

**BOARD OF ALDERMEN OF THE CITY OF FREDERICK
ORDINANCE NO. G-19-06**

AN ORDINANCE concerning

Issuance of Bonds

TO: authorize the issuance and sale of two general obligation bonds in an aggregate maximum principal amount not to exceed Two Million Seven Hundred Thirty-Nine Thousand Five Hundred Sixty-Eight Dollars (\$2,739,568) pursuant to the authority of the Maryland Water Quality Financing Administration Act (codified as Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland (2014 Replacement Volume, 2018 Supplement), Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, 2018 Supplement), and Article VII, Section 13 and Article XI, Section 2 of the Charter of The City of Frederick, each such bond to be designated "The City of Frederick Water Quality Bond" and by series or by such other designation as provided in this ordinance, the net proceeds of the sale thereof to be used and applied for the public purpose of financing or refinancing improvements to and rehabilitation of a portion of the Gas House Pike wastewater treatment plant and related architectural, financial, legal, planning and engineering expenses; authorizing the execution of two loan agreements between The City of Frederick and the Maryland Water Quality Financing Administration; prescribing the form and tenor of the bonds and the terms and conditions for the issuance and sale thereof at private sale to the Maryland Water Quality Financing Administration; providing for the prompt payment of the maturing principal of and interest on the bonds when due; covenanting to levy and collect all taxes necessary to provide for the payment of the principal of and interest on such bonds; pledging the full faith and credit of the City to the payment of the principal of and interest on such bonds; prescribing the form and tenor of the bonds and the terms and conditions for the issuance and sale thereof; and generally relating to the issuance, sale and delivery of the bonds.

RECITALS

Title VI of the Federal Water Pollution Control Act, as amended by the Water Quality Act of 1987 (the "**Clean Water Act**"), authorizes the United States Environmental Protection Agency (the "**EPA**") to award grants to qualifying States to establish and capitalize State water pollution control revolving funds ("**SRFs**") for the purpose of providing loans and certain other forms of financial assistance to finance, among other things, the construction and improvement of publicly-owned wastewater treatment facilities and the implementation of estuary conservation management plans and nonpoint source management programs.

As contemplated by the Clean Water Act, the General Assembly of Maryland at its 1988 session enacted the Maryland Water Quality Financing Administration Act, as amended, codified

at Sections 9-1601 through 9-1622 of the Environment Article of the Annotated Code of Maryland (the "Act"), establishing the Maryland Water Quality Financing Administration (the "Administration") and establishing an SRF designated the Maryland Water Quality Revolving Loan Fund (the "Fund") to be maintained and administered by the Administration. The Act, as amended, authorizes the Administration, among other things, to make loans from the Fund to a "local government" (as defined in the Act) for the purpose of financing all or a portion of the cost of a "wastewater facility" project (as defined in the Act).

The City of Frederick (the "Borrower") is a "local government" within the meaning of the Act. The Borrower has applied to the Administration for a loan from the Fund to assist in the financing of a certain project of the Borrower which constitutes a "wastewater facility" within the meaning of the Act. As contemplated by the Act, the Administration and the Borrower will enter into two Loan Agreements (hereinafter defined) to effect and evidence such loan.

The Borrower has determined that it will issue its Bonds (hereinafter defined), each of which constitutes a "loan obligation" within the meaning of the Act, to evidence its payment obligations under the Loan Agreements.

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF ALDERMEN
OF THE CITY OF FREDERICK, that:**

Section 1. Pursuant to the authority of the Maryland Water Quality Financing Administration Act (codified as Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland (2014 Replacement Volume, 2018 Supplement) (the "Act")), Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, 2018 Supplement) (the "Enabling Act"), and Article VII, Section 13 and Article XI, Section 2 of the Charter of The City of Frederick (the "Charter"), The City of Frederick, a municipal corporation of the State of Maryland (the "Borrower"), hereby determines to borrow money and incur indebtedness in an aggregate maximum principal amount not to exceed Two Million Seven Hundred Thirty-Nine Thousand Five Hundred Sixty-Eight Dollars (\$2,739,568) (the "Loan") for the public purpose of financing or refinancing improvements to and rehabilitation of a portion of the Gas House Pike wastewater treatment plant and related architectural, financial, legal, planning and engineering

expenses permitted under the Clean Water Act, as described in Exhibit A (the “**Project**”). The Project constitutes a “wastewater facility” within the meaning of the Act.

