

TOWN OF FAIRMOUNT HEIGHTS, MARYLAND
2000-2001 Legislative Session

Ordinance No.: 0-11-01
Introduced By: Richard Saxon, Council Member
Co-Sponsors: _____
Session: Special Session
Date of Introduction: January 24, 2001

ORDINANCE

**TOWN OF FAIRMOUNT HEIGHTS
INFRASTRUCTURE BONDS, 2001 SERIES A and
INFRASTRUCTURE BONDS, 2001 SERIES B**

AN ORDINANCE OF THE MAYOR AND TOWN COUNCIL OF FAIRMOUNT HEIGHTS, A MUNICIPAL CORPORATION OF THE STATE OF MARYLAND, PROVIDING FOR THE ISSUANCE AND SALE OF UP TO TWENTY THOUSAND DOLLARS (\$20,000.00) PAR AMOUNT OF BONDS OF THE TOWN OF FAIRMOUNT HEIGHTS, TO BE KNOWN AS "FAIRMOUNT HEIGHTS INFRASTRUCTURE BONDS, 2001 SERIES A", FOR THE PURPOSE OF PROVIDING THE FUNDS NECESSARY TO PERFORM RENOVATIONS TO THE MUNICIPAL CENTER AND TO PAY THE COSTS OF ISSUING THE BONDS, AND UP TO ONE HUNDRED AND TEN THOUSAND DOLLARS (\$110,000.00) PAR AMOUNT OF BONDS OF THE TOWN OF FAIRMOUNT HEIGHTS, TO BE KNOWN AS "FAIRMOUNT HEIGHTS INFRASTRUCTURE BONDS, 2001 SERIES B", FOR THE PURPOSE OF PROVIDING THE FUNDS NECESSARY TO PURCHASE A TRASH COMPACTOR TRUCK AND TO PAY THE COSTS OF ISSUING THE BONDS (THE FAIRMOUNT HEIGHTS INFRASTRUCTURE BONDS 2001 SERIES A AND 2001 SERIES B ARE COLLECTIVELY REFERRED TO AS THE "BONDS"), THE BONDS TO BE ISSUED AND SOLD PURSUANT TO THE AUTHORITY OF SECTION 2-204(16)(iv) OF ARTICLE 83B OF THE ANNOTATED CODE OF MARYLAND, AS AMENDED; PROVIDING THAT THE BONDS SHALL BE ISSUED UPON THE FULL FAITH AND CREDIT OF THE TOWN OF FAIRMOUNT HEIGHTS; PROVIDING FOR THE DISBURSEMENT OF THE PROCEEDS OF THE SALE OF THE BONDS AND FOR THE LEVY OF ANNUAL TAXES UPON ALL ASSESSABLE PROPERTY WITHIN THE TOWN FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS AS THEY SHALL RESPECTIVELY MATURE; PROVIDING FOR THE FORM, TENOR, DENOMINATION, MATURITY DATE AND OTHER PROVISIONS OF THE BONDS; PROVIDING FOR THE SALE OF THE BONDS; AND PROVIDING FOR RELATED PURPOSES, INCLUDING THE METHOD OF FIXING THE INTEREST RATE TO BE BORNE BY THE BONDS.

WHEREAS, the Town of Fairmount Heights (the "Issuer") is a municipal corporation of the State of Maryland organized and operating under a charter (the "Charter") adopted in accordance with Article XI-E of the Constitution of Maryland and Article 23A of the Annotated Code of Maryland, as amended (the "Maryland Code"); and

WHEREAS, pursuant to the authority of Section 2-204(16)(iv) of Article 83B of the Maryland Code, the Issuer has determined to issue its general obligation bonds, one bond to be known as "Fairmount Heights Infrastructure Bonds, 2001 Series A" in the principal amount of up to Twenty Thousand Dollars (\$20,000.00) for the purpose of providing the funds necessary to perform renovations to the Municipal Center ("Infrastructure Project 01A-5") and to pay issuance costs, bond insurance premiums and other related costs, and one bond in the principal amount of up to One Hundred and Ten Thousand Dollars (\$110,000.00) to be known as "Fairmount Heights Infrastructure Bonds, 2001 Series B" for the purpose of providing the funds necessary to purchase a trash compactor truck ("Infrastructure Project 01A-8") and to pay issuance costs, bond insurance premiums and other related costs (the Fairmount Heights Infrastructure Bonds 2001 Series A and 2001 Series B are collectively referred to as the "Bonds" and Infrastructure Project 01A-5 and Infrastructure Project 01A-8 are collectively referred to as the "Projects"); and

