

COMMISSIONERS OF OXFORD

ORDINANCE NUMBER: 1516

INTRODUCED BY: Gordon Graves

DATE OF INTRODUCTION: December 8, 2016

AN ORDINANCE of the Commissioners of the Town of Oxford (the “Town”) authorizing the issuance, upon the full faith and credit of the Town, of a general obligation installment bond in the principal amount not to exceed One Million Nine Hundred and Sixty-Four Thousand Dollars (\$1,964,000), under the authority of Sections 19-207 and 19-301, *et seq.* of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) and Section C6-20 of the Charter for the Town of Oxford, to be designated “Town of Oxford General Obligation Bond (Wastewater Treatment Plant Project),” as further designated by the Town in its Discretion (the “Bond”); authorizing the issuance, upon the full faith and credit of the Town, of a general obligation bond anticipation note in the principal amount not to exceed Eight Million Eight Hundred and Forty-Four Dollars (\$8,844,000), under the authority of Sections 19-211 through 19-221, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement), to be designated “Town of Oxford General Obligation Bond Anticipation Note (Wastewater Treatment Plant Project),” as further designated by the Town in its discretion (the “Note”); the net proceeds of the sale of the Note and the Bond to be used and applied for the public purpose of financing and refinancing, respectively, a portion of the cost of construction, rehabilitation and upgrade of the Town’s wastewater treatment plant facility, together with the acquisition of all necessary property rights and equipment, together with any related construction, architectural, financial, fiscal, legal, design, planning and engineering expenses; prescribing the form and tenor of the Bond and of the Note and the terms and conditions for the issuance and sale of the Bond and the Note; providing for the levy and collection of any taxes necessary for the prompt payment of the maturing principal of and interest on the Bond and the Note and that the full faith and credit and taxing power of the Town be irrevocably and unconditionally pledged to the payment of the principal and interest on the Bond and the Note.

RECITALS

Sections 19-207 and 19-301, *et seq.* of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) (the “Enabling Act”), Section C6-20 of the Charter of the Town of Oxford, Talbot County, Maryland (the “Charter”) and Sections 19-211 through 19-221, inclusive, of the Local Government Article of the Annotated

Code of Maryland (2013 Replacement Volume and 2014 Supplement) (the “Bond Anticipation Note Act”) authorize the Town of Oxford (the “Town”) to issue its general obligation bonds and its bond anticipation notes for any proper public purpose.

The Town has received a written commitment from the United States of America, acting through Rural Housing Service, United States Department of Agriculture (the “USDA”), for a loan in a principal amount not to exceed One Million Nine Hundred and Sixty-Four Thousand Dollars (\$1,964,000) to finance and refinance a portion of the cost of construction and rehabilitation of the Town’s Wastewater Treatment Plant project, including the costs of acquisition and development of property rights and the acquisition and installation of equipment, together with any related architectural, financial, fiscal, legal, design, planning and engineering expenses (the “Project”).

The Project will also be financed and refinanced by grant funding from the USDA in the amount not to exceed One Million Nine Hundred and Thirty-Five Thousand Dollars (\$1,935,000) (the “USDA Grant”) and grant funding from the Maryland Department of the Environment at a grant share of 55.2% of the Project cost (the “MDE Grant”).

The Town has received a written commitment from The Talbot Bank (the “Bank”) to provide interim financing for the Project in the amount of \$8,844,000. The Town will issue its general obligation bond anticipation note to the Bank in the amount of \$8,844,000. Upon completion of the Project, the Town intends to repay the interim financing provided by the Bank with the proceeds of the Bond to be issued to USDA, the USDA Grant, and the MDE Grant.

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

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

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

Section 3. To evidence the borrowing and indebtedness authorized in Section 2 of this Ordinance, the Town, acting pursuant to the authority of the Enabling Act and the Charter, shall issue and sell, upon its full faith and credit, a general obligation installment bond in principal amount not to exceed One Million Nine Hundred and Sixty-Four Thousand Dollars (\$1,964,000) to be known as the “Town of Oxford General Obligation Bond (Wastewater Treatment Plant Project)” (the “Bond”). There shall be added to the title of the Bond a designation corresponding to the year in which the Bond is issued so that, if the Bond is issued on or after January 1, 2016 and before January 1, 2017, the Bond shall be known as the “Town of Oxford General Obligation Bond (Wastewater Treatment Plant Project), Series 2016” and, as appropriate, a letter or other designation to distinguish the Bond from other indebtedness issued by the Town may be added. The Bond shall be dated the delivery date and shall be issued in the form of a single fully registered installment bond, without coupons attached. The Bond shall bear interest at a rate not to exceed two point five percent (2.5 %) per annum. The principal of and interest on the Bond shall be paid in quarterly installments and the final payment on the Bond shall be paid on a date not later than forty (40) years from the date of issuance, except that prepayments may be made at the option of the Town in accordance with the USDA rules and regulations in effect from time to time.

