

**TOWN OF HAMPSTEAD  
RESOLUTION NO. 2018-03**

A RESOLUTION concerning:

**GENERAL OBLIGATION DEBT  
FOR MAIN STREET REVITALIZATION PROJECT**

A RESOLUTION OF THE COUNCIL OF THE TOWN OF HAMPSTEAD (THE "COUNCIL") AUTHORIZING AND EMPOWERING TOWN OF HAMPSTEAD (THE "TOWN") TO ISSUE, SELL AND DELIVER, UPON ITS FULL FAITH AND CREDIT, A GENERAL OBLIGATION INSTALLMENT BOND IN THE ORIGINAL PRINCIPAL AMOUNT OF \$651,300.00, SUBJECT TO REDUCTION AS DESCRIBED HEREIN, SUCH BOND TO BE DESIGNATED "TOWN OF HAMPSTEAD PUBLIC IMPROVEMENTS BOND OF 2018" (THE "BOND"), THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING OR REIMBURSING COSTS OF THE PUBLIC PURPOSE PROJECT REFERRED TO BY THE TOWN AS THE MAIN STREET REVITALIZATION PROJECT, TOGETHER WITH RELATED COSTS AS FURTHER IDENTIFIED HEREIN; PRESCRIBING THE FORM AND TENOR OF THE BOND AND THE TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE THEREOF BY PRIVATE (NEGOTIATED) SALE TO FARMERS & MERCHANTS BANK; PRESCRIBING THE TERMS AND CONDITIONS OF THE BOND AND ALL OTHER DETAILS INCIDENT TO THE ISSUANCE, SALE AND DELIVERY OF THE BOND; PROVIDING FOR THE DISBURSEMENT AND INVESTMENT OF THE PROCEEDS OF THE BOND; PROVIDING FOR THE IMPOSITION OF TAXES NECESSARY FOR THE PROMPT PAYMENT OF THE MATURING PRINCIPAL OF AND INTEREST ON THE BOND; PROVIDING THAT THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE TOWN SHALL BE IRREVOCABLY PLEDGED TO THE PAYMENT OF SUCH PRINCIPAL AND INTEREST; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON THE BOND ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE TOWN FOR SUCH PURPOSE; MAKING OR PROVIDING FOR CERTAIN REPRESENTATIONS AND COVENANTS RELATING TO THE TAX-EXEMPT STATUS OF THE BOND; AUTHORIZING CERTAIN TOWN OFFICIALS TO TAKE ACTION IN CONNECTION WITH ANY REISSUANCE OF THE BOND; PROVIDING THAT THE PROVISIONS OF THIS RESOLUTION SHALL BE LIBERALLY CONSTRUED; AND GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE BOND.

RECITALS

1. Town of Hampstead, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act identified below (the "Town"), is authorized and empowered by Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (previously codified as Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland), as replaced, supplemented or amended (the "Enabling Act"), and Section C7-17 of the Charter of Town of Hampstead, as replaced, supplemented or amended (the "Charter"), to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds; and

2. In connection with improvements that the Maryland State Highway Administration ("SHA") is making to State roadway MD 30 Business (Main Street) roughly between the points of North Woods Trail and the CSX Railroad line north of Upper Forde Lane, the Town is undertaking a project generally referred to by the Town as the Main Street Revitalization Project, which involves in part acquisition, construction and installation of pedestrian lighting and related improvements, including, without limitation, poles, pole bases and foundations, bracket arms, mast arms, wiring, fixtures, luminaries and related improvements and equipment (collectively, the "Project"), and, in connection therewith, the Town expects

to acquire or pay for, as applicable, land and right-of-way acquisition and development; acquisition of other property rights; site and utility improvements, including, without limitation, grading, landscaping, paving, sidewalk, curb, gutter, drainage, water and sewer improvements, and related or similar activities and expenses; demolition, razing and removal; acquisition, construction, expansion, reconstruction, replacement, renovation, rehabilitation, improvement, installation, and equipping activities and expenses, and related or similar activities and expenses, including functionally related activities at or near the locations at which such undertakings occur; planning, design, engineering, architectural, feasibility, surveying, bidding, permitting, inspection, construction management, financial, administrative and legal expenses, including, without limitation, SHA administrative expenses, and related or similar activities and expenses; costs of issuance of any borrowing for Project purposes (which may include costs of bond insurance or other credit or liquidity enhancement); capitalized interest (whether or not expressly so stated); and any such costs that may represent the Town's share or contribution to the financing, reimbursement or refinancing of any components of the Project (collectively, "Costs of the Project"); references to the points of the North Woods Trail and the CSX Railroad line north of Upper Forde Lane in the definition of the Project as being the landmarks for Project activities shall not prevent Project activities taking place outside of such boundaries if such activities are related to the Project; and

3. Pursuant to Ordinance No. 524, passed by the Council of the Town (the "Council") on April 10, 2018, approved by the Mayor of the Town (the "Mayor") on April 10, 2018 and effective on April 30, 2018 ("Ordinance No. 524") pursuant to the authority of the Enabling Act and Section C7-17 of the Charter, the Town authorized the issuance and sale from time to time, upon its full faith and credit, of one or more series of general obligation bonds in an aggregate original principal amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000.00) (the "Authorized Bonds") for the public purpose of financing, reimbursing or refinancing all or any portion of the Costs of the Project; and

4. The definition of the "Project" contained in Ordinance No. 524 includes references to various types of traffic control devices as constituting components of the Project as defined therein, but the Town has determined not to finance or reimburse costs of such components of the Project, as defined in Ordinance No. 524, from proceeds of the general obligation bond provided for herein; and

5. Ordinance No. 524 provides that each series of the Authorized Bonds will be sold at a private (negotiated) sale through a direct purchase transaction unless by resolution the Council provides for the sale of any such series of the Authorized Bonds at public sale; and