WHEREAS, the Issuer proposes to issue and sell the Bonds to the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland (the "Administration"), in connection with the Local Government Infrastructure Financing Program of the Administration (the "Program"); and

WHEREAS, it is the intention of the Issuer by this Ordinance to provide for the issuance and sale of the aforementioned bonds and the obtaining of loans from the Administration pursuant to the Program (the "Loan"); and

WHEREAS, the Administration intends to issue one or more series of its infrastructure program bonds to finance the Loan and other loans to be financed pursuant to the Program (the "Administration Financing").

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Town Council of Fairmount Heights sitting in Special Session the 24th day of January 2001, that:

Section 1. Authorization, Terms, Form of Bonds.

(a) The Issuer shall borrow upon its full faith and credit and shall issue and sell upon its full faith and credit up to Twenty Thousand Dollars (\$20,000.00), to be known as "Fairmount Heights Infrastructure Bonds, 2001 Series A," and up to One Hundred and Ten Thousand Dollars (\$110,000.00) principal amount of its Bonds, to be known as "Fairmount Heights Infrastructure Bonds, 2001 Series B", both bonds to be issued pursuant to the authority of Section 2-204(16)(iv) of Article 83B of the Maryland Code (collectively the "Bonds"). The proceeds from the sale of the Bonds shall be used for the purpose of providing the funds necessary for the Projects and the payment of issuance costs, bond insurance premiums and other related costs.

(b) The Bonds shall be issued as two fully registered bonds, one bond in the principal amount of up to Twenty Thousand Dollars (\$20,000.00) and one bond in the principal amount of up to One Hundred and Ten Thousand Dollars (\$110,000.00), both bonds payable to the Administration as the registered owner thereof. The Bonds shall be issued in such amount or such

lesser amount as determined by the Mayor and Town Council pursuant to subsection (g) below, which shall be the amount of the Loan to be financed under the Program.

(c) The Bonds shall be dated as of the date of issuance; shall be numbered RA-1 and RB-1; shall be initially registered in the name of the Administration or its designee; shall bear interest from the date which is one month prior to their dated date, payable semiannually on May 1 and November 1, at such annual rate or rates and be payable in annual installments as set forth on Exhibit A attached or to be attached hereto, at the designated office of the Administration.

(d) The Bonds shall bear interest at an annual rate or rates of interest not to exceed 5.25% per cent for a loan with a maturity of five years (Infrastructure Bond, 2001 Series A for Infrastructure Project 01A-5) and 5.65% for a loan with a maturity of fifteen years (Infrastructure Bond 2001 Series B for Infrastructure Project 01A-8), the actual rate or rates of interest to be borne by the Bonds to be determined and established by the Mayor and Town Council acting pursuant to Section 1(g) of this Ordinance.

(e) The Bonds shall be in substantially the form set forth on Exhibits B-1 and B-2 attached hereto and made a part hereof, which form, together with all of the covenants and conditions therein contained, is hereby adopted by the Issuer as and for the form of obligation to be incurred by the Issuer and such covenants and conditions are hereby made binding upon the Issuer, including the promise to pay therein contained.

(f) The Bonds are to be issued in connection with the Program to finance the Projects and to pay costs of issuance, bond insurance premiums and other related costs. Under the Program, the Issuer will enter into Repayment Agreement(s) and Pledge Agreement(s) with the Administration (respectively, the "Repayment Agreement" and the "Pledge Agreement"). The Issuer also will execute and deliver in connection with the issuance of the Bonds and the Program additional documents, agreements, instruments and certificates (which, together with the Repayment Agreement and the Pledge Agreement are herein referred to as the "Program Documents"). The Program Documents shall be in such form and shall contain such terms and conditions as shall be approved by the Mayor and Town Council and acceptable to the Administration.