Section 4. The Bond shall be executed in the name of the Town and on its behalf by the President of the Commissioners (the “President”). The corporate seal of the Town shall be affixed to the Bond, attested by the manual signature of the Clerk-Treasurer of the Town (the “Clerk-

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

Section 5. The Bond shall be transferable only upon the books kept for that purpose at the office of the Clerk-Treasurer by the registered owner in person or by his duly authorized attorney, upon surrender thereof, together with a written instrument of transfer satisfactory to the Clerk-Treasurer, duly executed by such registered owner or duly authorized attorney.

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

FORM OF BOND

R-1

\$ _____

REGISTERED

**UNITED STATES OF AMERICA
STATE OF MARYLAND**

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

Dated Date: _____

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

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

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

This bond is issued pursuant to and in full conformity with the provisions of Sections 19-207 and 19-301 *et seq.* of Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) (the “Enabling Act”), Section C6-20 of the Charter of the Town (the “Charter”), and by virtue of due proceedings had and taken by the Commissioners of the Town (the “Commissioners”), particularly Ordinance ____ adopted on _____, 20__ (the “Ordinance”).

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

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

This bond is transferable only upon the books of the Town at the office of the Clerk-Treasurer by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Clerk-Treasurer, duly executed by the registered owner or his duly authorized attorney. At the expense of any transferor other than the United States of America, the Town shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in denominations of One Thousand Dollars (\$1,000.00) or any integral multiple thereof or such other denominations as the Commissioners shall by ordinance approve, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered and with the same maturities and interest rate. If more than one bond is issued upon any such transfer, the installment of principal and interest to be paid on each such bond on each payment date shall be equal to the product of the following formula: the total installment due on each payment date multiplied by a fraction, the numerator of which shall be the unpaid principal amount of such bond and the denominator of which shall be the aggregate principal amount of bonds then outstanding and unpaid. Except for transfers made by the United States of America, the new bond or bonds shall be delivered to the transferee only after payment of any taxes on and any shipping or insurance expenses relating to such transfer. The Town may deem and treat the party in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

The Town has the right to prepay scheduled installments, or any portion thereof, at any time at par without premium or penalty in accordance with the rules and regulations of the USDA.

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

this bond, exist, have happened and have been performed, and that the issuance of this bond together with all other indebtedness of the Town, is within every debt and other limit prescribed by said Constitution or statutes.

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

(SEAL)

ATTEST:

COMMISSIONERS OF OXFORD

Clerk-Treasurer

By: _____
President

(Form of Transfer)

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

Dated: _____(SEAL)

Witness:

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

Section 8. Acting pursuant to the authority of Section C6-20 of the Charter and Section 19-212(a) of the Bond Anticipation Note Act, the Town hereby determines to borrow money and incur indebtedness for the public purpose of providing interim financing for all or a portion of the cost of the Project.

Section 9. To evidence the borrowing and indebtedness authorized in Section 8 of this Ordinance, the Town, acting pursuant to the authority of the Bond Anticipation Note Act and the Charter, shall issue and sell, upon its full faith and credit, a general obligation installment bond anticipation note in the principal amount not to exceed Eight Million Eight Hundred and Forty-Four Dollars (\$8,844,000) to be known as the “Town of Oxford General Obligation Bond Anticipation Note (Wastewater Treatment Plant Project)” (the “Note”). There shall be added to the title of the Note a designation corresponding to the year in which the Note is issued so that, if the Note is issued on or after January 1, 2016 and before January 1, 2017, the Note shall be known as the “Town of Oxford General Obligation Bond Anticipation Note (Wastewater Treatment Plant Project), Series 2016” and, as appropriate, a letter or other designation to distinguish the Note from other indebtedness issued by the Town may be added. The Note shall be dated the delivery date

and shall be issued in the form of a single fully registered installment bond, without coupons attached. The Note shall bear interest on the outstanding principal balance at a rate not to exceed two point two four percent (2.24%) per annum. The interest on the Note shall be paid in equal monthly installments. The final maturity date of the Note shall be not later than thirty six (36) months following the date of issuance of the Note and may be extended upon the prior written consent of the President and the registered owner of the Note in the event that completion of the Project is delayed. Prepayments may be made at the option of the Town without premium or penalty.

