

**COUNCIL OF THE CITY OF ABERDEEN**  
**Ordinance No. 17-O-04**

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**Date Introduced:** January 24, 2017

**Sponsored by:** Councilwoman Sandra Landbeck & Councilman Steven Goodin by request.

**Public Hearing:** February 13, 2017

**Amendments Adopted:**

**Date Adopted:** February 13, 2017

**Date Effective:** March 6, 2017

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**AN ORDINANCE concerning**

**SEWER NOTES AUTHORIZATION**

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3 An Ordinance to authorize and empower the City of Aberdeen, a Municipal Corporation of the  
4 State of Maryland (the "City"), to borrow upon the full faith and credit, and to issue and sell its  
5 notes or other form of indebtedness therefore (including lease financing), in an amount not to  
6 exceed One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars  
7 (\$1,395,178.00) principal amount, the proceeds thereof to be used for the expansion, reconstruction,  
8 rehabilitation, renovation and improvement of certain water and sewer projects as described in the  
9 Annual Budget and Appropriation Ordinance, Ordinance No. 16-O-12, As Amended, enacted June  
10 6, 2016, for the year ending June 30, 2017 and as described in this Ordinance (collectively the  
11 "Projects") in accordance with Article VIII, Section 18A of the Charter of the City of Aberdeen  
12 ("Charter") and Sections 19-302 through 19-306, inclusive, of the Local Government Article of the  
13 Annotated Code of Maryland ("Code") or as otherwise permitted by law authorizing the Mayor and  
14 City Council of the City to adopt an administrative resolution that shall provide for the form of  
15 instrument by which any indebtedness or financing obligation is to be evidenced, the manner by  
16 which any indebtedness, line of credit, financing lease or similar obligation may be secured and the  
17 rate(s) of interest to be paid, and generally for such other matters as may be deemed appropriate by  
18 the Mayor and City Council of the City in connection therewith and authorizing Mayor of the City  
19 by Executive Order, to determine the form of various documents as are necessary to implement the  
20 financing authorized herein, the manner of issuance and delivery of any evidences of indebtedness,  
21 the payment of all necessary expenses in connection therewith, the method by which such evidences  
22 of indebtedness shall be sold, maturity schedule, and redemption provisions; authorizing the  
23 appointment of certain agents; and otherwise generally relating to the issuance, sale, delivery and  
24 payment of any such evidences of indebtedness or financing obligations; providing that such  
25 indebtedness shall be issued upon the full faith and credit of the Mayor and City Council of the City;  
26 providing for the issuance of bond anticipation notes (or other form of indebtedness) upon passage  
27 of a resolution by the Mayor and City Council of the City approving the interest rate or rates on said  
28 bond anticipation notes for all or a portion of the Projects described herein, for which the proceeds

of sale of the bond anticipation notes shall be used; providing that after the issuance of the bond anticipation notes (or other form of indebtedness), or any renewal thereof, the Mayor and City Council of the City shall authorizing the issuance of bonds to pay said bond anticipation notes (or other form of indebtedness); authorize the use of proceeds of the Sewer Notes to reimburse expenditures paid prior to the issuance of the Sewer Notes for the Projects; providing for disbursement of the proceeds of the sale of such notes and for the levying of charges, assessments and all taxes necessary to provide payment of the principal and interest on such notes; providing that certain additional matters may be determined by resolution of the Mayor and City Council of the City or may be reserved unto the Mayor as prescribed by such resolution; providing the method of fixing the interest rates to be borne by such bonds and generally providing for and determining various matters in connection therewith; and generally relating to funding of certain capital projects; providing that the Sewer Notes may be sold at private sale without advertisement, publication, notice of sale or solicitation of competitive bids.

WHEREAS, in accordance with the provisions of the Charter of the City, the Mayor and City Council have adopted a capital budget for the year ending June 30, 2017, which authorize expenditures for the Projects; and

WHEREAS, the City of Aberdeen is authorized to borrow money and to evidence the borrowing by the issuance of its general obligation bonds by Article X-E of the Constitution of Maryland, as amended, Local Government Article, Section 19-302 through 19-306, inclusive, of the Annotated Code of Maryland and Article VIII, Section 18A of the Charter; and

WHEREAS, as a part of the said Capital Program and the said Capital Budget, it is necessary that the City borrow a sum not exceeding One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars (\$1,395,178.00) to be used to finance the cost of the acquisition, construction, reconstruction, improvement, extension, site acquisition, architectural and engineering services, and furnishings and equipment for the Projects, including financial, legal and planning expenses related thereto; and