6. The Town has determined that it would like to issue one series of the Authorized Bonds, in the form of a single general obligation installment bond, pursuant to the authority of the Enabling Act, the Charter and Ordinance No. 524 in order to finance or reimburse Costs of the Project; and

7. As permitted by the Enabling Act and Section C7-17 of the Charter, the Town has determined to sell the bond provided for herein to Farmers & Merchants Bank, due to the beneficial interest rate and other beneficial terms offered by such bank.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF HAMPSTEAD:

SECTION 1. (a) The Recitals hereto constitute an integral part of this Resolution and are incorporated herein by reference. Capitalized terms used in the Sections of this Resolution and not defined herein shall have the meanings given to such terms in the 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 the Town (the "Charter"), the code of ordinances of the Town (the "Town Code") or other applicable law or authority to act in such titled official's stead during the absence or disability of such titled official, (ii) to any person who has been elected, appointed or designated to fill such position in an acting or interim capacity under the Charter, the Town Code or other applicable law or authority, (iii) to any

person who serves in a “deputy”, “associate” or “assistant” capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy, associate or assistant in accordance with the Charter, the Town Code or other applicable law or authority, and/or (iv) to the extent an identified official commonly uses another title not provided for in the Charter or the Town Code, the official, however known, who is charged under the Charter, the Town Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

(c) References in this Resolution to “principal amount” shall be construed to mean par amount.

(d) References in this Resolution to the Project shall be deemed to include any modifications to the Project, including, without limitation, changes in scope of the Project, effected through applicable budgetary procedures or applicable law, unless applicable law requires that this Resolution be amended and supplemented to reflect such modifications.

SECTION 2. Pursuant to the authority of the Enabling Act, Section C7-17 of the Charter and Ordinance No. 524, the Town hereby determines to borrow money and incur indebtedness for the public purpose of financing or reimbursing all or any portion of the Costs of the Project; provided that, the Town does not intend to use proceeds of the Bond to pay interest on the Bond.

SECTION 3. (a) To evidence the borrowing and indebtedness authorized in Section 2 of this Resolution, the Town, acting pursuant to the authority of the Enabling Act, Section C7-17 of the Charter and Ordinance No. 524, hereby determines to issue and sell, upon its full faith and credit, its general obligation installment bond in the original principal amount of Six Hundred Fifty-One Thousand Three Hundred and 00/100 Dollars (\$651,300.00) or such lesser original principal amount as the Mayor shall determine with the assistance of the Town Manager of the Town (the “Town Manager”) is needed to finance or reimburse Costs of the Project. Such bond shall be designated the “Town of Hampstead Public Improvements Bond of 2018” (the “Bond”). In the event the Mayor, with the advice of the Town Manager, determines that the Bond should be issued in an original principal amount less than Six Hundred Fifty-One Thousand Three Hundred and 00/100 Dollars (\$651,300.00) in order to finance or reimburse Costs of the Project, the Mayor, on behalf of the Town, is hereby authorized and empowered to approve such lesser original principal amount, such approval to be evidenced conclusively by the Mayor’s execution and delivery of the Bond reflecting such lesser original principal amount in accordance with Sections 6 and 8 hereof.

(b) Proceeds of the Bond are hereby appropriated and allocated to pay Costs of the Project.

SECTION 4. (a) The Bond shall be dated the date of its delivery and shall be issued in the form of a single, fully-registered general obligation installment bond, without coupons attached. As authorized by Ordinance No. 524, the Bond shall be structured as a draw-down bond. The Bond shall mature, subject to prior prepayment as provided for in accordance with Section 5 of this Resolution, fifteen (15) years from the date of its delivery.

(b) The registered owner of the Bond will make advances to the Town within three (3) business days of receipt of a request for an advance executed by either or both of the Mayor and the Town Manager, together with supporting documentation reasonably requested by the Bank (as defined in Section 9(a) hereof). By resolution or motion, the Council may authorize one or more additional or different officials, officers, employees or agents to request advances under the Bond or revoke the authorization of any official, officer, employee or agent previously authorized to execute requests for advances, to the extent any such additional or different authorization is not contrary to applicable law. The registered owner of the Bond may request that the Town provide it with evidence that the necessary permits and approvals relating to the amounts requested under any particular draw request are in place before such registered owner funds a requested draw. Upon the failure of the Town to make timely payments on the Bond or to comply with the provisions of this Resolution with regard to draw requests, the registered owner of the Bond may withhold future advances until the payment failure or other breach has been cured. Any advance of the principal of the Bond, and the then-

outstanding principal amount of the Bond and the amount available to be drawn on such Bond, shall be noted on the registration books for the Bond maintained by the Town Manager, but failure to make any such notation shall not affect the validity or legal effect of any such advance made; absent manifest error, the records of the registered owner of the Bond shall be conclusive as to the amounts advanced under the Bond.

(c) The Town shall be entitled to make draws on the Bond until the business day prior to the date which is twelve (12) months from the date of issuance of the Bond. In the event the Town has not drawn-down the entire principal amount of the Bond prior to such date, the Bank, at its option, may grant an extension to make draws on the Bond for any period up to and including the business day prior to that date which is twenty-four (24) months from the date of issuance of the Bond.