Section 10. The Town covenants to issue, upon its full faith and credit, the Bond in anticipation of the sale of which the Note is issued, when and as soon as the reason for deferring the issuance thereof no longer exists and to pay the principal of and interest on the Note (to the extent such interest has not been paid) from (i) the first proceeds of the Bond to be issued to the USDA, or other purchaser in a public sale, in the maximum principal amount not to exceed One Million Nine Hundred and Sixty-Four Thousand Dollars (\$1,964,000), (ii) the funds received from the USDA Grant, and (iii) the funds received from the MDE Grant. If the Town shall be unable, for reasons beyond its control, to issue and sell its general obligation bond, or if the proceeds from the sale of such Bond shall be insufficient to pay the principal of or interest on the Note, the Town covenants that, in each fiscal year during which the Note is outstanding, it will appropriate sufficient funds in the Town budget to pay the principal of the Note and the interest thereon due in such fiscal year.

Section 11. The Note shall be executed in the name of the Town and on its behalf by the President of the Town. The corporate seal of the Town shall be affixed to the Note, attested by the manual signature of the Clerk-Treasurer. The principal of and interest on the Note shall be paid by

the Town by check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mails on or before the payment date) to the registered owner thereof at the address of such owner as it appears on the books kept for the registration of the Note at the office of the Clerk-Treasurer in Oxford, Maryland. In the event any official whose signature appears on the Note ceases to be an official prior to the delivery of the Note, or shall have become such official after the date of issuance of the Note, the Note shall, nonetheless, be a valid and legally binding obligation of the Town in accordance with its terms.

Section 12. The Note shall be transferable only upon the books kept for that purpose at the office of the Clerk-Treasurer by the registered owner in person or by his duly authorized attorney, upon surrender thereof, together with a written instrument of transfer satisfactory to the Clerk-Treasurer, duly executed by such registered owner or duly authorized attorney.

Section 13. Except as provided hereinafter or in an ordinance or ordinances of the Town adopted prior to the issuance of the Note, the Note shall be issued in substantially the following registered installment bond form. Appropriate variations and insertions shall be made to provide dates, numbers and amounts, and modifications not altering its substance may be made by the President. All of the covenants contained in the following form are hereby adopted by the Town as and for the form of obligation to be incurred by the Town, and the covenants and conditions contained therein are hereby made binding upon the Town, including the promise to pay therein contained:

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

1. Ordinance.

This Note is issued pursuant to (i) the Constitution and laws of the State of Maryland, particularly Sections 19-211 through 19-221, inclusive, of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) (the “Bond Anticipation Note Act”), (ii) Section C6-20 of the Charter of the Town of Oxford, Talbot County, Maryland, and (iii) an Ordinance adopted by the Town on _____, 20____ (the “Ordinance”). The terms of this Note include those stated in the Ordinance, and this Note is subject to all such terms. The registered owner of this Note is referred to the Ordinance (a copy of which is on file with the Town) for a complete statement of such terms, to which the owner hereof, by acceptance of this Note, assents.