(g) Because this Ordinance is being adopted before completion of the Administration Financing the details of the Loans to be made by the Administration to the Issuer under the Program have been finalized; therefore, the Mayor and Town Council is hereby authorized to make such changes to the amount and form of the Bonds, including insertions therein or additions or deletions thereto, as may be necessary to conform the terms of the Bonds to the terms of the financing to be provided to the Issuer under the Program. Without limiting the foregoing, it is presently contemplated that the Loans will be in an amount not to exceed the maximum principal amount of the Bonds hereby authorized, subject to final approval by the Administration; accordingly, the Mayor and Town Council is specifically authorized: (i) to make changes to the principal amount of the Bonds in order to reflect the final principal of the Loans as approved by the Administration and accepted by the Issuer, (ii) to authorize and approve an interest rate or rates and payment schedule or schedules reflecting the principal and interest payments with respect to the Bonds (but not to exceed the maximum rate of interest to be borne by the Bonds as set forth in subsection (d) above), and (iii) to

attach such payment schedule or schedules, as approved, to this Ordinance as Exhibit A.

Section 2. Execution. The Bonds and the Program Documents shall be executed on behalf of the Issuer by the manual or facsimile signature of the Mayor and Town Council of the Issuer, and the seal of the Issuer shall be affixed thereto or reproduced thereon and attested by the manual signature of the of the Issuer. In the event any official whose signature appears on any of the Bonds or the Program Documents shall cease to be an official prior to the delivery of the Bonds or the Program Documents, or, in the event any official whose signature appears on any of the Bonds or the Program Documents becomes an officer after the date of the issue, the Bonds or Program Documents shall nevertheless be valid and binding obligations of the Issuer in accordance with their terms. The Mayor and Town Council of the Issuer is hereby authorized, empowered and directed to complete the applicable form of the Bonds or the Program Documents and to make modifications, deletions, corrections or other changes thereto in any manner which the Mayor and Town Council, in their discretion, shall deem necessary to complete the issuance and sale of the Bonds and the execution and delivery of the Program Documents, as will not alter the substance thereof. The Mayor and Town Council are hereby also authorized to execute other documents relating to the Loans and the Bonds and its administration, including subsequent modification, deletions, corrections and other changes thereto in any manner which the Mayor and Town Council in their discretion, shall deem appropriate. The execution of the Bonds and the Program Documents and any other documents relating to the Loans and the Bonds by the Mayor and Town Council shall be conclusive evidence of their approval of the form and substance thereof.

Section 3. Registration of Bonds. The Mayor and Town Council shall act as registrar for the Bonds and shall maintain registration books for the registration and registration of transfer of the Bonds. No security or bonds shall be required of the Mayor and Town Council in the performance of the duties of registrar for the Bonds.

The Issuer may deem and treat the person in whose name any Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, premium, if any, of and interest on such Bonds and for all other purposes.

Section 4. Prepayment. The Bonds are being issued in connection with the Program, and will secure payment of the Administration's Infrastructure Financing Bonds, which are being issued by the Administration to provide funds to purchase the Bonds from the Issuer (the "Administration's Bonds"). The Repayment Agreement limits the ability of the Issuer to prepay the Bonds in accordance with restrictions upon the ability of the Administration to redeem the Administration's Bonds. Accordingly, the Issuer may prepay the Bonds only in accordance with the provisions of the Repayment Agreement and the terms governing prepayment as set forth in the Bonds.

Section 5. Replacement of Mutilated, Lost, Stolen, or Destroyed Bonds. In case any Bond (a "Bond" being, for purposes of this Section, any one of the Bonds) shall become mutilated or be destroyed, lost or stolen, the Issuer may cause to be executed and delivered a new Bond of like date and tenor and bearing the same or a different number, in exchange and substitution for each Bond mutilated, destroyed, lost or stolen, upon the owner paying the reasonable expenses and charges of the

Issuer in connection therewith and, in the case of any Bond being destroyed, lost or stolen, upon the owner filing with the Issuer evidence satisfactory to it that such Bond was destroyed, lost or stolen, and furnishing the Issuer with indemnity satisfactory to it. Any Bond so issued in substitution for a Bond so mutilated, destroyed, lost or stolen: (i) may be typewritten, printed or otherwise reproduced in a manner acceptable to the owner thereof, and (ii) shall constitute an original contractual obligation on the part of the Issuer under this Ordinance whether or not the Bond in exchange for which said new Bond is issued shall at any later date be presented for payment and such payment shall be enforceable by anyone, and any such new Bond shall be equally and proportionately entitled to the benefits of this with all other like Bonds, in the manner and to the extent provided herein.