(d) Subject to the following provisions of this subsection (d) and the provisions of subsection (e) below, principal of the Bond shall be payable in fifteen (15) annual installments on the annual anniversary of the date of issuance of the Bond, subject to prior prepayment as provided for in accordance with Section 5 of this Resolution, as follows:

<u>Date</u>	<u>Principal Installment</u>	<u>Date</u>	<u>Principal Installment</u>
2019	\$43,420.00	2027	\$43,420.00
2020	43,420.00	2028	43,420.00
2021	43,420.00	2029	43,420.00
2022	43,420.00	2030	43,420.00
2023	43,420.00	2031	43,420.00
2024	43,420.00	2032	43,420.00
2025	43,420.00	2033	43,420.00
2026	43,420.00		

For example, if the Bond is issued on September 25, 2018 as anticipated, principal payments will be made in equal annual installments on each September 25, commencing September 25, 2019, until maturity or prior prepayment in whole. The foregoing principal amortization schedule was prepared based on terms proposed by the Bank and assumes that the Bond will be issued in the original principal amount of Six Hundred Fifty-One Thousand Three Hundred and 00/100 Dollars (\$651,300.00) and that the entire original principal amount of the Bond shall be advanced to the Town prior to the one (1) year anniversary of the date of issuance of the Bond. The Mayor, on behalf of the Town, with the advice of the Town Manager, is hereby authorized and empowered to approve changes to the foregoing principal amortization schedule prior to the issuance and delivery of the Bond in order to correct typographical or calculation errors, to reflect a decrease in the original principal amount of the Bond as issued, or to meet a requirement of the Bank, such revised amortization schedule to be prepared by the Bank and reflected in the executed and delivered Bond, and the Mayor's approval thereof to be evidenced conclusively by his execution and delivery of the Bond reflecting such revised amortization schedule as provided for in Sections 6 and 8 hereof. In the event the Bond is issued in an original principal amount less than \$651,300.00, the amortization schedule for the Bond shall be determined by such adjusted original principal amount of the Bond divided by 15, and principal of the Bond shall be payable in 15 equal installments.

(e) Notwithstanding the provisions of subsection (d) above, in the event the entire original principal amount of the Bond as issued is not advanced to the Town within the applicable time period provided for in subsection (c) above, the amount of the original principal amount not so advanced to the Town by the date determined in accordance with subsection (c) above shall be deducted from the last principal installment or principal installments payable on the Bond in inverse order of due date, until such differential is exhausted. For example, if the Bond is issued in the original principal amount of \$651,300.00 but the principal amount of the Bond actually advanced is \$600,000.00, there will be no principal installment payment due from the Town in 2033 and the principal installment due from the Town in 2032 will be \$35,540.00. Notwithstanding the foregoing, if requested by the Town, the Bank will reamortize the remaining principal payments in equal

installments over the remaining term to the original stated maturity date occurring in 2033. Before finalizing any such reamortization, the Town shall consult with bond counsel to determine whether or not any such reamortization will result in a reissuance of the Bond for purposes of the Code and the Treasury Regulations (as defined in Section 13(a) hereof). In the event any such reamortization results in a reissuance of the Bond for purposes of the Code and the Treasury Regulations, the Mayor and the Town Manager, acting individually or in concert, are hereby authorized and empowered to negotiate, approve, execute and deliver any documents, certificates or instruments deemed necessary or advisable in connection with such reissuance. Upon any such reamortization, a replacement Bond evidencing such reamortization may be executed and sealed as provided in Section 6 hereof with respect to the original execution and delivery of the Bond, or as otherwise required by then-applicable law, and appropriate changes may be made to the form of such Bond delivered in exchange to account for the dated date of such replacement Bond or the outstanding principal amount of such replacement Bond.

(f) The Bond shall bear interest from its date of issuance at the rate of four and one hundred twenty-five thousandths of one percent (4.125%) per annum. Interest on the Bond shall be payable semi-annually, commencing on that date which is six (6) months from the date of issuance of the Bond, and continuing on the corresponding calendar day of the month every six months thereafter in each year until maturity or prior prepayment in whole; provided that, the last installment of interest shall be paid on the date that principal of the Bond is retired or prepaid in whole. For example, if the Bond is issued on September 25, 2018 as anticipated, interest on the Bond shall be payable each March 25 and September 25, commencing March 25, 2019.

Notwithstanding the preceding paragraph, upon the occurrence of a Determination of Taxability, the Bond shall bear interest at the Alternative Taxable Rate (both as defined herein). "Determination of Taxability" means a final decree or judgment of any federal court of a final action of the Internal Revenue Service determining that interest on the Bond is includable in gross income of the registered owner of the Bond (or any prior registered owner) for federal income tax purposes as a result of conditions arising from the action or inaction of the Town. "Alternative Taxable Rate" means 4.125%, multiplied by the Taxable Rate Factor (as defined herein), and the "Taxable Rate Factor" means the amount by which 4.125% must be multiplied to achieve the equivalent taxable rate given the marginal federal corporate tax rate applicable to the registered owner of the Bond; the Taxable Rate Factor is subject to change should the marginal federal corporate tax rate applicable to the registered owner of the Bond change. Upon a Determination of Taxability, the Town shall also be responsible for payment of any interest, penalties or charges owed by the registered owner of the Bond (or any prior registered owner) as a result of the Determination of Taxability, together with any and all attorneys' fees, court costs or other out-of-pocket expenses incurred by the registered owner of the Bond (or prior registered owner) as a result of the Determination of Taxability.

(g) Interest on the Bond shall be computed on the basis of a 360-day year comprised of 12 30-day months. For purposes of calculating the interest due on the Bond, unpaid outstanding principal on any date shall be an amount equal to the original principal amount of the Bond advanced in accordance with subsections (b) and (c) above, less any principal installment paid in accordance with the final amortization schedule for the Bond determined in accordance with subsections (d) and (e) above, and less any principal prepaid with respect to the Bond in accordance with the provisions of Section 5 hereof.

(h) The registered owner of the Bond shall provide written notice to the Town Manager of the interest and principal due on the Bond on each semi-annual payment date at least ten (10) days prior to such semi-annual payment date, or such fewer number of days as is acceptable to the Town Manager, but failure to provide such notice shall not affect the amount of, or the Town's obligation to pay, principal or interest due on the Bond. If any principal is advanced after the date the registered owner of the Bond bills the Town for the interest coming due on the next interest payment date, accrued interest on such advance will be added to the amount otherwise due on the following interest payment date, or in such other manner as is customary for obligations of the same nature of the Bond held by the registered owner of the Bond. The date and amount of each principal installment payment made by the Town on the Bond shall be noted by

the registered owner of the Bond on its books and records, which notation when made will be presumed correct absent manifest error. The registered owner's failure to make appropriate notation of any such principal installment payment shall not limit or otherwise affect the Town's obligations hereunder.