2. Method of Payment.

The interest on the Note shall be paid in monthly installments. The final maturity date of the Note shall be not later than thirty six months following the date of issuance of the Note. Principal on the Note is due at maturity. The principal of and interest and premium (if any) on this Note will be payable by check mailed to the Holder or by wire transfer to the Holder’s account, as specified by the Holder upon at least five days’ written notice to the Town, *provided* that the final payment of the principal hereof shall be payable upon presentation and surrender of this Note to the Town. The principal of and interest and premium (if any) on this Note will be paid in any money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks payable in such money. If any payment of the principal of or interest on this Note is due on a day that is not a Business Day, such payment will be made on the next Business Day, *provided* that interest will accrue on the amount of such payment during the intervening period. Upon receipt of each payment or prepayment of principal on this Note, the Holder shall make a notation indicating the principal amount paid or prepaid and the date thereof on the Payment Grid attached hereto. For all purposes, the principal amount of this Note outstanding at any time shall be equal to the Principal Sum shown above reduced by the principal amount of so paid or prepaid. The failure of the Holder to note the principal amount of any such payment or prepayment on the Payment Grid attached hereto, or any inaccuracy therein, shall not affect the payment obligation of the Town hereunder. THEREFORE, IT CANNOT BE DETERMINED FROM THE FACE OF THIS NOTE WHETHER A PART OF THE PRINCIPAL OF THIS NOTE HAS BEEN PAID.

3. **Prepayment.**

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

4. **Line of Credit.**

This note evidences a straight line of credit. Once the total principal amount has been advanced, the Town is not entitled to further loan advances. Advances under this note may be requested orally by the Town or as provided in this section. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to the Holder are to be directed to the Holder at 18 East Dover Street, Easton, Maryland 21601, telephone number (410) 822-1400 or such other address as is communicated by the Holder of this note. Holder shall have no obligation to advance sums under this note if there is a default by the Town under the terms of this note. Upon a default in payment of any amounts due hereunder, the Holder shall have the right to accelerate and demand payment of all amounts then due hereunder. Upon a default in the payment of any amounts due hereunder, the Town agrees to pay to the Holder all costs incurred by the Holder in seeking collection of amounts owed hereunder including but not limited to reasonable attorneys' fees and court costs.

5. **Modifications.**

Modifications or alterations of the Note may be made only to the extent and in the circumstances permitted by the Ordinance. The final maturity date of the Note may be extended upon the prior written consent of the President and the registered owner of the Note.

6. **Persons Deemed Owners.**

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

7. **Notices.**

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

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

No recourse shall be had for the payment of the principal of and interest on this Note or for any claims based thereon or on the Ordinance against any member or other officer of the Town or

any person executing this Note, all such liability, if any, being expressly waived and released by the Holder by the acceptance of this Note.

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

COMMISSIONERS OF OXFORD

[Seal]

By: _____
President

Attest:

Clerk-Treasurer

Section 14. The Note shall be sold at private, negotiated sale for cash at par, to the Bank, public advertisement and sale of the Note not being required by the terms of the Bond Anticipation Note Act and in the best interests of the Town being hereby declared to be served by such private sale. The President is expressly authorized and empowered to take any and all action necessary to complete and close the award, sale and delivery of the Note to the Bank.

Section 15. The Clerk-Treasurer is hereby designated to receive payment on behalf of the Town of the proceeds of the sale of the Note. Such proceeds shall be deposited in the proper accounts of the Town and shall be used and applied by the Town exclusively and solely for the public purposes described in Section 8 of this Ordinance. If the proceeds received from the sale of the Note exceed the amount needed for such public purposes, the unexpended excess shall be applied to prepay a portion of the Note.

Section 16. The Town shall levy or cause to be levied upon all real and tangible personal property within its boundaries subject to assessment for taxation ad valorem taxes in rate and amount sufficient in each and every fiscal year in which the Note or Bond is outstanding to provide for the prompt payment, when due, of the principal of and interest on each such Note or Bond, respectively, and in each such fiscal year; and if the proceeds from the taxes so levied in any fiscal year should be inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up such deficiency. The full faith and credit and unlimited taxing power of the Town are hereby irrevocably and unconditionally pledged to the prompt payment of the principal of and interest on the Note and the Bond as and when each such Note or Bond shall become due and payable and to the levy and collection of the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to pay the debt service requirements on the Note and the Bond. The Town hereby covenants and agrees with the

registered owner or owners of the Note and the Bond, respectively, to levy and collect the taxes hereinabove described and to take any further action that may be appropriate from time to time during the period that either the Note or the Bond remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon. The Town may apply to the payment of the principal of or interest on either the Note or 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 such funds are granted for the purpose of assisting the Town in accomplishing the type of project or projects which either the Note or the Bond is issued to finance, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be levied may be reduced proportionately.