Section 6. Use of Proceeds.

(a) The proceeds of the Bonds shall be held, invested, administered and disbursed by the Administration pursuant to the Repayment Agreement and shall be used, when and as required, to pay Development Costs (as defined in the Repayment Agreement).

(b) After the Projects have been completed and all Development Costs in connection therewith have been paid, any balance of the proceeds of the sale of the Bonds held by the Administration under the Repayment Agreement may be applied to the next maturing principal installment or prepayment of the Bonds, as permitted by the Administration.

Section 7. Covenants. The Issuer covenants with the Administration and for the benefit of the owners from time to time of the Bonds, that so long as the Bonds or installments of principal thereunder shall remain outstanding and unpaid:

(a) The Issuer will duly and punctually pay, or cause to be paid, to the Administration the principal of the Bonds, premium (if any) and interest accruing thereon, at the dates and places and in the manner mentioned in the Bonds from unlimited *ad valorem* taxes in the event that available revenues are inadequate to make such payment.

(b) The Issuer covenants that so long as any of the Bonds are outstanding and not paid, unless other revenues are available for payment of principal of, premium (if any) and interest on the Bonds, it will levy annually, in the manner prescribed by law, a tax on all real and tangible personal property within its corporate limits subject to assessment for unlimited taxation, *ad valorem* taxes in rate and amount and sufficient, to provide for the payment of the principal of and interest on the Bonds as the same become due and payable; and in the event that the revenues available or the taxes so levied in any fiscal year shall prove inadequate for the above purposes, the Issuer shall levy additional taxes in the succeeding fiscal year to make up such deficiency; and the full faith and credit and the unlimited taxing power of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due.

(c) The Issuer will not make any use of the proceeds of the Bonds or any moneys, securities or other obligations on deposit to the credit of the Issuer or otherwise which may be deemed by the Internal Revenue Service to be proceeds of the Bonds pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the Income Tax Regulations thereunder (collectively, the

"Code"), which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(d) The Issuer will not (i) take any action, (ii) fail to take any action, or (iii) make any use of the proceeds of the Bonds, which would cause the interest on the Bonds to be or become includible in gross income for federal income tax purposes in the hands of the owners thereof.

(e) The Issuer will promptly provide to the Administration (or to any person designated by the Administration) all financial information and operating data concerning the Issuer as may be required by the Administration in its discretion in order to comply with the requirements of Rule 15c2-12 of the United States Securities and Exchange Commission, as in effect from time to time, applicable to the Administration's Bonds.

Section 8. Ordinance a Contract. The provisions of this Ordinance shall constitute a contract with the purchasers and owners from time to time of the Bonds, and this Ordinance shall not be repealed, modified or altered in any manner materially adverse to the interests of such purchasers or owners while the Bonds or any portion thereof remain outstanding and unpaid without the consent of the owners of the Bonds.

Section 9. Pledge of Local Government Payments. As contemplated and authorized by Section 2-204(16)(iii) of Article 83B of the Maryland Code, as amended, the Issuer hereby pledges, assigns and grants a security interest to the Administration, its successors in trust and assigns, all right, title and interest of the Issuer in and to the Local Government Payments (as defined in the Pledge Agreement), now or hereafter acquired, to secure payment of the principal of, premium, if any, and interest on the Bonds and any other Local Obligations (as defined in the Pledge Agreement) issued and to be issued from time to time by the Issuer under the Program, all as more fully set forth and provided in the Pledge Agreement.

Section 10. Purchase Price of Bonds. The Bonds shall be sold for cash in accordance with the terms and provisions of this Ordinance, at par or (if discount is permitted by law) at such discount as is agreed with the Administration in accordance with the terms and provisions of this Ordinance, and as authorized by Section 2-204(16)(ii) of Article 83B of the Maryland Code.

