

Adopted 09-09-15  
Effective 09-09-15

## RESOLUTION 2015-10

**A RESOLUTION OF THE COMMISSIONERS OF ST. MICHAELS FOR THE PURPOSE OF MAKING A DECLARATION OF OFFICIAL INTENT PURSUANT TO U.S. TREASURY REGULATION SECTION 1.150-2 REGARDING THE COMMISSIONERS OF ST. MICHAELS'S INTENTION TO REIMBURSE FROM THE PROCEEDS OF ONE OR MORE OBLIGATIONS TO BE ISSUED BY THE TOWN PRIOR EXPENDITURES MADE IN CONNECTION WITH ARSENIC REMOVAL IMPROVEMENTS AND CORRECTIONS TO THE WATER SUPPLY SYSTEM, TOGETHER WITH RELATED COSTS AND FINANCING COSTS.**

### RECITALS

WHEREAS, The Commissioners of St. Michaels (the "Town") intends to undertake arsenic removal improvements and corrections to its water supply system, together with related appurtenances and improvements and, in connection with such undertaking, to acquire or pay for, as applicable, necessary property rights and equipment, related site and utility improvements and related architectural, engineering, planning, design, acquisition, construction, improvement, installation, modification, demolition, removal, renovation, reconstruction, rehabilitation, equipping, inspection, construction management, permitting, financial, administrative and legal expenses, and costs of related activities, and has determined to borrow money for the public purpose of financing, reimbursing or refinancing all or a portion of the costs of any components of such activities, together with costs of issuance (collectively, the "Project"); and

WHEREAS, the Maryland Water Quality Financing Administration ("MWQFA"), has indicated that it most likely will be able to loan money to the Town to finance Project costs, and it is anticipated that any MWQFA loan will be evidenced by one or more general obligation bonds issued by the Town to MWQFA; and

WHEREAS, in the event the Town is not able to borrow all of the desired moneys to finance Project costs from MWQFA, the Town reasonably anticipates that it will have to borrow money for Project costs from another available source, and that such borrowing will be evidenced by one or more general obligation bonds or other evidences of indebtedness of the Town (any such bonds or other evidences of indebtedness, and any bonds issued to MWQFA as described above, are referred to herein as the "Bonds"); and

WHEREAS, prior to issuing any Bonds, the Town anticipates that it may be necessary to incur one or more borrowings in order to finance Project costs on an interim basis; and

WHEREAS, the Town reasonably expects to spend Town funds on Project costs prior to issuance of the Bonds to MWQFA (or to any other purchaser in the event MWQFA is not able to provide all of the desired funding), and (i) to reimburse the Town from proceeds of the Bonds for all or a portion of such moneys expended, and/or (ii) to use Bond proceeds to refinance any interim borrowing incurred

by the Town that is applied to reimburse the Town for all or a portion of such prior Project expenditures; and

WHEREAS, Section 1.150-2 of the U.S. Treasury Regulations (the "Reimbursement Regulations") provides that local governments funding "original expenditures" intended to be reimbursed from the proceeds of "obligations" must make a declaration of "official intent" in order to qualify such original expenditures for reimbursement from a "reimbursement bond", all within the meaning of the Reimbursement Regulations; and

WHEREAS, the Town is an "issuer" for purposes of the Reimbursement Regulations and wishes to adopt this Resolution for the purpose of evidencing the clear and official intent of the Town to reimburse from reimbursement bond proceeds (the Bonds or any interim financing incurred in anticipation of the Bonds) original expenditures made in connection with the Project.

NOW, THEREFORE, BE IT RESOLVED by The Commissioners of St. Michaels, the legislative body of the Town (referred to herein as the Commissioners of St. Michaels), that the Recitals to this Resolution are deemed a substantive part of this Resolution and are incorporated by reference herein, and capitalized terms defined in the Recitals to this Resolution and not otherwise defined herein will have the meanings given to such terms in the Recitals hereto.

AND BE IT FURTHER RESOLVED that in accordance with the Reimbursement Regulations, the Commissioners of St. Michaels hereby make this declaration of official intent to expend money on the Project prior to the issuance of the Bonds (or any interim financing incurred in anticipation of the Bonds) and to utilize the proceeds of the Bonds (or such interim financing) to reimburse all or a portion of such original expenditures. This Resolution is intended to be a declaration of official intent within the meaning of the Reimbursement Regulations.

AND BE IT FURTHER RESOLVED that the maximum principal amount of obligations expected to be issued for the Project (and the maximum principal amount of any interim financing to be incurred by the Town in anticipation of the Bonds) is Eight Hundred Twenty-three Thousand Seven Hundred Twenty-seven Dollars (\$823,727.00) each.

AND BE IT FURTHER RESOLVED that this Resolution shall become effective upon the favorable vote of a majority of the Commissioners of St. Michaels.

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THIS RESOLUTION 2015-\_\_ HAVING BEEN INTRODUCED AND PASSED by a yea or nay vote of the Commissioners of St. Michaels on this 9 day of Sept, 2015, becoming effective on the 9 day of Sept, 2015.

Joanne R. Clark	-	<u>Aye</u>
Ann B. Borders	-	<u>Aye</u>
Roy B. Myers	-	<u>Aye</u>
Joyce D. Harrod	-	<u>Aye</u>
Jaime M. Windon	-	<u>Absent</u>

I HEREBY CERTIFY that the above Resolution was passed by a yea and nay vote of the Commissioners of St. Michaels on this 9 day of Sept, 2015.

ATTEST:

THE COMMISSIONERS OF ST. MICHAELS

Jean R. Weisman  
Jean R. Weisman  
Town Clerk/Manager

By: Joanne R. Clark (SEAL)  
Joanne R. Clark, President

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