Act”), Section C6-20 of the Charter of the Town (the “Charter”), and by virtue of due proceedings had and taken by the Commissioners of the Town (the “Commissioners”), particularly Ordinance 1902 adopted on \_\_\_\_\_, 20\_\_ (the “Ordinance”).

The Town has covenanted in the Ordinance to levy upon all taxable property within its boundaries ad valorem taxes in rate and amount sufficient in each year in which this bond is outstanding to pay the principal of and interest on this bond when due. If the proceeds from the taxes so levied in any fiscal year should be inadequate for such purpose, the Town has covenanted to levy additional taxes in the succeeding fiscal year to make up any deficiency.

The full faith and credit and unlimited taxing power of the Town are hereby irrevocably pledged to the prompt payment of the principal of and interest on this bond according to its terms, and the Town does hereby covenant and agree to pay punctually the principal of and interest on this bond at the dates and in the manner prescribed herein.

This bond 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 his 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 his duly authorized attorney. At the expense of any transferor other than the United States of America, the Town shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in denominations of One Thousand Dollars (\$1,000.00) or any integral multiple thereof or such other denominations as the Commissioners shall by ordinance approve, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered and with the same maturities 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 each 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 then outstanding and unpaid. Except for transfers made by the United States of America, 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 Town 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 Town has the right to prepay scheduled installments, or any portion thereof, at any time at par without premium or penalty in accordance with the rules and regulations of the USDA.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland, the Enabling Act, the Charter of the Town and the Ordinance to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond together

with all other indebtedness of the Town, is within every debt and other limit prescribed by said Constitution or statutes.

IN WITNESS WHEREOF, this bond has been executed by the manual signature of the President and the corporate seal of the Town has been affixed hereto, attested by the manual signature of the Clerk-Treasurer, all as of the Dated Date.

(SEAL)

ATTEST:

COMMISSIONERS OF OXFORD

\_\_\_\_\_  
Clerk-Treasurer

By: \_\_\_\_\_  
President

(Form of Transfer)

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells,  
assigns and transfers the within Bond to \_\_\_\_\_ and  
hereby authorizes the Clerk-Treasurer of the Town to transfer this Bond on the books of the Town.

Dated: \_\_\_\_\_ (SEAL)

Witness:

\_\_\_\_\_



**Section 7.** The Clerk-Treasurer is hereby designated to receive payment on behalf of the Town of the proceeds of the sale of the Bond. Such proceeds shall be deposited in the proper accounts of the Town and shall be used and applied by the Town exclusively and solely for the public purposes described in Section 2 of this Ordinance. If the proceeds received from the sale of the Bond exceed the amount needed for such public purposes, the unexpended excess shall be applied in the manner required by United States regulations, practices and policies applicable from time to time, provided such application is not prohibited by any provision of the statutes of the State of Maryland, the Charter or this Ordinance.

**Section 8.** Acting pursuant to the authority of the Enabling Act and Section C6-20 of the Charter, the Town hereby determines to borrow money and incur indebtedness for the public purpose of providing interim financing for all or a portion of the cost of the Project.

**Section 9.** To evidence the borrowing and indebtedness authorized in Section 8 of this Ordinance, the Town, acting pursuant to the authority of the Enabling Act and the Charter, shall issue and sell, upon its full faith and credit, a general obligation note in the principal amount not to exceed Thirteen Million Eight Hundred and Eighty Thousand Dollars (\$13,880,000), to be known as the “Town of Oxford General Obligation Note (Wastewater Treatment Plant Project)” (the “Replacement Note”). There shall be added to the title of the Replacement Note a designation corresponding to the year in which the Replacement Note is issued so that, if the Replacement Note is issued on or after January 1, 2019 and before January 1, 2020, the Replacement Note shall be known as the “Town of Oxford General Obligation Note (Wastewater Treatment Plant Project), Series 2019” and, as appropriate, a letter or other designation to distinguish the Replacement Note from other indebtedness issued by the Town may be added. The Replacement Note shall be dated the delivery date and shall be issued in the form of a single fully registered installment bond, without

coupons attached. The Replacement Note shall bear interest on the outstanding principal balance at a rate not to exceed three point three five percent (3.35%) per annum. The interest on the Replacement Note shall be paid in equal monthly installments. The final maturity date of the Replacement Note shall be not later than December 31, 2020, and may be extended upon the prior written consent of the President and the registered owner of the Replacement Note in the event that completion of the Project is delayed. Prepayments may be made at the option of the Town without premium or penalty.