(i) If a payment date for the Bond falls on a Saturday, Sunday or a day on which the Town, banks in the State of Maryland and/or banks in the state in which the registered owner of the Bond is located are not required to be open, payment may be made on the next succeeding day that is not a Saturday, Sunday or a day on which the Town, banks in the State of Maryland and/or banks in the state in which the registered owner of the Bond is located are not required to be open, and no interest shall accrue on the amount owed as of such regularly scheduled payment date for the intervening period.

(j) Principal of and interest on the Bond shall be payable in lawful money of the United States of America. The principal of the Bond, at maturity or upon prior prepayment in whole, shall be payable by check or draft at the office of the Town Manager in Hampstead, Maryland, upon presentment of the Bond, unless the Town Manager and the registered owner of the Bond agree on a different place or manner of payment. Principal of the Bond, prior to maturity or prior prepayment in whole, and interest on the Bond will be payable by check or draft mailed to the registered owner thereof at the address designated by the registered owner in writing to the Town Manager unless the Town Manager and the registered owner agree on a different manner of payment. The Town Manager, on behalf of the Town, is hereby authorized and empowered to make the agreements provided for in this Section 4(j).

(k) Following the determination of the final amortization schedule on the Bond provided for in accordance with subsection (e) above, the Mayor, on behalf of the Town, is hereby authorized and empowered to acknowledge such amortization schedule in writing or, to the extent required by the registered owner of the Bond, the Mayor and the Clerk to the Council (the "Clerk to the Council") are authorized to execute, attest and deliver a replacement Bond reflecting such amortization schedule and any other applicable provisions substantially in the form of the Bond originally executed and delivered in accordance with Sections 6 and 8 hereof.

SECTION 5. (a) The Bond shall be subject to prepayment prior to maturity at the option of the Town in whole or in part on any date on and after the sixth (6<sup>th</sup>) anniversary of the date of issuance of the Bond, at a prepayment price of the par amount of principal to be prepaid, plus accrued interest on such prepaid principal amount to the date fixed for prepayment, without premium or penalty.

(b) Notice of optional prepayment of the Bond shall be given by the Town at least fifteen (15) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner of the Bond) by mailing or otherwise giving to such registered owner a notice fixing the prepayment date and indicating the principal amount of the Bond to be prepaid. Any partial prepayment shall be applied in inverse order of the remaining principal installments due on the Bond. Any such notice may be conditioned upon receipt of funds sufficient to effect such prepayment. In the event the Bond is not prepaid on any date for which a prepayment notice has been given in accordance with this Section 5, such prepayment notice shall be considered void and the Bond shall continue in full force and effect.

SECTION 6. The Bond shall be executed in the name of the Town and on its behalf by the Mayor. The corporate seal of the Town shall be affixed to the Bond and attested by the signature of the Clerk to the Council. In the event any official of the Town whose signature appears on the Bond shall cease to be such official prior to the delivery of the Bond, or, in the event any such official whose signature appears on the Bond shall have become such after the date of issue thereof, the Bond shall nevertheless be a valid and binding obligation of the Town in accordance with its terms.

SECTION 7. The Bond shall be transferable only upon the books kept for that purpose by the Town Manager at Hampstead, Maryland, by the registered owner thereof in person or by the registered owner's attorney duly authorized in writing, upon surrender thereof, together with (i) a written certification

substantially to the effect provided for in Section 9(b) of this Resolution reasonably satisfactory to the Town Manager and duly executed by the transferee and (ii) a written instrument of transfer in a form reasonably satisfactory to the Town Manager and duly executed by the registered owner or the registered owner's duly authorized attorney. Upon such transfer there shall be issued in the name of the transferee a new registered bond of the same series in principal amount equal to the unpaid principal amount of the Bond surrendered, and with the same maturity date and installment payment dates and amounts (or then-remaining installment payment dates and amounts, as applicable) and bearing interest at the same rate. Any such new Bond issued in transfer may be executed and sealed as provided in Section 6 above with respect to the original execution and delivery of the Bond, or as otherwise required by then-applicable law, and appropriate changes may be made to the form of such Bond delivered in transfer to account for the dated date of such replacement Bond or the outstanding principal amount of such replacement Bond.

SECTION 8. Except as provided hereinafter or in a resolution or resolutions of the 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 may be made by the Mayor to such form to provide dates, numbers and amounts, to carry into effect the provisions of this Resolution (including, without limitation, to reflect matters determined in accordance with Sections 3, 4, 5 and 17 of this Resolution), to reflect additional requirements of the Bank in connection with its proposal to purchase the Bond, or to comply with recommendations of legal counsel. All of the covenants contained in the form of the Bond as finally executed and delivered by the Mayor in accordance with the provisions of Section 6 hereof and this Section 8 are hereby adopted by the Town, as the same may be modified as authorized by this Section, 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. The execution and delivery of the final form of the Bond by the Mayor in accordance with the provisions of this Resolution shall be conclusive evidence of the approval by the Mayor of the final form of the Bond and any variations, insertions, omissions, notations, legends or endorsements authorized by this Resolution.

SECTION 9. (a) The Town hereby determines that it shall be in the best interests of the Town to sell the Bond at a private (negotiated) sale through a direct purchase transaction to Farmers & Merchants Bank (the "Bank"), which sale on a negotiated basis is hereby deemed by the Town to be in its best interest and in the interest of its citizens due to the ability in the current municipal market to achieve a favorable interest rate and other beneficial terms through a direct purchase transaction, the ability to time the market, the ability to negotiate with the purchaser and the lower costs of interest typically incurred in a direct purchase transaction as compared to a public sale at competitive bid or negotiated underwriting. Therefore, and pursuant to the authority of the Enabling Act, the Charter and Ordinance No. 524, the Bond shall be sold at a private (negotiated) sale through a direct purchase transaction to the Bank for a price of par, with no payment of accrued interest, such purchase price to be advanced in accordance with the provisions of this Resolution and the Bond.