Section 2.

(a) As contemplated by the Act, a portion of the Loan, in the maximum principal amount determined in accordance with the Series 2019A Loan Agreement (hereinafter defined) not to exceed Two Million Fifty-Four Thousand Six Hundred Seventy-Six Dollars (\$2,054,676), shall be made and incurred in accordance with the provisions of a loan agreement (the “**Series 2019A Loan Agreement**”) between the Borrower and the Maryland Water Quality Financing Administration (the “**Administration**”). The Series 2019A Loan Agreement shall be in substantially the form set forth in Exhibit B-1 attached hereto as a part hereof, with such insertions, omissions or variations as may be deemed necessary or appropriate and approved by the officers executing the same (their execution of the Series 2019A Loan Agreement to constitute conclusive evidence of such approval). The Borrower hereby approves the form of and authorizes the execution and delivery of the Series 2019A Loan Agreement in substantially the form set forth in Exhibit B-1, including all covenants and conditions set forth therein.

(b) To evidence the payment obligations of the Borrower under the Series 2019A Loan Agreement, the Borrower, acting pursuant to the authority of the Act, the Enabling Act and the Charter, hereby determines to issue and sell, upon its full faith and credit, a general obligation installment bond, in a maximum principal amount not to exceed Two Million Fifty-Four Thousand Six Hundred Seventy-Six Dollars (\$2,054,676), to be known as “The City of Frederick Water Quality Bond, Series 2019A” (the “**Series 2019A Bond**”). The Series 2019A Bond shall be dated the date of delivery and shall be issued in the form of one fully registered installment bond, without coupons attached, numbered R-1. The Series 2019A Bond shall bear interest at a rate of 25% of the average of the Bond Buyer 11-Bond Index for the month preceding the date of delivery. The first payment of principal on the Series 2019A Bond shall be paid on February 1,

2020, and subsequent installments of principal shall be payable annually on February 1st until the principal on the Series 2019A Bond is fully paid, except that the final installment of the entire indebtedness evidenced by the Series 2019A Bond, if not sooner paid, shall be due and payable on February 1, 2039, and except that prepayments may be made as provided in the Series 2019A Loan Agreement. Interest due on the unpaid principal amounts advanced under the Series 2019A Loan Agreement shall accrue on the basis of a 30-day month, 360-day year from the date of the respective advances of such principal amount, and shall be paid on August 1, 2019, and semiannually thereafter on the 1st day of February and August in each year until the principal amount has been paid. The Mayor of The City of Frederick (the "**Mayor**") or the Director of Finance of The City of Frederick (the "**Director of Finance**") are hereby authorized to (i) set a later date for the first interest and/or principal payment on the Series 2019A Bond and (ii) set the final principal and interest amounts payable on the Series 2019A Bond based upon an interest rate of 25% of the average of the Bond Buyer 11-Bond Index for the month preceding the date of delivery and in order to achieve approximately level annual debt service payments on the Series 2019A Bond.

(c) Except as provided hereinafter or in an ordinance or ordinances of the Borrower adopted prior to the issuance of the Series 2019A Bond, the Series 2019A 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 Mayor. All of the covenants contained in the following form are hereby adopted by the Borrower as and for the form of obligation to be incurred by the Borrower, and the covenants and conditions contained therein are hereby made binding upon the Borrower, including the promise to pay therein contained:

(Form of Bond)

\$

R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

THE CITY OF FREDERICK
WATER QUALITY BOND, SERIES 2019A
Dated _____, 2019

PAYMENTS OF PRINCIPAL AND INTEREST ON THIS BOND ARE MADE BY CHECK, DRAFT OR ELECTRONIC FUNDS TRANSFER 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.

REGISTERED OWNER: Maryland Water Quality Financing Administration

The City of Frederick, a municipal corporation of the State of Maryland (the "**Borrower**"), hereby acknowledges itself obligated to pay to the Registered Owner shown above, the principal amount of \$ _____ (the "**Maximum Principal Amount**") or so much thereof as shall have been advanced from time to time under the terms of the Loan Agreement dated as of _____, 2019 (the "**Loan Agreement**") by and between the Borrower and the Maryland Water Quality Financing Administration (the "**Administration**"), plus interest on the unpaid principal advanced under the terms of the Loan Agreement at the rate of _____ per centum (____%) per annum.