**Section 10.** The Replacement Note shall be executed in the name of the Town and on its behalf by the President of the Town. The corporate seal of the Town shall be affixed to the Replacement Note, attested by the manual signature of the Clerk-Treasurer. The principal of and interest on the Replacement Note shall be paid by the Town by electronic funds transfer (including, without limitation, any pre-authorized debit payment process pursuant to which the Town authorizes payments to be withdrawn electronically from an account of the Town's on or about the day that principal or interest is due) or check mailed to the registered owner thereof at the address of such owner as it appears on the books kept for the registration of the Bond at the office of the Clerk-Treasurer in Oxford, Maryland. In the event any official whose signature appears on the Replacement Note ceases to be an official prior to the delivery of the Replacement Note, or shall have become such official after the date of issuance of the Replacement Note, the Replacement Note shall, nonetheless, be a valid and legally binding obligation of the Town in accordance with its terms.

**Section 11.** The Replacement Note shall be transferable only upon the books kept for that purpose at the office of the Clerk-Treasurer by the registered owner in person or by his duly authorized attorney, upon surrender thereof, together with a written instrument of transfer satisfactory to the Clerk-Treasurer, duly executed by such registered owner or duly authorized attorney.

**Section 12.** Except as provided hereinafter or in an ordinance or ordinances of the Town adopted prior to the issuance of the Replacement Note, the Replacement Note shall be issued in substantially the following registered installment note form. Appropriate variations and insertions shall be made to provide dates, numbers and amounts, and modifications not altering its substance may be made by the President. All of the covenants contained in the following form are hereby adopted by the Town as and for the form of obligation to be incurred by the Town, and the covenants and conditions contained therein are hereby made binding upon the Town, including the promise to pay therein contained:

**FORM OF REPLACEMENT NOTE**

**IT CANNOT BE DETERMINED FROM THE FACE OF THIS NOTE WHETHER  
A PART OF THE PRINCIPAL OF THIS NOTE HAS BEEN PAID**

REGISTERED

UNITED STATES OF AMERICA

REGISTERED

STATE OF MARYLAND

No. R-1

\$ \_\_\_\_\_

**TOWN OF OXFORD  
GENERAL OBLIGATION NOTE  
(WASTEWATER TREATMENT PLANT PROJECT)  
SERIES 20\_\_**

**Reference Date**

[\_\_\_\_\_, 2019]

**Maturity Date**

[\_\_\_\_\_, 2020]

Registered Owner: Shore United Bank

Principal Sum: \_\_\_\_\_ Dollars

(\$\_\_\_\_\_)

THE TOWN OF OXFORD, a body corporate and a municipal corporation organized under the laws of the State of Maryland (the "Town"), for value received, hereby promises to pay to Shore United Bank (the "Bank"), or registered assigns or legal representative, the Principal Sum shown above (or such lesser amount as shall be outstanding hereunder from time to time), plus interest on the outstanding and unpaid principal balance from the date hereof at the rate of 3.35% annum. Interest on the Note shall be paid on the 10<sup>th</sup> day of each June, September, December and March, commencing \_\_\_\_\_, 2019. Interest on the Note shall be computed on a 365/360 basis by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. The outstanding and unpaid principal on the Note shall be paid on \_\_\_\_\_, 2020, together with interest on the Note accrued and unpaid to such Maturity Date.

The full faith and credit and unlimited taxing power of Town of Oxford are hereby unconditionally pledged to the payment of this Note and of the interest payable hereon according to its terms, and the Town does hereby covenant and agree to pay punctually the principal of this Note and the interest hereon on the dates and in the manner prescribed herein, according to the true intent and meaning hereof. To the extent that such funds are insufficient to pay the principal of or interest on the Note when due, the Town has covenanted in the Ordinance to levy upon all real and tangible personal property within its boundaries subject to assessment for unlimited Town taxation ad valorem taxes in rate and amount sufficient in each year in which this Note is outstanding to provide for such payments. If the proceeds from the taxes so levied in any fiscal year should be inadequate for such purpose, the Town has covenanted to levy additional taxes in the succeeding fiscal year to make up any deficiency.