(b) The Bond shall be sold to the Bank to evidence a loan from the Bank or for investment purposes only and not for resale to the general public. Accordingly, as a condition to delivery of the Bond and prior to the issuance of the Bond, the Bank shall furnish to the Town a certificate acceptable to bond counsel to the Town generally to the effect that (i) the Bank has such knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, that it is capable of evaluating the risks and merits of the investment or loan represented by the purchase of the Bond; (ii) the Bank has made its own independent and satisfactory inquiry of the financial condition of the Town, including inquiry into financial statements and other information relating to the financial condition of the Town to which a reasonable investor would attach significance in making investment decisions, and of any other matters deemed to be relevant to a reasonably informed decision to purchase the Bond; (iii) the Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Town and the Bond, all so that as a reasonable investor or lender the Bank has been able to make a reasonably informed decision to purchase the Bond; (iv) the Bank is purchasing the Bond for

investment purposes only or to evidence a loan (and not as an “underwriter” or “Participating Underwriter” as defined in Securities and Exchange Commission Rule 15c2-12, as amended, replaced or supplemented) and is not purchasing for more than one account or with a view to distributing the Bond; (v) if the Bond is subsequently sold, transferred or disposed of, such sale, transfer or disposition will be made only in compliance with federal and state securities laws and any other applicable laws; and (vi) the Bank understands and acknowledges that (A) the Bond (1) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (2) will not be listed on any stock or other securities exchange, (3) will carry no rating from any rating service, (4) will not have a CUSIP number, (5) will not be readily marketable, and (6) will not be registered in book-entry only form with or through The Depository Trust Company or any other securities depository, and (B) no disclosure document is being prepared in connection with the issuance and sale of the Bond. Appropriate edits may be made to such certifications to reflect whether the Bank or any subsequent transferee is treating the Bond as a security or as a loan or to conform to such registered owner’s standard documentation or applicable law.

(c) The Town hereby acknowledges its obligation to provide its audited financial statements to the registered owner of the Bond within 270 days of the end of each fiscal year, commencing with the fiscal year ending June 30, 2018, for so long as the Bond remains outstanding.

SECTION 10. (a) The Bond shall be suitably prepared in definitive form, executed by the Mayor and delivered to the Bank on such date as shall be mutually acceptable to the Mayor, the Town Manager and the Bank, contemporaneously with the receipt of the first advance of the principal amount of the Bond. The Mayor, the Town Manager, the Clerk to the Council and all other appropriate officials and employees of the Town are expressly authorized, empowered and directed to (i) take any and all action necessary to complete and close the sale and delivery of the Bond, (ii) subject to any limitations provided for in this Resolution, negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith, including documents, certificates and instruments intended to reflect any provisions specified by the Bank in connection with its proposal to purchase the Bond, and (iii) carry out the transactions contemplated by Ordinance No. 524, this Resolution, and any documents, certificates or instruments executed and delivered in connection with the issuance of the Bond, to the extent such actions are within the spheres of their respective responsibilities. To the extent permitted by applicable law, while the Bond is held by the Bank, the Town’s operating account will be maintained at the Bank, unless the Bank is wholly acquired by another financial institution.

(b) Notwithstanding any other provisions of this Resolution, the Mayor, on behalf of the Town, with the advice of the Town Manager and/or bond counsel to the Town, is hereby authorized and empowered to agree to terms relating to the Bond that (i) accurately reflect the provisions of the Bank’s proposal to purchase the Bond, to the extent such terms are not reflected accurately herein, (ii) are more favorable to the Town than the terms reflected in this Resolution and/or (iii) are not more favorable to the Town but are not uncommon for municipal obligations in the nature of the Bond, any of which such other terms shall be reflected in the final form of the Bond executed and delivered by the Mayor in accordance with Sections 6 and 8 of this Resolution and/or in other applicable closing documents, certificates or instruments executed and directed by appropriate Town officials pursuant to the authority of this Resolution, and, to the extent of any discrepancy among the provisions of this Resolution and the executed and delivered Bond and/or closing documents, certificates or instruments, the provisions of such executed Bond and/or closing documents, certificates and instruments shall control.

(c) The Town acknowledges its obligation to reimburse the Bank for, or pay on behalf of the Bank, actual attorney’s fees and expenses of the Bank’s counsel in connection with the transactions contemplated by this Resolution, provided that the Town shall not be responsible for any such fees and expenses in excess of \$3,000.00.

SECTION 11. The Town Manager or other appropriate official is hereby designated and authorized to receive payment on behalf of the Town of the initial advance of the proceeds of the sale of the Bond contemporaneously with the delivery of the Bond, as well as subsequent advances. Any portion of the purchase price for the Bond may be disbursed by the Bank directly to third parties, including, without limitation, to any person entitled to the payment of costs of issuance pertaining to the Bond, at the direction of the appropriate Town official or officials, and any such disbursement to third parties at the direction of the appropriate Town official or officials shall be deemed to constitute receipt of the proceeds of the Bond for purposes of this Section 11. Any proceeds of the Bond physically received by the Town shall be deposited in the proper account or accounts of the Town, may be invested within the limits prescribed by Maryland and federal law, and shall be used and applied exclusively for the purposes described in Section 2 hereof. If the proceeds received from the Bond exceed the amount needed for the purposes described in Section 2 hereof, the amount of such unexpended excess shall be set apart in a separate fund or funds and applied to pay debt service on the Bond or to prepay the Bond, unless a supplemental ordinance or resolution is passed by the Council, as applicable, to provide for the expenditure of that excess for some other valid purpose authorized by the Enabling Act, the Charter or other applicable law. Investment earnings on proceeds of the Bond, if any, received by the Town may be applied to pay Costs of the Project, to pay debt service on the Bond, to prepayment of the Bond, or shall be transferred to the General Fund and applied to general Town purposes, unless a supplemental ordinance or resolution, as applicable, is passed by the Council to provide for the expenditure of such earnings for some other valid purpose authorized by the Enabling Act, the Charter or other applicable law. Nothing in this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose.