The principal advanced under the Loan Agreement shall be paid in installments on the dates and in the amounts as set forth in the following schedule, as such schedule may be amended in accordance with the terms hereof:

<u>Due Date</u>	<u>Principal Amount</u>	<u>Due Date</u>	<u>Principal Amount</u>
February 1, 2020		February 1, 2030	
February 1, 2021		February 1, 2031	
February 1, 2022		February 1, 2032	
February 1, 2023		February 1, 2033	
February 1, 2024		February 1, 2034	
February 1, 2025		February 1, 2035	
February 1, 2026		February 1, 2036	
February 1, 2027		February 1, 2037	
February 1, 2028		February 1, 2038	
February 1, 2029		February 1, 2039	

If the Administration determines at any time to reduce the maximum amount of the Loan Commitment (as defined in the Loan Agreement) in accordance with Section 3.08 of the Loan Agreement, the Maximum Principal Amount shall be reduced accordingly and the Maximum Principal Amount as so reduced shall be amortized in accordance with Section 3.08 of the Loan Agreement. The Administration shall deliver, and the Borrower shall acknowledge in writing, a certificate setting forth such reamortized payment schedule, which shall be attached hereto and shall replace and supersede for all purposes the foregoing payment schedule. Any such reduction shall not affect the obligation of the Borrower to pay the principal of and interest on this bond as and when the same shall become due.

Notwithstanding the foregoing, all outstanding unpaid principal amounts advanced under the Loan Agreement, if not previously due hereunder, shall be due on that date which is the lesser of the useful life of the Project (as defined in the Loan Agreement) as determined by the Administration in its sole and absolute discretion or 20 years after the date of completion of the Project, as certified by the Borrower to the Administration pursuant to Section 2.02(d) of the Loan Agreement.

Interest due on the unpaid principal amounts advanced under the Loan Agreement shall accrue on the basis of a 30-day month, 360-day year from the date of the respective advances of such principal amount, and shall be paid on _____ 1, 20__, and semiannually thereafter on the 1st day of February and August in each year until the principal amount hereof has been paid.

This bond is subject to (i) a late charge for any payment of principal or interest that is received later than the tenth day following its due date in an amount equal to 5% of such payment and (ii) interest on overdue installments of principal and (to the extent permitted by law) interest at a rate equal to the Default Rate (as defined in the Loan Agreement) in accordance with Section 3.04(b) of the Loan Agreement. Interest at the Default Rate shall accrue on the basis of a 30-day month, 360-day year, as provided in the Loan Agreement.

This bond is subject to prepayment only in accordance with Section 3.10 of the Loan Agreement.

Both the principal of and interest on this bond 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, 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 a notice in writing delivered to the Director of Finance of The City of Frederick (the "**Director of Finance**").

This bond is issued pursuant to and in full conformity with the provisions of Article VII, Section 13 and Article XI, Section 2 of the Charter of The City of Frederick, the Maryland Water Quality Financing Administration Act (codified as Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland (2014 Replacement Volume, 2018 Supplement), Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, 2018 Supplement) and by virtue of due proceedings had and taken by the Borrower, particularly an ordinance introduced by the Board of Aldermen of The City of Frederick on _____, 2019 and approved on _____, 2019 (the "**Ordinance**").

This bond, together with the Loan Agreement, evidences the Loan (as defined in the Loan Agreement) to the Borrower from the Maryland Water Quality Financing Administration. In accordance with the Loan Agreement, the principal amount of the Loan, being the amount denominated as principal under this bond, is subject to reduction or adjustment by the Administration in accordance with the Loan Agreement.

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

This bond is transferable only after the first principal payment date as set forth above or the date upon which the Maximum Principal Amount has been borrowed, whichever is earlier, upon the books of the Borrower at the office of the Director of Finance 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 Borrower shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in such denominations as the Borrower shall by resolution approve, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered of the same series 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 principal amount of such bond and the denominator of which shall be the aggregate principal amount of bonds then outstanding and unpaid. 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 Borrower 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.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland 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 Borrower, 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 Mayor of The City of Frederick and the seal of the Borrower has been affixed hereto, attested by the manual signature of the Director of Finance of The City of Frederick, all as of the ____ day of _____, 2019.