WHEREAS, the Mayor and City Council of the City has previously authorized the City, pursuant to Emergency Ordinance No. 17-O-02, enacted on January 9, 2017, to borrow, at

private sale, \$1,395,178.00 from Manufacturers and Traders Trust Company ("M&T") for a period not to exceed Five (5) years to finance the Projects; and

WHEREAS, the Mayor and City Council of the City is hereby authorized to enact an Ordinance in accordance with the Charter and other applicable provisions of law providing for the issuance and sale and for the designation, form, tenor, denomination, maturities, and the interest rates (or procedure to determine interest rates) payable on any bonds or other form of indebtedness issued under this Ordinance; and to levy annually *ad valorem* taxes upon the assessable property within the City sufficient, together with other taxes and other available funds, to provide for the payment of the interest on and principal of any bonds so issued; and

WHEREAS, the proposed bond issue or other form of indebtedness is within the legal limitation on the indebtedness of the City of Aberdeen; and

WHEREAS, it is necessary to provide funds for the construction, reconstruction, improvement, extension, acquisition, alteration, repair and modernization, the cost of acquiring any sites, making site improvements, architectural and engineering services, including preparation of plans, drawings and specifications, the development of the grounds and landscaping thereof, financial, legal and planning expenses and all customary appurtenances and equipment for the Projects; and

WHEREAS, the financing or indebtedness herein authorized, including the aggregate principal amount of notes or other indebtedness in an amount not to exceed One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars (\$1,395,178.00), and interest rate(s), shall be evidenced and incurred pursuant to a resolution or resolutions ("Resolution") to be adopted by the Mayor and City Council of the City upon written recommendation of the Mayor, pursuant to this Ordinance and other terms of sale, including, but not limited to maturity

schedules, redemption provisions, form of bond, and date of sale shall be determined by the Mayor of the City by Executive Order.

NOW, THEREFORE, IN ACCORDANCE WITH THE PROVISIONS OF THE CHARTER, THE CODE AND THE LAWS OF THE STATE OF MARYLAND:

SECTION 1. Be it enacted by the Mayor and City Council of the City that, acting pursuant to the authority of the Charter, the Code and the laws of the State of Maryland, the Mayor and City Council of the City (the "City") hereby authorizes and approves the incurring of debt or the payment of purchase price or rental installments for the purpose of financing a portion of the capital cost of capital equipment, improvements, extensions, modifications, alterations, or any combination thereof to the property of the City, together with the acquisition of all necessary property rights and equipment, and all related architectural, financial, legal, planning, design and engineering expenses associated with such capital equipment, improvements, extensions, modifications or alterations including:

<b><u>Project</u></b>	<b><u>Amount to be Borrowed</u></b>
Edmund and Wynmar Manhole Replacement (Contract)	85,000.00
Upgrade James St. Interceptor (Contract)	580,000.00
WWTP Raw Influent Screen Replacement (Design)	134,600.00
Jet Truck	448,685.00
Wheel Loader	146,893.00
<b>TOTAL</b>	<b>\$1,395,178.00</b>

The principal amount of indebtedness to be incurred hereunder shall not exceed One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars (\$1,395,178.000).

SECTION 2. And be it further enacted by the Mayor and City Council of the City that prior to the issuance, sale and delivery of any bonds, bond anticipation notes, notes, evidences of

indebtedness, line of credit, financing lease or installment purchase obligation (or other form of indebtedness) in reliance on this Ordinance, the Mayor and City Council of the City shall (without limitation) determine administratively in the Resolution:

(a) the form of instruments or agreements by which the debt or financing authorized herein shall be evidenced (including, but not limited to, notes, bonds, bond anticipation notes, notes (or other form of indebtedness), book entry, community participation bonds, letters of credit, trust agreements, trust indentures, financing or installment purchase lease or similar financing agreement, or participation in any "bond bank" or bond pooling arrangement administered by the State of Maryland or a subsidiary entity of it);

(b) the manner, if any, by which any indebtedness or financing shall be secured (including, but not limited to, a pledge of the revenues from the City's water and sewer system or any other appropriate revenue stream, a letter or letters of credit, bond or other such insurance and a pledge of the full faith and credit and unlimited taxing power of the City):

(c) the rate or rates of interest or method of determining such rate or rates;

(d) that the financing is to be accomplished by private (negotiated) sale or by private placement; and

(e) any change in redemption and prepayment provisions in the notes which is different from the provisions in the form of note set forth in Section 10.

The Resolution shall be deemed to be of an administrative nature and shall be effective upon the date specified in the Resolution.