SECTION 12. (a) For the purpose of paying the principal of and interest on the Bond when due, the Town shall impose ad valorem taxes on all real and tangible personal property in the Town that is subject to assessment for unlimited municipal taxation, ad valorem taxes in rate and amount at a rate and in an amount sufficient to provide for the prompt payment of the principal of and interest on the Bond due in each such fiscal year. If the proceeds from the taxes so imposed in any such fiscal year are inadequate for such payment, additional taxes shall be imposed in the succeeding fiscal year to make up such deficiency.

(b) The full faith and credit and unlimited taxing power of the Town are hereby pledged to the payment of the principal of and interest on the Bond as and when they become due and payable and to the imposition 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. The Town hereby covenants and agrees with the registered owner, from time to time, of the Bond to impose the taxes hereinabove described and to take any further action that lawfully may be appropriate from time to time during the period that the Bond remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

(c) The foregoing provisions shall not be construed so as to prohibit the Town from paying the principal of and interest on the Bond from the proceeds of the sale of any other obligations of the Town or from any other funds legally available for that purpose. Subject to the provisions of Sections 13 and 14 below and applicable Maryland law, the Town may apply to the payment of the principal of or interest on the Bond any funds received by it from the State of Maryland or the United States of America, or any governmental agency or instrumentality, or from any other source, if the funds are granted or paid to the Town for the purpose of assisting the Town in accomplishing the costs of the type or types of projects which the Bond is issued to finance or reimburse or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be imposed may be reduced proportionately.

SECTION 13. (a) The Mayor and the Town Manager are the officials of the Town responsible for the issuance of the Bond within the meaning of Section 1.148-2(b)(2) of the U.S. Treasury Regulations (the "Treasury Regulations"). The Mayor and the Town Manager also shall be the officials of the Town responsible for the execution and delivery (on the date of the issuance of the Bond) of a certificate of the Town

(the “Section 148 Certificate”) that complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations, and such officials are hereby authorized and directed to execute and deliver the Section 148 Certificate to counsel rendering an opinion on the validity and tax-exempt status of the Bond on the date of the issuance thereof.

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

(c) The Town 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 that would cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Treasury Regulations, and that it will comply with those provisions of Section 148 of the Code and the Treasury Regulations as may be applicable to the Bond on its date of issuance and which may subsequently lawfully be made applicable to the Bond as long as the Bond remains outstanding and unpaid.

(d) In connection with their execution and delivery of the Section 148 Certificate, the authorized officials identified in this Section 13 are hereby authorized and empowered, on behalf of the Town, to make any designations, elections, determinations or filings on behalf of the Town provided for in or permitted by the Code and the Treasury Regulations and to reflect the same in the Section 148 Certificate and/or the IRS Form 8038-G filed in connection with the issuance of the Bond or any other documentation deemed appropriate by bond counsel to the Town; provided that, only one of such identified officials must sign the IRS Form 8038-G.

(e) In the event any modifications are made to the Bond after issuance of the Bond, Town officials shall promptly consult with nationally-recognized bond counsel to determine if the implementation of the same shall result in a reissuance of the Bond for purposes of the Code and the Treasury Regulations under then applicable law. In the event the implementation of any provisions of Section 4 of this Resolution is so determined to result in a reissuance of the Bond for purposes of the Code and the Treasury Regulations, in order that the tax-exempt status of interest payable on the Bond shall continue to remain excludable from gross income of the registered owner thereof for federal income tax purposes, (i) any one or both of the Town officials identified in subsection (a) of this Section 13, on behalf of the Town, is hereby authorized, empowered and directed to (A) negotiate, approve, execute and deliver any documents, agreements or instruments deemed necessary or desirable in connection therewith, and (B) make any determinations, designations, elections or filings provided for in the Code and the Treasury Regulations in connection therewith (including, by way of illustration and not in limitation, designating the reissued Bond as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code for the calendar year in question), and (ii) any one or both of the Town officials identified in subsection (a) of this Section 13, on behalf of the Town, is hereby authorized, empowered and directed to negotiate and approve any supplement to the Section 148 Certificate executed and delivered in connection with the original issuance and delivery of the Bond or any new Section 148 Certificate determined to be necessary or desirable in connection with such reissuance. The powers delegated to the identified Town officials in this subsection (e) in connection with a reissuance of the Bond shall be broadly construed in order to ensure compliance with the provisions of the Code and the Treasury Regulations; provided that, such delegation shall not prevent the Council, at its option, by resolution, from making or otherwise providing for any necessary or desirable determinations or actions in connection with any such reissuance of the Bond.

SECTION 14. The Town specifically covenants that it will comply with the provisions of the Code applicable to the Bond, including, without limitation, compliance with provisions regarding the timing of the expenditure of the proceeds of the Bond, the use of such proceeds and the facilities financed with such

proceeds, the restriction of investment yields, the filing of information with the Internal Revenue Service, and the rebate of certain earnings resulting from the investment of the proceeds of the Bond or payments in lieu thereof. The Town further covenants that it shall make such use of the proceeds of the Bond, regulate the investment of the proceeds thereof and take such other and further actions as may be required to maintain the exemption from federal income taxation of interest on the Bond. All officials, officers, employees and agents of the Town are hereby authorized and directed 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.

SECTION 15. For purposes of Section 148(f)(4)(D) of the Code (relating to the exception for small governmental units from the arbitrage rebate requirement) the Town represents and certifies that (i) the Town has general taxing powers, (ii) the Bond is not a “private activity bond” within the meaning of Section 141 of the Code, (iii) at least ninety-five percent (95%) of the proceeds of the Bond are to be used for local governmental activities of the Town, and (iv) the aggregate face amount of all tax-exempt bonds (other than “private activity bonds” within the meaning of the Code) issued by the Town (and all on-behalf-of issuers and subordinate entities of the Town) during calendar year 2018 is not reasonably expected to exceed Five Million Dollars (\$5,000,000.00).