(SEAL)

ATTEST:

Director of Finance
of The City of Frederick

By: _____
Mayor
of The City of Frederick

Section 3.

(a) As contemplated by the Act, a portion of the Loan, in the maximum principal amount determined in accordance with the Series 2019B Loan Agreement (hereinafter defined) not to exceed Six Hundred Eighty-Four Thousand Eight Hundred Ninety-Two Dollars (\$684,892), shall be made and incurred in accordance with the provisions of a loan agreement (the “**Series 2019B Loan Agreement**” and, collectively with the Series 2019A Loan Agreement, the “**Loan Agreements**” and each a “**Loan Agreement**”) between the Borrower and the Administration. The Series 2019B Loan Agreement shall be in substantially the form set forth in Exhibit B-2 attached hereto as a part hereof, with such insertions, omissions or variations as may be deemed necessary or appropriate and approved by the officers executing the same (their execution of the Series 2019B Loan Agreement to constitute conclusive evidence of such approval). The Borrower hereby approves the form of and authorizes the execution and delivery of the Series 2019B Loan Agreement in substantially the form set forth in Exhibit B-2, including all covenants and conditions set forth therein.

(b) To evidence the payment obligations of the Borrower under the Series 2019B Loan Agreement, the Borrower, acting pursuant to the authority of the Act, the Enabling Act and the Charter, hereby determines to issue and sell, upon its full faith and credit, a general obligation bond, in a maximum principal amount not to exceed Six Hundred Eighty-Four Thousand Eight Hundred Ninety-Two Dollars (\$684,892), to be known as “The City of Frederick Water Quality Bond, Series 2019B” (the “**Series 2019B Bond**” and, collectively with the Series 2019A Bond, the “**Bonds**” and each a “**Bond**”). The Series 2019B Bond shall be dated the date of delivery and shall be issued in the form of one fully registered bond, without coupons attached, numbered R-1. The principal advanced under the Series 2019B Loan Agreement shall be payable upon demand by the Administration in accordance with the Series 2019B Loan Agreement, together with interest at the Default Rate (as defined in the Series 2019B Loan Agreement) accruing from

the date on which such demand is made by the Administration, which demand may be made at any time prior to that date which is the ten (10) year anniversary of the date of issuance of the Series 2019B Bond.

(c) Pursuant to the Clean Water Act, as amended by federal Appropriation or Authorization Acts, and Section 9-1605(d)(9) of the Environment Article of the Annotated Code of Maryland, as amended, the Administration shall forgive repayment of that portion of the principal amount of the Loan evidenced by the Series 2019B Bond and the interest payable thereon under Article III of the Series 2019B Loan Agreement and the Series 2019B Bond so long as the Borrower performs all of its other obligations under the Series 2019B Loan Agreement. Upon determination by the Administration that any such other obligations under the Series 2019B Loan Agreement have not been performed by the Borrower, payment of the principal of that portion of the principal amount of the Loan evidenced by the Series 2019B Bond and the interest thereon from the date of demand at the Default Rate will be due and payable on demand. If the Administration has not demanded payment of the principal of and interest on the Series 2019B Bond prior to that date which is the ten (10) year anniversary of the date of issuance of the Series 2019B Bond, then the Administration shall be deemed to have forgiven repayment of that portion of the principal amount of the Loan evidenced by the Series 2019B Bond and interest thereon, the Series 2019B Bond shall be deemed cancelled and the Series 2019B Loan Agreement shall be deemed terminated and of no further force and effect.

(d) Except as provided hereinafter or in an ordinance or ordinances of the Borrower adopted prior to the issuance of the Series 2019B Bond, the Series 2019B Bond shall be issued in substantially the following registered 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 Mayor. All of the covenants contained in the following form are hereby adopted by the Borrower as and for the form of obligation to be incurred by the Borrower, and the

covenants and conditions contained therein are hereby made binding upon the Borrower,
including the promise to pay therein contained:

(Form of Bond)

\$

R-1

REGISTERED

UNITED STATES OF AMERICA
STATE OF MARYLAND

THE CITY OF FREDERICK
WATER QUALITY BOND, SERIES 2019B
Dated _____, 2019

PAYMENTS OF PRINCIPAL AND INTEREST ON THIS BOND ARE MADE BY CHECK, DRAFT OR ELECTRONIC FUNDS TRANSFER 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.