SECTION 3. And be it further enacted by the Mayor and City Council of the City that the Mayor of the City shall determine the following matters by Executive Order:

(a) the principal amounts, date, denominations, maturity payment provisions and prepayment, tender and/or redemption provisions (if any) and other terms and conditions thereof;

(b) the substantially final form and contents and consent to the distribution (and shall authorize the execution and delivery, where applicable) of various agreements and documents as are necessary to implement the financing authorized herein, including, but not limited to, a material financial and other information with respect to the City;

(c) the manner in which any evidence of indebtedness, lease financing or installment purchase obligation shall be executed, sealed and attested (which may be by facsimile signature and/or seal);

(d) provision for the payment of all necessary expenses of preparing, printing and selling any evidence of indebtedness and the Documents including, without limitation, any and all costs, fees and expenses incurred by or on behalf of the City in connection with the authorization, issuance, sale and delivery of any bonds or notes, and all costs incurred in connection with the development of the Documents, including the fees of counsel to the City, and compensation to any persons (other than full-time employees of the City) or entities performing services for or on behalf of the City in connection therewith and in connection with all other transactions contemplated by this Ordinance regardless of whether the proposed financing is consummated;

(e) the name or designation of the indebtedness, provided that unless otherwise designated, the indebtedness shall be known as City of Aberdeen Sewer Note, Series 2017;

(f) such other matters in connection with the consummation of the financing transactions contemplated by this Ordinance as may be deemed appropriate by the Mayor of the City, including (without limitation) the appointment of or changing agents (including, but not limited to, trustees, paying agents, indexing agents and/or registrars) in connection with the financing, the execution, acknowledgment, sealing and delivery of such other and further agreements, documents and instruments, and the authorization of the officials of the City to take any and all actions, as are or may be necessary or appropriate to consummate the transactions contemplated by this Ordinance in accordance with the terms hereof and of the Resolution. The Executive Order shall be effective upon the date specified in the Executive Order.

SECTION 4. And be it further enacted by the Mayor and City Council of the City that authority is hereby conferred respectively on the Mayor of the City, the Director of Administration, the Director of Finance of the City, the City Attorney and the City Clerk, or any of them, and they are hereby directed to take the following actions on behalf of the City:

(a) to execute, acknowledge, seal and deliver the Documents substantially in the forms determined administratively by the Mayor and City Council of the City in the Resolution; and

(b) to execute, acknowledge, seal and deliver such other and further certificates, certifications, agreements, documents and instruments and take such other acts as they or any one or more of them may deem necessary or appropriate to consummate the transactions contemplated by this Ordinance in accordance with the provisions hereof and of the Resolution.

SECTION 5. And be it further enacted by the Mayor and City Council of the City that the Director of Finance, or his authorized deputy, is hereby authorized and empowered to prepare

and distribute copies of the Documents to any person who may, in his judgment, be interested in participating in the financing of the Projects or who may request the same or information with respect thereto; provided, however, that any preliminary official statement and related material shall be clearly marked to indicate that they are subject to completion and amendment.

SECTION 6. And be it further enacted by the Mayor and City Council of the City that the City intends to provide funds for payment of principal of, premium (if any) and interest on the bonds, or other indebtedness, from certain funds related to operation of the water and sewer systems of the City. These funds include area connection charges, special assessments, user surcharges, system development fees, certain depreciation reserves relating to depreciation of the water and sewer systems and earnings on the above-described funds.

To the extent any of the above-described funds is specifically designated for payment of debt service on bonds, or other indebtedness, issued to acquire or construct improvements to the water and sewer systems of the City, by the legislation establishing the tax, assessment, surcharge or other source of revenue so designated, and so long as such tax, assessment, surcharge or other revenue source remains so designated and levied by the City, the City hereby covenants to apply all such designated revenues to payments of debt service on bonds or other indebtedness issued to acquire or construct improvements to the water and sewer systems of the City, including the bonds or other indebtedness.

In the event that the funds described in this Section 6 (whether or not designated for water and sewer system bond debt service) fail to provide sufficient funds at any time while any of the notes or other indebtedness are outstanding for the purpose of paying principal of, premium (if any) and interest on the notes or other indebtedness, when due and payable, the City hereby covenants and agrees, with each of the holders, from time to time, of any of the notes or



other indebtedness, that it shall promptly cause to be levied against all assessable property within the City annually, so long as any of the notes or other indebtedness are outstanding and not paid, an *ad valorem* tax sufficient in rate and amount to provide for payment of such principal of, premium (if any) and interest on the notes or other indebtedness when due. Such tax shall be levied in accordance with the Charter. The City, by the passage of this Ordinance, hereby covenants and agrees properly and promptly to perform all of the respective acts and duties defined in the Charter for the levy and collection of the aforesaid *ad valorem* tax upon all the assessable property within the corporate limits of the City, as the levy and collection of such a tax becomes necessary in order to provide for the payment of principal of, premium (if any) and interest on the bonds or other indebtedness.