Section 17. (a) The President and the Clerk-Treasurer shall be the officials of the Town responsible for the issuance of the Note and the Bond within the meaning of Section 1.148-2 of the Arbitrage Regulations (defined below). The President and the Clerk-Treasurer shall also be the officials of the Town responsible for the execution and delivery on the date of the issuance of the Note and the Bond, respectively, of a certificate or certificates of the Town (a “Tax and Section 148 Certificate”) that complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (“Section 148”), and the applicable regulations thereunder (the “Arbitrage Regulations”), and such officials are hereby authorized and directed to execute and deliver a Tax and Section 148 Certificate to counsel rendering an opinion on the validity of the Note and the Bond on the date of issuance of the Note or the Bond, respectively.

(b) The Town shall set forth in the Tax and Section 148 Certificate its reasonable expectations as to relevant faces, estimates and circumstances relating to the use of the proceeds of the Bond, the Note, or of any monies, securities or other obligations on deposit to the

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

(c) The Town covenants and agrees with the registered owner or owners of the Note and the Bond, respectively, that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds that would cause either the Note or Bond to be an “arbitrage bond” within the meaning of Section 148 and the Arbitrage Regulations. The Town further covenants that it will comply with Section 148 and the Arbitrage Regulations which are applicable to the Note and the Bond on the respective date of issuance thereof and which may subsequently be made applicable thereto as long as either the Note or the Bond remains outstanding and unpaid. The President and the Clerk-Treasurer are hereby authorized and directed to prepare or cause to be prepared and to execute any certification, opinion or other document, including, without limitation, a Tax and Section 148 Certificate, which may be required to assure that neither the Note nor the Bond will be deemed to be an “arbitrage bond” within the meaning of Section 148 and the Arbitrage Regulations. All officers, employees and agents of the Town are hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Note and the Bond, respectively, as may be necessary or appropriate from time to time to comply with, or to evidence the Town's compliance with, the covenants set forth in this Section.

(d) The Town further covenants that it shall make such use of the proceeds of the Note and the Bond, regulate the investment of the proceeds thereof, and take such other and further actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on such Note or such Bond.

(e) The Town further covenants with the registered owner or owners of the Note and the Bond (i) that it will not take any action or (to the extent that it exercises control or direction) permit any action to be taken that would cause the Note or the Bond or a portion of either of the Note or of the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the proceeds of either the Note or the Bond or a portion of such proceeds that would cause either the Note or Bond or a portion of either the Note or the Bond to be a “private loan bond” within the meaning of Section 141(c) of the Internal Revenue Code of 1986, as amended.

(f) The President may make such covenants or agreements in connection with the issuance of the Note and the Bond as he shall deem advisable in order to assure the registered owner or owners of the Note and the Bond that interest thereon shall be and remain excludable from gross income for federal income tax purposes, and such covenants or agreements shall be binding on the Town so long as the observance by the Town of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on the Note and the Bond from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the Town regarding compliance with the provisions of the Internal Revenue Code of 1986, as amended, as the President shall deem advisable in order to assure the registered owner or owners of the Note and the Bond

that the interest thereon shall be and remain excludable from gross income for federal income tax purposes, including (without limitation) covenants or agreements relating to the investment of Bond Proceeds, the payment of certain earnings resulting from such investment to the United States, limitations on the times within which, and the purpose for which Bond Proceeds may be expended, or the use of specified procedures for accounting for and segregating Bond Proceeds. Such covenants and agreements may be set forth in a Tax and Section 148 Certificate.

Section 18. The Town agrees to establish, hold and maintain a debt service reserve fund (the “Debt Service Reserve Fund”), if required by the USDA, which Debt Service Reserve Fund is hereby pledged as security for payment of principal and interest on the Bond. The Debt Service Reserve Fund shall be funded in accordance with the requirements of the USDA.

Section 19. The President and any other authorized official of the Town are hereby authorized to enter into any additional agreements which they deem to be necessary or desirable in order to carry out the provisions of this Ordinance.

Section 20. The President and any other authorized official of the Town is hereby authorized to designate the Note as a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code.

Section 21. This Ordinance shall become effective at the expiration of twenty (20) calendar days following approval and passage.

ENACTED THIS ____ DAY OF _____, 2016.

**COMMISSIONER OF THE
TOWN OF OXFORD**

Gordon Fronk, President

Carole Abruzzese, Commissioner

R. Gordon Graves, Commissioner

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

[SEAL]

Cheryl Lewis
Clerk-Treasurer