REGISTERED OWNER: Maryland Water Quality Financing Administration

The City of Frederick, a municipal corporation of the State of Maryland (the "**Borrower**"), hereby acknowledges itself obligated to pay to the Registered Owner shown above, the principal amount of \$ _____ (the "**Maximum Principal Amount**") or so much thereof as shall have been advanced from time to time under the terms of the Loan Agreement dated as of _____, 2019 (the "**Loan Agreement**") by and between the Borrower and the Maryland Water Quality Financing Administration (the "**Administration**"), plus interest on the unpaid principal advanced under the terms of the Loan Agreement as provided for herein.

At any time prior to _____, 20____, the principal advanced under the Loan Agreement shall be payable in full on demand by the Administration in accordance with the Loan Agreement and the second succeeding paragraph below, together with interest at a rate of _____ per centum (____%) per annum accruing from the date on which such demand is made by the Administration.

If the Administration determines at any time to reduce the maximum amount of the Loan Commitment (as defined in the Loan Agreement) in accordance with Section 3.08 of the Loan Agreement, the Maximum Principal Amount shall be reduced accordingly. Any such reduction shall not affect the obligation of the Borrower to pay the principal of and interest on this bond as and when the same shall become due in accordance with the terms hereof.

PURSUANT TO THE CLEAN WATER ACT, AS AMENDED BY FEDERAL APPROPRIATION OR AUTHORIZATION ACTS AND SECTION 9-1605(D)(9) OF THE ENVIRONMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS

AMENDED, THE ADMINISTRATION SHALL FORGIVE REPAYMENT OF THE PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE LOAN AGREEMENT) AND THE INTEREST PAYABLE THEREON UNDER ARTICLE III OF THE LOAN AGREEMENT AND THIS BOND, SO LONG AS THE BORROWER PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE LOAN AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY SUCH OTHER OBLIGATIONS UNDER THE LOAN AGREEMENT HAVE NOT BEEN PERFORMED BY THE BORROWER, PAYMENT OF THE PRINCIPAL OF THE LOAN AND THE INTEREST THEREON WILL BE DUE AND PAYABLE ON DEMAND. IF THE ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BOND PRIOR TO _____, THEN THE ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED BY THIS BOND AND INTEREST THEREON, THIS BOND SHALL BE DEEMED CANCELLED AND THE LOAN AGREEMENT SHALL BE TERMINATED AND OF NO FURTHER FORCE AND EFFECT.

This bond is subject to (i) a late charge for any payment of principal or interest that is received later than the tenth day following its date of demand in an amount equal to 5% of such payment in accordance with Section 3.04(b) of the Loan Agreement. Any interest due on the unpaid principal amounts advanced under the Loan Agreement shall accrue on the basis of a 30-day month, 360-day year from the date of demand, as provided in the Loan Agreement.

Both the principal of and interest on this bond 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, 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 a notice in writing delivered to the Director of Finance of The City of Frederick (the "**Director of Finance**").

This bond is issued pursuant to and in full conformity with the provisions of Article VII, Section 13 and Article XI, Section 2 of the Charter of The City of Frederick, the Maryland Water Quality Financing Administration Act (codified as Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland (2014 Replacement Volume, 2018 Supplement), Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, 2018 Supplement) and by virtue of due proceedings had and taken by the Borrower, particularly an ordinance introduced by the Board of Aldermen of The City of Frederick on _____, 2019 and approved on _____, 2019 (the "**Ordinance**").

This bond, together with the Loan Agreement, evidences the Loan (as defined in the Loan Agreement) to the Borrower from the Maryland Water Quality Financing Administration. In accordance with the Loan Agreement, the principal amount of the Loan, being the amount denominated as principal under this bond, is subject to reduction or adjustment by the Administration in accordance with the Loan Agreement.

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

This bond is transferable only after the Maximum Principal Amount has been borrowed, upon the books of the Borrower at the office of the Director of Finance 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 Borrower shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in such denominations as the Borrower shall by resolution approve, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered of the same series and with the same maturities and interest rate and the same forgiveness provisions. 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 Borrower 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.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland 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 Borrower, 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 Mayor of The City of Frederick and the seal of the Borrower has been affixed hereto, attested by the manual signature of the Director of Finance of The City of Frederick, all as of the ___ day of _____, 2019.