SECTION 7. And be it further enacted by the Mayor and City Council of the City that the Mayor is hereby authorized and empowered for and on behalf of the City (a) to cause the preparation, printing, execution and delivery of the Documents, each substantially in the form provided in the Resolution or in the Executive Order of the Mayor, with such modifications, supplements or amendments thereto as may be recommended by counsel; and (b) to do all such things as may be necessary or desirable in the opinion of the Mayor in connection therewith.

SECTION 8. And be it further enacted by the Mayor and City Council of the City that nothing herein contained shall authorize the expenditure of City funds until such time as such expenditure shall have been appropriated by the Mayor and City Council of the City, and this Ordinance shall not be construed as authorizing or approving any project not otherwise authorized or approved by all appropriate legal authorization.

SECTION 9. And be it further enacted by the Mayor and City Council of the City that unless changed by the Resolution or the Executive Order, if the indebtedness herein authorized is

represented by notes: (a) the notes shall be issued pursuant to the authority of this Ordinance and; (b) in no event may the aggregate indebtedness incurred pursuant to this Ordinance exceed \$1,395,178.00, and shall be numbered from one (1) consecutively upward in the order of their maturities. The notes shall mature over a period not to exceed five (5) years from their date in not more than five (5) installments beginning in the year 2018 and ending in the year 2022. The notes shall be paid quarterly, beginning 90 days from the date of issue, with principal and interest only paid in 2017. The term and maturity schedule and redemption provisions, if any, of the notes or other indebtedness may be changed, increased or decreased upon Executive Order of the Mayor, but the aggregate principal amount of indebtedness to be incurred shall not exceed One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars (\$1,395,178.00).

SECTION 10. Be it further enacted by the Mayor and City Council of the City that if the indebtedness herein authorized is represented by notes, the notes shall bear interest at the rate or rates approved by administrative resolution of the Mayor and City Council of the City, and said interest shall be payable in each of the years that the bonds are outstanding. Interest on the notes will be payable by check or draft of the Paying Agent mailed to M&T. The notes, when issued, shall be executed in the name of the City, by the facsimile (or original) signature of the Mayor, and a facsimile (or original) of the corporate seal of the City shall be imprinted on each of the notes attested by the facsimile (or original) signature of the Director of Administration of the City and the manual signature of an authorized officer of the Note Registrar. The facsimiles of said signature and said seal shall be engraved, printed or lithographed on each of the notes in accordance with, and pursuant to the authority of Sections 2-301 through 2-306 inclusive of the State Finance and Procurement Article of the Annotated Code of Maryland (2008 Volume, 2015

Cumulative Supplement). If the indebtedness is represented by notes, the notes shall be subject to registration as to principal and interest, in the name or names of the owner or owners thereof on books kept for that purpose at the principal office of the Director of Finance, as Note Registrar, and the principal of the bonds shall be payable upon presentation and surrender thereof at the office of the Director of Finance or the ownership of the indebtedness may, pursuant to Executive Order of the Mayor, be maintained by a book entry system. The Note Registrar and Note Paying Agent shall be determined by Executive Order of the Mayor. Payment of interest on the notes shall be made by the Director of Finance to M&T on each payment date, to each person appearing on the registration books of the City, maintained by the Note Registrar, as the registered owner thereof, by check or draft mailed to each such registered owner at his or her address as it appears on such registration books. There shall be printed on each note (or delivered with the note) the text of the approving legal opinion of bond counsel with respect to the notes. Except as provided hereinafter or in an Executive Order of the Mayor prior to the issuance of the notes, if the indebtedness authorized herein is represented by notes, the notes shall be in substantially the following form, which form, together with all covenants and conditions therein contained, is hereby adopted by the Mayor and City Council of the City as and for the form of obligation to be incurred by the City, and said covenants and conditions, including the promise to pay therein contained, are hereby made binding upon the City, in accordance with the endorsement on said notes:

UNITED STATES OF AMERICA  
ABERDEEN, MARYLAND  
CITY OF ABERDEEN  
SEWER NOTE, SERIES 2017

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>
	_____, 2017	_____, 2022

Registered Owner: Manufacturers and Traders Trust Company

Principal Sum: One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars (\$1,395,178.00)