1. **Ordinance.**

This Note is issued pursuant to and in full conformity with the provisions of Sections 19-207 and 19-301 *et seq.* of Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) (the “Enabling Act”), Section C6-20 of the Charter of the Town (the “Charter”), and by virtue of due proceedings had and taken by the Commissioners of the Town (the “Commissioners”), particularly Ordinance \_\_\_\_ adopted on \_\_\_\_\_, 20\_\_ (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 and the Loan Agreement (a copy of each being on file with the Town) for a complete statement of the respective terms, to which the owner hereof, by acceptance of this Note, assents.

2. **Method of Payment.**

The principal of and interest on this Note will be payable by electronic funds transfer (including, without limitation, any pre-authorized debit payment process pursuant to which the Town authorizes payments to be withdrawn electronically from an account of the Town’s on or about the day that principal or interest is due) or check mailed to the registered owner thereof at the address of such owner as it appears on the books kept for the registration of the Bond at the office of the Clerk-Treasurer in Oxford, Maryland, *provided* that the final payment of the principal hereof shall be payable upon presentation and surrender of this Note to the Town. The principal of and interest on this Note will be paid in any money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks payable in such money. If any payment of the principal of or interest on this Note is due on a day that is not a Business Day, such payment will be made on the next Business Day, *provided* that interest will accrue on the amount of such payment during the intervening period. Upon receipt of each payment or prepayment of principal on this Note, the holder shall make a notation indicating the principal amount paid or prepaid and the date thereof on the Payment Grid attached hereto. For all purposes, the principal amount of this Note outstanding at any time shall be equal to the Principal Sum shown above reduced by the principal amount of so paid or prepaid. The failure of the holder to note the principal amount of any such payment or prepayment on the Payment Grid attached hereto, or any inaccuracy therein, shall not affect the payment obligation of the Town hereunder. **THEREFORE, IT CANNOT BE**

DETERMINED FROM THE FACE OF THIS NOTE WHETHER A PART OF THE PRINCIPAL OF THIS NOTE HAS BEEN PAID.

**3. Prepayment.**

This Note shall be subject to prepayment at the option of the Town, without penalty or premium.

**4. Line of Credit.**

This Note evidences a straight line of credit made by the Bank under a certain Loan and Financing Agreement, dated as of the date hereof (as amended and supplemented, the "Loan Agreement"). Once the total principal amount has been advanced, the Town is not entitled to further loan advances. On the date hereof, the amount outstanding under this Note is \$\_\_\_\_\_ and the remaining amount which can be drawn is \$\_\_\_\_\_. 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 holder are to be directed to the holder at 18 East Dover Street, Easton, Maryland 21601, telephone number (410) 822-1400 or such other address as is communicated by the holder of this Note. Holder shall have no obligation to advance sums under this Note if there is a default by the Town under the terms of this Note. Upon a default in payment of any amounts due hereunder, the holder shall have the right to accelerate and demand payment of all amounts then due hereunder. Upon a default in the payment of any amounts due hereunder, the Town agrees to pay to the holder all costs incurred by the holder in seeking collection of amounts owed hereunder including but not limited to reasonable attorneys' fees and court costs.

**5. Modifications.**

Modifications or alterations of the Note may be made only to the extent and in the circumstances permitted by the Ordinance. In the event that the completion of the Project (as defined in the Ordinance) is delayed, the final maturity date of the Note may be extended upon the prior written consent of the President (after consultation with bond counsel for the Town) and the registered owner of the Note.

**6. Persons Deemed Owners.**

The registered owner of this Note shall be treated as the owner and holder of this Note for all purposes.

**7. Notices.**

When the Town is required to give notice to the owner of this Note, such notice shall be mailed by first-class mail to the registered owner of this Note at such owner's address as it appears on the registration books maintained by the Town. Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not actually received by the addressee.

All acts, conditions and things required by the Constitution and laws of the State of Maryland and the rules and regulations of the Town to happen, exist and be performed precedent to and in the issuance of this Note and the execution and delivery of the Ordinance have happened, exist and have been performed as so required.

No recourse shall be had for the payment of the principal of and interest on this Note or for any claims based thereon or on the Ordinance against any member or other officer of the Town or any person executing this Note, all such liability, if any, being expressly waived and released by the holder by the acceptance of this Note.

IN WITNESS WHEREOF, TOWN OF OXFORD have caused this Note to be executed in its name by the manual signature of its President and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual signature of its Clerk-Treasurer, all as of the Reference Date.