(SEAL)

ATTEST:

Director of Finance
of The City of Frederick

By: _____
Mayor
of The City of Frederick

Section 4. Each Bond shall be executed in the name of the Borrower and on its behalf by the Mayor. The corporate seal of the Borrower shall be affixed to each Bond, attested by the signature of the Director of Finance. The principal of and interest on each Bond shall be paid by the Borrower when due pursuant to the terms of the applicable Loan Agreement and Bond by electronic funds transfer, check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mail before the payment date) to the registered owner at its address as it appears on the books kept for that purpose at the office of the Director of Finance in Frederick, Maryland. In the event any official whose signature appears on any Bond ceases to be an official prior to the delivery of such Bond, or shall have become such official after the date of this Ordinance, such Bond shall, nevertheless, be a valid and legally binding obligation of the Borrower in accordance with its terms.

Section 5. The Bonds shall be sold to the Administration at private (negotiated) sale, without public bidding, in accordance with the provisions of the Act, the Enabling Act and the Charter. The Mayor is authorized and directed to enter into such agreements with the Administration, including, without limitation, any amendments to the Bonds or the Loan Agreements, as he shall deem to be in the best interests of the Borrower in order to accomplish the public purposes of this Ordinance.

Section 6. The Mayor is expressly authorized and empowered to take any and all action necessary to complete and close the delivery of the Bonds. The Mayor is expressly authorized to make such changes or modifications in the forms adopted herein as may be necessary or appropriate.

Section 7. The Director of Finance or the Mayor is hereby designated to receive payment on behalf of the Borrower of the proceeds of the sale of the Bonds. Such proceeds shall be used and applied by the Borrower exclusively and solely for the public purposes described in Section 1 of this Ordinance.

Section 8. The principal of and interest on the Bonds shall be payable in the first instance from funds received from the imposition and collection of water and sewer user charges, including any and all fees for the use of the public water system and public sewer system or connection to it established by the Borrower in accordance with the Charter. In the event that such charges and fees are insufficient to meet the debt service requirements on the Bonds, the Borrower shall levy ad valorem taxes, in accordance with the Charter, upon all assessable property liable to taxation in The City of Frederick at the regular tax-levying period in rate and amount sufficient to meet and pay promptly the principal of and interest on the Bonds when due in each such fiscal year. If the proceeds from the collection of taxes so levied in any such fiscal year are inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency. The full faith and credit and unlimited taxing power of the Borrower are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as and when they become due and payable 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 Bonds. The Borrower hereby covenants and agrees with the registered owners of the Bonds to levy and collect the taxes hereinabove described and to take any further action that may be appropriate from time to time during the period that any Bond remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

Section 9. The Mayor and the Director of Finance shall be the officials of the Borrower responsible for the issuance of the Series 2019A Bond within the meaning of the Arbitrage Regulations (defined below). The Mayor and the Director of Finance shall also be the officials of the Borrower responsible the execution and delivery on the date of the issuance of the Series 2019A Bond of a certificate of the Borrower (the "**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 the Tax and Section 148 Certificate to counsel rendering an opinion on the validity of the Series 2019A Bond on the date of the issuance of the Series 2019A Bond.

The Tax and Section 148 Certificate shall set out the reasonable expectations of the Borrower as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Series 2019A Bond or of any moneys, securities or other obligations on deposit to the credit of any account of the Borrower which may be deemed to be proceeds of the Series 2019A Bond pursuant to Section 148 or the Arbitrage Regulations (collectively, the “**Bond Proceeds**”). The Borrower covenants with the owner of the Series 2019A Bond that the facts, estimates and circumstances set forth in the Tax and Section 148 Certificate will be based on the Borrower’s reasonable expectations on the date of the issuance of the Series 2019A Bond and will be, to the best of the certifying officials’ knowledge, true, correct, and complete as of that date.