CITY OF ABERDEEN, a body politic and corporate, organized and existing under the Constitution and laws of the State of Maryland (the "City"), hereby acknowledges itself indebted and, for value received, promises to pay to the Registered Owner of this Note as set forth above, or registered assignee, the Principal Sum shown hereon in quarterly installments beginning 90 days from the date of this Note (or earlier as provided herein) upon presentation and surrender of this Note and to pay interest thereon, from the interest payment date next preceding the date of registration and authentication of this Note, unless this Note is registered and authenticated as of an interest payment date, in which case it shall bear interest from such interest payment date, or unless this Note is registered and authenticated prior to \_\_\_\_\_, 2017, in which event this Note shall bear interest from \_\_\_\_\_, 2017 unless, as shown by the records of the Note Registrar (herein defined) interest on this Note shall be in default, in which event this Note shall bear interest from the date on which interest was last paid on this note at the Interest Rate per annum shown hereon until payment of said principal, such interest to the maturity hereof being payable in quarterly installments beginning 90 days from the date of this Note by check or draft of the Paying Agent hereinafter described mailed to the registered owners thereof as interest becomes due and payable.

Both the principal of and interest and premium, if any, on this Note will be paid in lawful money of the United States of America, at the time of payment. Payment of the principal of and premium, if any, on this Note shall be made upon presentation and surrender hereof at the principal office of the Director of Finance of the City ("Paying Agent"). Payment of interest on this Note shall be made by the Paying Agent on each interest payment date to the person appearing on the registration books of the City maintained by the Note Registrar as the registered owner hereof, by check or draft mailed to such registered owner at his or her address as it appears on such registration books.

This Note shall be registered as to principal and interest in the name of the owner on the registration books kept for that purpose at the principal office of the Director of Finance of the City ("Note Registrar"), and such registration shall be noted on the back of this Note, after which no transfer hereof shall be valid unless made on the said registration books by the registered

owner hereof in person or by his duly authorized attorney, and similarly noted on this Note. The City, Note Registrar and Paying Agent may deem and treat the person in whose name this Note is registered as the absolute owner hereof for all purposes. This Note, upon surrender hereof at the principal office of the Note Registrar with a written instrument of transfer satisfactory to the Note Registrar, duly executed by the registered owner hereof or his duly authorized attorney, may, at the option of the registered owner hereof, be exchanged for an equal aggregate principal amount of Notes (hereinafter defined) of authorized denominations and of the same form and tenor as this Note. For every such exchange or transfer of Notes, the City or the Note Registrar shall make a charge for any tax or other governmental charge required to be paid with respect to such exchange or transfer as a condition precedent to the exercise of such privilege. The Note Registrar shall not be obligated to make any such exchange or transfer of Notes during the 15 days next preceding an interest payment date on the Notes, or in case of any proposed redemption of the Notes, during the 15 days next preceding the date of the publication of notice of such redemption. The Note Registrar shall not be required to make any transfer or exchange of any Notes called for redemption.

The Note is one of a duly authorized issue or series of notes aggregating One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars (\$1,395,178.00) principal amount, all dated as of \_\_\_\_\_, 2017 and known as "City of Aberdeen Sewer Note, Series 2017" (the "Note"). The Note shall be issued as fully registered notes without coupons in the principal amount of \$1,395,178 or any other amount thereof. The Note matures serially in quarterly installments on the \_\_\_\_ day of \_\_\_\_\_ in each of the years 2018 to 2022. The Note is issued pursuant to and in full conformity with the provisions of the Charter of the City of Aberdeen, as amended, and by virtue of due proceedings had and taken by the City Council on Aberdeen, particularly an Emergency Ordinance No. 17-O-2 enacted on January 9, 2017, an Ordinance enacted on February \_\_\_\_\_, 2017, entitled Ordinance No. 17-\_\_ and a Resolution adopted on \_\_\_\_\_, 2017.

This Note may be prepaid and redeemed by the City, in whole or in part, at any time and from time to time, upon ten (10) days written notice to the Registered Owner. Any prepayment of the principal of this Note, within eighteen (18) months of the date of this Note, shall require a prepayment redemption charge of one percent (1%) of the principal amount prepaid. This Note may, upon ten (10) days written notice, be prepaid, in whole or in part at any time after eighteen (18) months from the date of this Note without prepayment or redemption fee or penalty.

The full faith and credit and unlimited taxing power of the City is pledged to the punctual payment of the principal of and interest on this Note according to its terms, and the City covenants and agrees punctually to pay the principal of this Note and the interest thereon, at the dates and in the manner mentioned herein.