COMMISSIONERS OF OXFORD

[Seal]

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Clerk-Treasurer



**Section 14.** (a) The President and the Clerk-Treasurer shall be the officials of the Town responsible for the issuance of the Replacement Note and the Bond within the meaning of Section 1.148-2 of the Arbitrage Regulations (defined below). The President and the Clerk-Treasurer shall also be the officials of the Town responsible for the execution and delivery on the date of the issuance of the Replacement Note and the Bond, respectively, of a Loan Agreement amendment or an amended and restated Loan Agreement, if applicable, and a certificate or certificates of the Town (a “Tax and Section 148 Certificate”) that complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (“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 Replacement Note and the Bond on the date of issuance of the Replacement Note or the Bond, respectively.

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

(c) The Town covenants and agrees with the registered owner or owners of the Replacement Note and the Bond, respectively, 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 that would cause either the

Replacement Note or Bond to be an “arbitrage bond” within the meaning of Section 148 and the Arbitrage Regulations. The Town further covenants that it will comply with Section 148 and the Arbitrage Regulations which are applicable to the Replacement Note and the Bond on the respective date of issuance thereof and which may subsequently be made applicable thereto as long as either the Replacement Note or the Bond remains outstanding and unpaid. The President and the 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 (or an amendment to any prior Tax and Section 148 Certificate), which may be required to assure that neither the Replacement Note nor the Bond will be deemed to be an “arbitrage bond” within the meaning of Section 148 and the Arbitrage Regulations. All officers, employees and agents of the Town 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 Replacement Note and the Bond, respectively, as may be necessary or appropriate from time to time to comply with, or to evidence the Town's compliance with, the covenants set forth in this Section.

(d) The Town further covenants that it shall make such use of the proceeds of the Replacement Note and the Bond, 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 Replacement Note or such Bond.

(e) The Town further covenants with the registered owner or owners of the Replacement Note and the Bond (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 Replacement Note or the Bond or a portion of either of the Replacement Note or of the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the

“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 either the Replacement Note or the Bond or a portion of such proceeds that would cause either the Replacement Note or Bond or a portion of either the Replacement Note or the Bond to be a “private loan bond” within the meaning of Section 141(c) of the Code.

(f) The President may make such covenants or agreements in connection with the issuance of the Replacement Note and the Bond as he shall deem advisable in order to assure the registered owner or owners of the Replacement Note and the Bond 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 Town so long as the observance by the Town of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on the Replacement Note and the Bond from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the Town regarding compliance with the provisions of the Code, as the President shall deem advisable in order to assure the registered owner or owners of the Replacement Note and the Bond 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 investment of Bond Proceeds, the payment of certain earnings resulting from such investment to the United States, limitations on the times within which, and the purpose for which Bond Proceeds may be expended, or the use of specified procedures for accounting for and segregating Bond Proceeds. Such covenants and agreements may be set forth in a Tax and Section 148 Certificate (or, as necessary or appropriate, an amendment to any prior Tax and Section 148 Certificate).

**Section 15.** The Town agrees to establish, hold and maintain a debt service reserve fund (the “Debt Service Reserve Fund”), if required by the USDA, which Debt Service Reserve Fund is hereby pledged as security for payment of principal and interest on the Bond. The Debt Service Reserve Fund shall be funded in accordance with the requirements of the USDA.

**Section 16.** The President and any other authorized official of the Town are hereby authorized to enter into any additional agreements which they deem to be necessary or desirable in order to carry out the provisions of this Ordinance.

**Section 17.** The President and any other authorized official of the Town is hereby authorized to designate the Note as a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code, if bond counsel determines the Note meets the requirement thereof.

**Section 18.** This Ordinance shall become effective at the expiration of twenty (20) calendar days following approval and passage.

ENACTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

**COMMISSIONER OF THE  
TOWN OF OXFORD**

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Gordon D. Fronk, President

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R. Gordon Graves, Commissioner

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John E. Pepe, III, Commissioner

I hereby certify that the foregoing Ordinance Number \_\_\_\_\_ of the Commissioners of the Town of Oxford was duly introduced on \_\_\_\_\_, 201\_\_, published on \_\_\_\_\_, 201\_\_ and \_\_\_\_\_, 201\_\_, respectively, in [*The Star Democrat*] and enacted in accordance with the applicable provisions of the Charter of the Town of Oxford on this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

[SEAL]

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Cheryl Lewis  
Clerk-Treasurer