SECTION 16. The Town hereby designates the Bond as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code (relating to the exception from the disallowance of the deduction for that portion of a financial institution’s interest expense which is allocable to tax-exempt interest), and, in connection therewith, represents and certifies that (i) the Bond is not a “private activity bond” within the meaning of Section 141 of the Code, (ii) the reasonably anticipated amount of tax-exempt obligations (excluding private activity bonds other than “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code), which will be issued by the Town (and all on-behalf-of issuers and subordinate entities of the Town) during calendar year 2018 does not exceed Ten Million Dollars (\$10,000,000.00), and (iii) not more than Ten Million Dollars (\$10,000,000.00) of obligations issued by the Town (and all on-behalf-of issuers and subordinate entities of the Town) during calendar year 2018, including the Bond, have been designated or, except as permitted by Section 265(b)(3) of the Code, will be designated, as qualified tax-exempt obligations.

SECTION 17. The provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

SECTION 18. This Resolution shall become effective upon its adoption.

Passed this 11<sup>th</sup> day of September, 2018 by a vote of 5 Council members in favor, 0 Council members opposed and 0 Council members abstaining.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CLERK OF THE COUNCIL

Approved as to form and legal sufficiency  
this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

By: \_\_\_\_\_  
Michelle M. Ostrander, Esquire  
Town Attorney

#203762;50021.010

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NOTE: Matter in [brackets] is deleted from the Resolution as introduced.  
Matter underlined is new material added to the Resolution following introduction.

EXHIBIT A

(Form of Bond)

TOWN OF HAMPSTEAD  
HAS DESIGNATED THIS BOND AS A  
“QUALIFIED TAX-EXEMPT OBLIGATION” WITHIN  
THE MEANING OF SECTION 265(b)(3) OF THE  
INTERNAL REVENUE CODE OF 1986, AS AMENDED

No. R- \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF MARYLAND  
TOWN OF HAMPSTEAD

PUBLIC IMPROVEMENTS BOND OF 2018

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>
_____, 2033	4.125%	_____, 2018

Registered Owner:

Principal Sum: \_\_\_\_\_ DOLLARS

IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PORTION OF THE PRINCIPAL AMOUNT HAS BEEN PAID OR PREPAID. EACH PAYMENT OR PREPAYMENT OF A PRINCIPAL INSTALLMENT SHALL BE NOTED BY THE REGISTERED OWNER OF THIS BOND ON ITS BOOKS AND RECORDS, WHICH NOTATION WHEN MADE WILL BE PRESUMED CORRECT ABSENT MANIFEST ERROR. THE REGISTERED OWNER'S FAILURE TO MAKE APPROPRIATE NOTATION OF ANY SUCH PAYMENT OR PREPAYMENT SHALL NOT LIMIT OR OTHERWISE AFFECT THE OBLIGATIONS OF THE TOWN HEREUNDER AND SHALL NOT AFFECT THE VALID PAYMENT AND DISCHARGE OF SUCH OBLIGATION EFFECTED BY SUCH PAYMENT OR PREPAYMENT.

Town of Hampstead, a municipal corporation organized and existing under the Constitution and laws of the State of Maryland (the "Town"), hereby acknowledges itself indebted for value received and promises to pay to the registered owner shown above, or registered assigns or legal representatives, the Principal Sum shown above or so much thereof as shall be advanced and outstanding, plus interest on the unpaid principal balance as set forth herein. This bond shall mature on \_\_\_\_\_, 2033, subject to the further provisions of this bond. The registered owner of this bond shall make advances (but not readvances) of the principal amount hereof to the Town in accordance with the provisions of the Resolution (as defined herein).

No advances may be made by the registered owner of this bond after \_\_\_\_\_, 2019, unless the registered owner of this bond, at its option, extends the period for advances to a date not to extend beyond \_\_\_\_\_, 2020. Once advances totaling \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in the aggregate have been made under this bond, no further advances shall be made.

The principal of this bond shall be payable in fifteen (15) annual installments on \_\_\_\_\_ of each year, commencing on \_\_\_\_\_, 2019, subject to prior prepayment as hereinafter provided, as follows:

<u>Date</u>	<u>Principal Installment</u>	<u>Date</u>	<u>Principal Installment</u>
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In the event the entire original principal amount of this bond as issued is not advanced to the Town within the applicable time period provided for above, the amount of the original principal amount not so advanced to the Town by the date determined above shall be deducted from the last principal installment or principal installments payable on this bond in inverse order of due date, until such differential is exhausted. Notwithstanding the foregoing, if requested by the Town, the registered owner of this bond will reamortize the principal payments in equal installments over the remaining term to the original stated maturity date occurring in 2033 in accordance with Section 4(e) of the Resolution.

This bond shall bear interest on the unpaid outstanding principal amount advanced and remaining unpaid from the dates of advances at an annual rate of interest equal to four and one hundred twenty-five thousandths of one percent (4.125%) per annum. Interest shall be computed on the basis of a 360-day year comprised of 12 30-day months. For purposes of calculating the interest due on this bond, unpaid outstanding principal on any date shall be an amount equal to the principal amount of this bond advanced in accordance with the provisions hereof and of the Resolution, less any principal installment paid on this bond, and less any principal prepaid as described herein.