No covenant or agreement contained in this Note shall be deemed to be a covenant or agreement of any officer, agent or employee of the City in his or her individual capacity, and neither the members of the City Council of the City of Aberdeen nor any official executing this Note shall be personally liable or be subject to any personal liability or accountability by reason of the issuance of this Note.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened and to be performed precedent to and in the issuance of this Note, 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 Charter of the City of Aberdeen and the Ordinance and Resolution above referred to, and that the issue of notes of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of said State and the Charter of the City of Aberdeen, and that due provision has been made for the levy and collection, if and when necessary, of an annual *ad valorem* tax or taxes upon all the legally assessable property within the corporate limits of the City, as prescribed by law, in rate and amount sufficient to provide for the payment, when due, of the interest on and the principal of this Note.

In any case where any date of payment of principal of, premium (if any), or interest on this Note, or the date fixed for any redemption of this Note, shall be a Saturday, Sunday or legal holiday observed by the City, then payment of such principal, premium (if any), or interest need not be made on such date but may be made on this next succeeding day which is not a Saturday, Sunday or legal holiday observed by the City with the same force and effect as if made on the date of payment or the date fixed for redemption.

This Note shall not be valid or become obligatory for any purpose until this Note shall have been authenticated by the execution by the Note Registrar, or its successor as Note Registrar, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF the City of Aberdeen, has caused this Note to be executed in its name by the facsimile signature of the Mayor, which signature has been imprinted hereon, and has also caused a facsimile of its corporate seal to be imprinted hereon, attested by the facsimile signature of the Clerk, all as of the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

Attest:

CITY OF ABERDEEN

\_\_\_\_\_  
Monica Correll, City Clerk

By: \_\_\_\_\_  
Patrick L. McGrady, Mayor

Date of Authentication: \_\_\_\_\_

#### CERTIFICATE OF AUTHENTICATION

This Note is one of the registered notes of City of Aberdeen  
Sewer Note, Series 2017

Director of Finance, City of Aberdeen

By: \_\_\_\_\_  
Note Registrar

[Form of Registration]

(No writing hereon except by an officer of \_\_\_\_\_, Baltimore, Maryland, Note Registrar).

<u>Date of Registry</u>	<u>Name of Registered Holder</u>	<u>Registered By</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT

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

\_\_\_\_\_

(please insert name and address of the assignee)

(Tax Identification or Social Security No. \_\_\_\_\_) the within note, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within note on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature guaranteed:

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

\_\_\_\_\_  
NOTICE: The signature on this Assignment  
must correspond with the name of the  
registered owner as it appears on the face  
of the within note in every particular,  
without alteration or enlargement or any  
change whatever.

[Form of Certification of Legal Opinion  
to appear on panel to left of Filing Back]

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the complete approving legal opinion of Royston, Mueller, McLean & Reid, LLP, Towson, Maryland, with respect to the issue of notes, of which this note is one, that the original of said opinion was manually executed, dated and issued as of the date of delivery of, and payment for, said issue of Notes and that an executed copy thereof is on file with the Paying Agent.

(Here insert text of legal opinion  
relating to this issue of notes.)



SECTION 11. Be it further enacted by the Mayor and City Council of Aberdeen, that the Sewer Note shall bear interest at the rate or rates to be established by private negotiated sale, and the verified rate shall be obtained in accordance with the Resolution, and such interest shall be payable quarterly in each year until maturity, and on the maturity or redemption date thereof, until and including the date of maturity or earlier redemption; provided that such interest payment dates may be changed by Administrative Resolution of the City Council.

The Sewer Note shall bear interest from the interest payment date next preceding the date of registration and authentication of such Sewer Note, unless such Sewer Note is registered and authenticated on an interest payment date, in which case it shall bear interest from such interest payment date, or, unless authenticated prior to the first interest payment date, in which case it shall bear interest from the date of issuance of the Sewer Note, or unless, as shown by the records of the Note Registrar, interest on such Sewer Note shall be in default, in which event such Sewer Note shall bear interest from the date to which interest was last paid on such Sewer Note. Interest shall accrue from the date of issuance of the Sewer Note until the maturity date thereof at the interest rate or rates for such Sewer Note to be established by negotiation, and shall be compounded semiannually each year until maturity, and shall be payable on the maturity date thereof; provided that such dates may be changed by the Resolution.

