

RESOLUTION NO. 677

A RESOLUTION OF THE COUNTY COUNCIL OF DORCHESTER COUNTY, MARYLAND FOR THE PURPOSE OF MAKING A DECLARATION OF OFFICIAL INTENT PURSUANT TO U.S. TREASURY REGULATION SECTION 1.150-2 REGARDING DORCHESTER COUNTY, MARYLAND'S INTENTION TO REIMBURSE FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS TO BE ISSUED OR INCURRED BY THE COUNTY PRIOR EXPENDITURES MADE IN CONNECTION WITH UNDERTAKING VARIOUS CAPITAL EXPENDITURES RELATED TO A PROJECT GENERALLY REFERRED TO AS MCKEIL POINT BIP #1 THAT INVOLVES THE PLANNING, DESIGN, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF A PUBLIC SEWER EXTENSION TO CONNECT CERTAIN PROPERTIES TO THE CAMBRIDGE WASTEWATER TREATMENT PLANT, AND RELATED COSTS.

WHEREAS, Dorchester County, Maryland, a body corporate and politic and a political subdivision of the State of Maryland (the "County"), has determined to undertake a project generally referred to as McKeil Point BIP #1 that involves the planning, design, construction, improvement and equipping of a public sewer extension to connect certain properties to the Cambridge Wastewater Treatment Plant and, in connection therewith, to acquire or pay for, as applicable, necessary property rights and equipment, related site and utility improvements, related architectural, planning, design, engineering, document development, bidding, permitting, demolition, removal, acquisition, construction, reconstruction, improvement, construction management, installation, equipping and related expenses and activities, and to borrow money for all or portion of the costs of various components of such undertaking, including to finance or reimburse costs of issuance of any borrowing therefor (collectively, the "Project"); and

WHEREAS, the Maryland Board of Public Works (the "BPW") has approved the provision by the Maryland Water Infrastructure Financing Administration ("MWIFA") to the County of loan funding in the amount of up to \$1,119,224 to be applied to costs of the Project; and

WHEREAS, the BPW approval provides that up to \$559,612 of such loan funding will be in the form of a base loan and up to \$559,612 of such loan funding will be in the form of a principal forgiveness loan; and

WHEREAS, each such loan from MWIFA to the County for Project purposes will be evidenced by a general obligation bond issued by the County to MWIFA; and

WHEREAS, a general obligation bond evidencing a principal forgiveness loan is issued on a taxable basis for federal income tax purposes and is not subject to the Reimbursement Regulations (as defined herein); and

WHEREAS, it is anticipated that the general obligation bond to be issued by the County to MWIFA that evidences the base loan will be issued on a tax-exempt basis for federal income tax purposes; and

WHEREAS, in the event that MWIFA is not able to provide any portion of the BPW-approved loan funding to the County, the County 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 County (any such bonds or other evidences of indebtedness, and any bonds issued to MWIFA as described above, are referred to herein as the “Bonds”); and

WHEREAS, the County reasonably expects that a portion of the costs of the Project will be paid prior to issuance of the Bonds to MWIFA (or to any other purchaser in the event MWIFA is not able to provide all of the anticipated loan funding) or prior to the closing on any interim financing issued or incurred in anticipation of the Bonds, and (i) that the County will use proceeds of tax-exempt Bonds to reimburse all or a portion of such previously paid costs of the Project, and/or (ii) that the County will use proceeds of tax-exempt Bonds to refinance all or a portion of any interim borrowing issued or incurred by the County that is applied to reimburse previously paid costs of the Project; 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 County is an “issuer” for purposes of the Reimbursement Regulations and the County Council of Dorchester County, Maryland (the “County Council”) wishes to adopt this Resolution for the purpose of evidencing the clear and official intent of the County to reimburse from reimbursement bond proceeds (meaning the Bonds or any interim financing issued or incurred in anticipation of the Bonds) original expenditures made for costs of the Project, all within the meaning of the Reimbursement Regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF DORCHESTER COUNTY, MARYLAND THAT:

Section 1. 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 shall have the meanings given to such terms in the Recitals hereto.

Section 2. In accordance with the Reimbursement Regulations, the County Council hereby makes this declaration of its reasonable expectation that (i) costs of the Project will be paid prior to the issuance of the Bonds (or any interim financing issued or incurred in anticipation of the Bonds) and (ii) the County will use proceeds of the Bonds (or such interim financing), which Bonds (or such interim financing) will qualify as “reimbursement bonds” for purposes of the Reimbursement Regulations, to reimburse all or a portion of such previously paid costs of the Project. This Resolution is intended to be a declaration of official intent within the meaning of the Reimbursement Regulations.

Section 3. The maximum aggregate principal amount of the Bonds expected to be issued on a tax-exempt basis for the Project (and the maximum aggregate principal amount of any interim financing to be issued or incurred by the County in anticipation of the Bonds) is Five Hundred Fifty-Nine Thousand Six Hundred Twelve Dollars (\$559,612); such specified maximum principal amount applies, to the extent applicable, both to any tax-exempt Bonds issued for the Project and to any interim financing issued or incurred for the Project in anticipation of such tax-exempt Bonds.

Section 4. The provisions of this Resolution shall be liberally construed in order to effectuate the reimbursement of costs of the Project within the meaning of the Reimbursement Regulations.

Section 5. This Resolution shall become effective immediately upon its adoption.


PASSED, ADOPTED and EFFECTIVE this 16th day of July, 2024.

ATTEST:

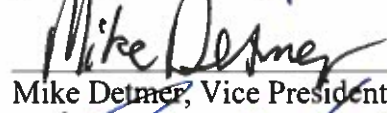


Jerry Jones
County Manager

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