Notwithstanding the preceding paragraph, upon the occurrence of a Determination of Taxability, this bond shall bear interest at the Alternative Taxable Rate (both as defined herein). "Determination of Taxability" means a final decree or judgment of any federal court of a final action of the Internal Revenue Service determining that interest on this bond is includable in gross income of the registered owner of this bond (or any prior registered owner) for federal income tax purposes as a result of conditions arising from the action or inaction of the Town. "Alternative Taxable Rate" means 4.125%, multiplied by the Taxable Rate Factor (as defined herein), and the "Taxable Rate Factor" means the amount by which 4.125% must be multiplied to achieve the equivalent taxable rate given the marginal federal corporate tax rate applicable to the registered owner of this bond; the Taxable Rate Factor is subject to change should the marginal federal corporate tax rate applicable to the registered owner hereof change. Upon a Determination of Taxability, the Town shall also be responsible for payment of any interest, penalties or charges owed by the registered owner of this bond (or any prior registered owner) as a result of the Determination of Taxability, together with any and all attorneys' fees, court costs or other out-of-pocket expenses incurred by the registered owner of this bond (or prior registered owner) as a result of the Determination of Taxability.

Interest on this bond shall be payable on \_\_\_\_\_ and \_\_\_\_\_ in each year until maturity or prior prepayment, commencing on \_\_\_\_\_, 2019. This bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the date of its delivery.

The registered owner of this bond shall provide written notice to the Town Manager of the Town (the "Town Manager") of the interest and principal due on this bond on each semi-annual payment date at least ten (10) days prior to such semi-annual payment date, or such fewer number of days as is acceptable to the Town Manager, but failure to provide such notice shall not affect the amount of, or the Town's obligation to pay, principal or interest due on this bond.

This bond shall be subject to prepayment prior to maturity at the option of the Town in whole or in part on any date on or after \_\_\_\_\_, 2024 at a prepayment price of the par amount of principal to be prepaid, plus accrued interest on such prepaid principal amount to the date fixed for prepayment, without premium or penalty. Notice of optional prepayment shall be given by the Town at least fifteen (15) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner) by mailing or otherwise giving to the registered owner a notice fixing the prepayment date, and indicating the principal amount of this bond to be prepaid. Any partial prepayment shall be applied in inverse order of the remaining principal installments due on this bond. Any such notice may be conditioned upon receipt of funds sufficient to effect such prepayment. In the event this bond is not prepaid on any date for which a prepayment notice has been given, such prepayment notice shall be considered void and this bond shall continue in full force and effect.

Principal of and interest on this bond shall be payable in lawful money of the United States of America. The principal of this bond, at maturity or upon prior prepayment in whole, shall be payable by check or draft at the office of the Town Manager in Hampstead, Maryland, upon presentment of this bond, unless the Town Manager and the registered owner agree on a different place or manner of payment. Principal of this bond, prior to maturity or prior prepayment in whole, and interest on this bond will be payable by check or draft mailed to the registered owner at the address designated by the registered owner in writing to the Town Manager, unless the Town Manager and the registered owner hereof agree on a different manner of payment. If a semi-annual payment date falls on a Saturday, Sunday or a day on which the Town, banks in the State of Maryland and/or banks in the state in which the registered owner of this bond is located are not required to be open, payment may be made on the next succeeding day that is not a Saturday, Sunday or a day on which the Town, banks in the State of Maryland and/or banks in the state in which the registered owner of this bond is located are not required to be open, and no interest shall accrue on the amount owed as of such regularly scheduled payment date for the intervening period.

This bond is the duly authorized bond of the Town, aggregating \$\_\_\_\_\_ in original principal amount, dated the date of its delivery and designated "Town of Hampstead Public Improvements Bond of 2018". This bond is issued pursuant to and in full conformity with the provisions of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended, Section C7-17 of the Charter of the Town of Hampstead, as replaced, supplemented or amended, and by virtue of due proceedings had and taken by the Council of the Town (the "Council"), particularly Ordinance No. 524, which was passed by the Council on April 10, 2018, approved by the Mayor of the Town (the "Mayor") on April 10, 2018 and became effective on April 30, 2018 (the "Ordinance"), and Resolution No. 2018-03, which was adopted by the Council on \_\_\_\_\_, 2018 and became effective on \_\_\_\_\_, 2018 (the "Resolution").

This bond is transferable only upon the books kept for that purpose at the office of the Town Manager, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender hereof, together with a written instrument of transfer in the form attached hereto and satisfactory to the

Town Manager and duly executed by the registered owner or his duly authorized attorney, and evidence satisfactory to the Town Manager of compliance with Section 7 of the Resolution.

This bond may be transferred or exchanged at the office of the Town Manager. Upon any such transfer or exchange, the Town shall issue a new registered bond in denomination equal to the unpaid principal amount of the bond surrendered, and with the same maturity date, principal installment dates and principal installment payment amounts and bearing interest at the same rate. In each case, the Town Manager may require payment by the registered owner of this bond requesting transfer or exchange hereof of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such transfer or exchange, but otherwise no charge shall be made to the registered owner hereof for such transfer or exchange.

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 full faith and credit and unlimited taxing power of Town of Hampstead are hereby unconditionally and irrevocably pledged to the 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 the interest on this bond, at the dates and in the manner mentioned herein, according to the true intent and meaning hereof.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened or to be performed precedent to and in the issuance of this bond, does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland, the Ordinance and the Resolution, and that this bond, together with all other indebtedness of the Town, is within every debt and other limit prescribed by the Constitution and laws of the State of Maryland and that due provision has been made for the imposition of an annual ad valorem tax or taxes upon all the legally assessable property within the corporate limits of the Town in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on this bond.

IN WITNESS WHEREOF, Town of Hampstead has caused this bond to be executed in its name by the manual signature of the Mayor and its corporate seal to be affixed hereto, attested by the manual signature of the Clerk to the Council, all as of the Original Issue Date set forth above.

(SEAL)

ATTEST:

TOWN OF HAMPSTEAD

By: \_\_\_\_\_  
Clerk to the Council

By: \_\_\_\_\_  
Mayor

(Form of Instrument of Transfer)

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_  
\_\_\_\_\_

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

the within bond and all rights thereunder and does hereby constitute and appoint \_\_\_\_\_

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

\_\_\_\_\_  
Notice: The signature to this assignment  
must correspond with the name as it appears  
upon the face of the within bond in every  
particular, without alteration or enlargement  
or any change whatsoever.