SECTION 12. Be it further enacted by the Mayor and City Council of the City that, to the extent the funds from operation of the water and sewer systems of the City are insufficient to pay the principal of and interest on the Note, for the purpose of paying the interest on, premium, (if any) and principal of the note or other indebtedness authorized by this Ordinance, there is hereby levied and there shall hereafter be levied in each fiscal year that the note or other indebtedness are outstanding, *ad valorem* taxes on real and tangible personal property and

intangible property subject to taxation by the City without limitation on rate or amount; and, in addition, upon such other intangible property as may be subject to taxation by the City within limitations prescribed by law, in an amount sufficient together with funds available from other sources, to pay the annual interest on the outstanding notes or other indebtedness and to redeem the notes or other indebtedness maturing during the succeeding year; and the full faith and credit and the unlimited taxing power of the City are hereby irrevocably pledged to the punctual payment of the principal of and interest on the notes or other indebtedness as and when they mature. The City by the passage of this Ordinance hereby covenants and agrees properly and promptly to perform all of the respective acts and duties defined in this Ordinance for the levy and collection of the aforesaid *ad valorem* tax upon all the assessable property within the corporate limits of the City, as the levy and collection of such a tax becomes necessary in order to meet the debt service requirements of the City of Aberdeen Sewer Note, Series 2017. By this Ordinance, the City agrees to take all action it may be legally authorized and empowered to take in order to enforce, in any year in which any of the notes or other indebtedness are outstanding, the guarantee of such bonds or other indebtedness by the City.

SECTION 13. Be it further enacted by the Mayor and City Council of the City that the City is hereby authorized and empowered from time to time to issue its Anticipation Note or Notes (or other form of indebtedness) on the full faith and credit and unlimited taxing power of the City in an amount not exceeding One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars (\$1,395,178,00), the net proceeds of such sale to be used to finance part or all of the cost of the Projects; the sale of such Notes to be upon such terms as may be directed by resolution of the Mayor and City Council of the City.

Such Anticipation Note or Notes or other evidence of indebtedness shall provide that not in excess of twelve (12) months interest from the date of issue shall be paid from the proceeds of bonds issued to retire the indebtedness insured pursuant to the Bond Anticipation Note.

The Director of Finance of the City, prior to the issuance of any such Bond Anticipation or other evidence of indebtedness of the City shall present the terms of such notes to the Mayor and City Council of the City for approval by Resolution of the Mayor and City Council of the City prior to the issuance of such Anticipation Note or Notes.

The Anticipation Note or Notes will bear interest at the rate or rates so negotiated by the Director of Finance and approved by Resolution of the Mayor and City Council of the City and the Bond Anticipation Note or Notes when issued shall be issued in the name of the City by the signature of the Mayor, the corporate seal of the City shall be imprinted on such Anticipation Note or Notes and such Anticipation Note or Notes shall be used only for those purposes approved in a Resolution of the Mayor and City Council of the City adopted subsequent to the adoption of this Ordinance.

The Anticipation Note or Notes shall not be issued in an amount greater than the amount of bonds or other indebtedness authorized in anticipation of the sale of which the Bond Anticipation Note or Notes are issued and sold.

The principal of and interest on the Anticipation Note or Notes shall be payable out of the first proceeds of sale of the bonds, or from the tax or other revenue which the City shall previously determine to apply to the payment of the notes and interest thereon.

Twelve (12) months interest on the Anticipation Note or Notes or any renewal thereof may be paid from the proceeds of sale of the notes accounting from the initial date of issue thereof.

By resolution adopted by the Mayor and City Council of the City, the City may provide for the renewal of the Anticipation Note or Notes at maturity with or without resale.

Immediately after the sale of the Anticipation Note or Notes and approval by resolution of the Mayor and City Council of the City, the proceeds of sale of such Anticipation Note or Notes, after payment of expenses of issuing the same, shall be paid to the Director of Finance of the City. The proceeds of sale of the Anticipation Note or Notes shall be expended only to finance the Projects as defined above.

SECTION 14. Be it further enacted by the Mayor and City Council of the City that pursuant to Treasury Regulations 1.150-2, governing the use of bond proceeds for the purpose of reimbursing expenditures paid prior to the issuance of bonds, and as permitted by Treasury Regulations 1.150-2(e)(1), the Director of Finance of the City is hereby duly designated to make declarations of Official Intent on behalf of the City. The City expects that all or a part of the capital expenditures for the Projects will be paid prior to the issuance of the Notes, and that the proceeds of the Notes will be used to reimburse the City for capital expenditures paid prior to the issuance of the Notes. The City reasonably expects to reimburse a portion of the capital expenditures for the Projects with proceeds of the Notes, in the maximum principal amount of One Million Three Hundred Ninety-Five Thousand One Hundred Seventy-Eight Dollars (\$1,395,178.00), and this Ordinance shall be available for public inspection at the offices of the City during regular business hours and in accordance with the laws of the State of Maryland and the City, regarding access to public records. The maximum principal amount of debt which is expected to be issued for the Projects is \$1,395,178.