The Borrower covenants and agrees with the registered owner of the Series 2019A 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 that would cause the Series 2019A Bond to be an “arbitrage bond” within the meaning of Section 148 and the Arbitrage Regulations. The Borrower further covenants that it will comply with Section 148 and the Arbitrage Regulations which are applicable to the Series 2019A Bond on the date of issuance of the Series 2019A Bond and which may subsequently lawfully be made applicable to the Series 2019A Bond for as long as the Series 2019A Bond remains outstanding and unpaid. The Mayor and the Director of Finance are hereby authorized and directed to prepare or cause to be prepared and to execute any certification, opinion or other document, including, without limitation, the Tax and Section 148 Certificate, which may be required to assure that the Series 2019A Bond will not be deemed to be an “arbitrage bond” within the meaning of Section 148 and the Arbitrage Regulations. All officers, employees and agents of the Borrower 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 Series 2019A Bond as may be necessary or appropriate from time to time to comply with, or to evidence the Borrower's compliance with, the covenants set forth in this Section.

The Borrower further covenants that it shall make such use of the proceeds of the Series 2019A 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 the Series 2019A Bond.

Without limiting the generality of the foregoing, the Borrower further covenants with the registered owner of the Series 2019A Bond 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 Series 2019A Bond (or any portion thereof) to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and 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 Series 2019A Bond (or any portion of such proceeds) that would cause the Series 2019A Bond (or any portion thereof) to be a "private loan bond" within the meaning of Section 141(c) of the Code.

The Mayor may make such covenants or agreements in connection with the issuance of the Series 2019A Bond on behalf of the Borrower as he shall deem advisable in order to assure the registered owner of the Series 2019A 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 Borrower so long as the observance by the Borrower of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on the Series 2019A Bond from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the Borrower regarding compliance with the provisions of the Code as the Mayor shall deem advisable in order to assure the registered owner of the Series 2019A 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. The Mayor may also make such elections on behalf of the Borrower under the Code as he shall deem advisable in connection with the issuance of the Series 2019A Bond. Such covenants, agreements and elections may be set forth in the Tax and Section 148 Certificate.

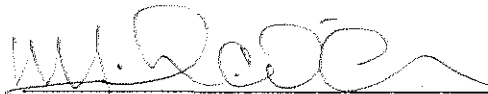
Section 10. The Borrower hereby covenants and agrees to pay all administrative fees and expenses charged by the Administration under the Loan Agreements.

Section 11. This Ordinance and the question of the issuance of the Bonds hereunder shall not be submitted to a referendum of the registered voters of The City of Frederick, as permitted by law, unless, within twenty (20) days after the approval of this Ordinance by the Mayor, there shall be filed with the Board of Supervisors of Elections a petition or petitions, signed as required by the Charter by not less than ten percent (10%) of the registered voters of The City of Frederick, requesting that this Ordinance or any part hereof be submitted to a vote of the qualified voters of the City for their approval or disapproval. If, within such twenty (20) day period, the petition above-described is filed as aforesaid, then no sale of the Bonds shall be held by The City of Frederick pursuant to this Ordinance unless and until the Mayor and the Board of Aldermen shall receive written advice from the City Attorney and the Board of Supervisors of Elections of The City of Frederick that such referendum petition does not meet the requirements of the Charter or unless and until the referendum requested in such petition shall be duly held in accordance with law and the Board of Supervisors of Elections shall certify to The City of Frederick that, in the election at which such referendum is held, a majority of the qualified voters of The City of Frederick voting on the question referred duly cast their ballots in favor of the adoption of this Ordinance. If this Ordinance shall be ratified or approved on any such

referendum, then the Mayor and the Director of Finance may, after this Ordinance becomes effective, proceed with the issuance of the Bonds hereby authorized, without further action by the Board of Aldermen.

Section 12. This Ordinance shall take effect from the date of its approval by the Mayor, on or following the date of its passage.

PASSED: This 21st day of March, 2019.



Michael O'Connor
President of Board of Aldermen

APPROVED this 21st day of March, 2019.



Michael O'Connor
Mayor of The City of Frederick

The Project

The Project consists of enhanced nutrient removal (ENR) upgrades, biological nutrient removal (BNR) refinements and related solids processing rehabilitation and other plant upgrades at the existing Gas House Pike Waste Water Treatment Plant, including related architectural, financial, legal, planning and engineering expenses. The Project is needed to reliably achieve enhanced nutrient removal within the City of Frederick, Maryland.

Exhibit B-1 to Ordinance

Form of Series 2019A Loan Agreement

(see attached form)

Exhibit B-2 to Ordinance

Form of Series 2019B Loan Agreement

(see attached form)