SECTION 15. Be it further enacted by the Mayor and City Council of the City that the Sewer Notes, Series 2017, may be sold at private sale, without advertisement, publication, notice of sale or solicitation of competitive bids.

SECTION 16. Be it further enacted by the Mayor and City Council of the City that the City covenants and agrees with the registered owners, from time to time, of the Sewer Notes as follows:

(a) The City covenants that it will not make any use of the proceeds of any of the Notes or any moneys, securities or other obligations on deposit to the credit of the City or otherwise which may be deemed by the Internal Revenue Service to be proceeds of any of the Bonds pursuant to the Internal Revenue Code of 1986, as amended, and Income Tax Regulations thereunder (collectively, the "Code"), which would cause any of the Notes to be "arbitrage bonds" or "private activity bonds" within the meaning of the Code.

(b) The City further covenants that it will comply with those provisions of the Code which are applicable to the Sewer Notes on the date of issuance of the Notes and which may subsequently lawfully be made applicable to the Notes. To the extent that provisions of the Code apply to only a portion of the Notes, proceeds of the Notes or other moneys, securities or other obligations deemed to be proceeds, it is intended that the covenants of the City contained in this Section 20 be construed so as to require the City to comply with the provisions of the Code only to the extent of such applicability.

(c) The City further covenants that it will not (i) take any action, (ii) fail to take any action, or (iii) make any use of the proceeds of any of the Notes which would cause the interest on any of the Notes to be or become subject to federal income taxes in the hands of the registered holders of any of the Notes.

(d) The City further covenants, in order to assist bidders in complying with SEC Rule 15c2-12(b)(5), pursuant to a continuing disclosure agreement (the "Continuing Disclosure Agreement") signed by the Mayor, Director of Finance and Director of Administration, to provide annual reports and notices of certain events. The undertaking of the City in the Continuing Disclosure Agreement shall be described in any Preliminary Official Statement and Official Statement and any amendment or supplement thereto.

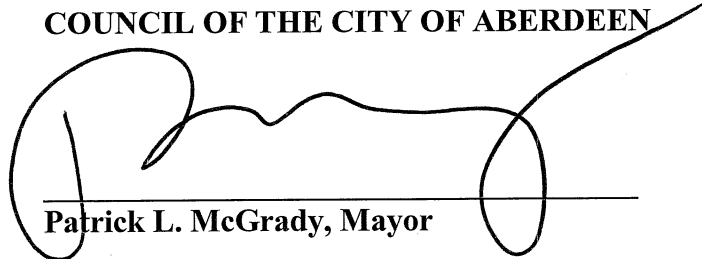
SECTION 17. Be it further enacted by the Mayor and City Council of the City that upon recommendation of the Mayor, the Mayor and City Council of the City may adopt a resolution pursuant to Local Government Article, Section 19-101 of the Annotated Code of Maryland (2013 Volume, 2015 Cumulative Supplement) authorizing the loan authorized to be incurred and the notes authorized to be sold by this Ordinance, to be consolidated for sale and issued, sold and delivered as a single issue of bonds with other bonds authorized to be sold to finance capital projects described in the Annual Budget and Appropriation Ordinances, as amended, for the current fiscal year and/or prior or subsequent fiscal years.

SECTION 18. Be it further enacted by the Mayor and City Council of the City that the provisions of this Ordinance are severable, and if any provision, sentence, clause, section or part hereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Ordinance or their application to other persons or circumstances. It is hereby declared to be the legislative intent that this Ordinance would have been passed if such illegal, invalid or unconstitutional provision, sentence, clause, section or part had not been included herein, as if the person or circumstances

578 to which this Ordinance or any part hereof are inapplicable had been specifically exempted  
579 therefrom.

580 SECTION 19. And be it further enacted by the Mayor and City Council of the City that  
581 this Ordinance shall become effective at the expiration of twenty (20) calendars days, following  
582 adoption.


**COUNCIL OF THE CITY OF ABERDEEN**




Patrick L. McGrady, Mayor



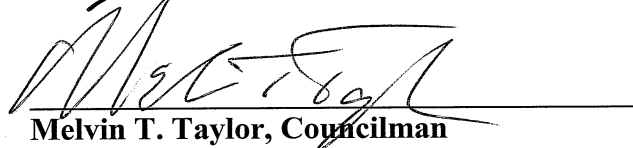
Steven E. Goodin, Councilman



Sandra J. Landbeck, Councilwoman



Timothy W. Lindecamp, Councilman



Melvin T. Taylor, Councilman

ATTEST:

SEAL:



Monica A. Correll, City Clerk

Date February 13, 2017