Section 11. Sale of Bonds. The Bonds shall be sold to the Administration under the Program at private sale, as authorized by Section 2-204(16)(ii) of Article 83B of the Maryland Code.

Section 12. Authority to Take Action; Publication and Public Hearing.

(a) The officers and employees of the Issuer are hereby authorized and directed to do all acts and things required of them by the provisions of this Ordinance, for the full, punctual and complete performance of all the terms, covenants and provisions of the Bonds, the Program Documents and this Ordinance and to do and perform all acts and to execute, seal and deliver all documents or instruments of writing which may be necessary or desirable to carry out the full intent and purposes of this Ordinance and the Program Documents.

(b) As required by Section 2.204(16)(iv)2 of the Maryland Code, prior to the issuance of the Bonds, the Issuer shall publish in a newspaper of general circulation in the jurisdiction of the Issuer a notice of the proposed issuance of the Bonds, which notice shall include the proposed amount of the issue, the nature of the project to be financed, the time and place of the public hearing, and the name and address of the Town Council of the Issuer where written comments may be sent, and the Town Council of the Issuer shall hold a public hearing on the proposed issuance of the Bonds. Such actions have been taken prior to or simultaneously with the adoption of this Ordinance.

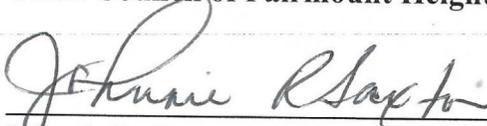
(c) Pursuant to the requirements of Section 1-12 of the Charter, the Ordinance shall promptly cause a summary of this Ordinance to be published once in a newspaper having general circulation in the Town of Fairmount Heights.

Section 13. Effective Date; Miscellaneous. This Ordinance shall become effective immediately upon its adoption, and it is the intent hereof that the laws of the State of Maryland shall govern its construction and the construction of the Bonds. Any copy of this Ordinance duly certified by the Town Clerk or her successor in office shall constitute evidence of the contents and provisions hereof.

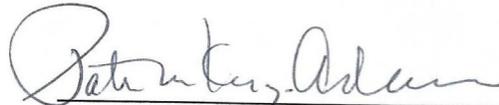
THIS ORDINANCE is adopted and approved by the Mayor and Town Council of Fairmount Heights, Maryland, on the 24th day of January, 2001, and shall take effect on the 24th day of January, 2001.

Attest:

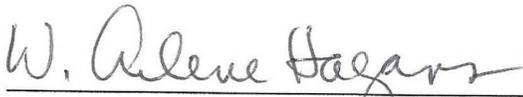
Town Council of Fairmount Heights, Maryland



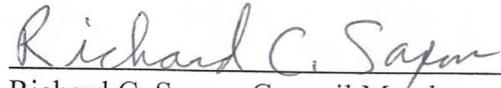
Johnnie R. Saxton, Mayor and Town Council



Patricia King-Adams, Council Member



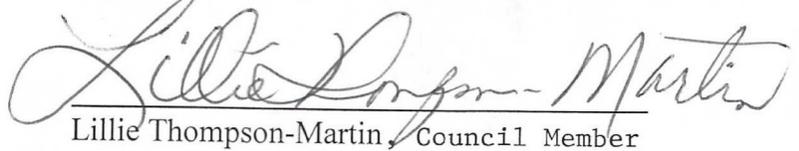
W. Arlene Hagans, Council Member



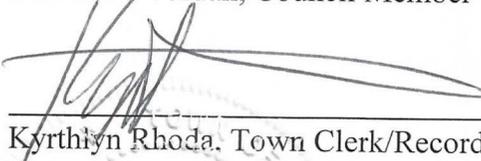
Richard C. Saxon, Council Member



Edward I. Jordan, Council Member



Lillie Thompson-Martin, Council Member



Kyrthyn Rhoda, Town Clerk/Recording Secretary

[Town Seal]

EXHIBITS

Exhibit A: Repayment Schedule

Exhibit B-1: Form of Bond (Fairmount Heights Infrastructure Bond, 2001 Series A)

Exhibit B-2: Form of Bond (Fairmount Heights Infrastructure Bond, 2001 Series B)

Exhibit A to Ordinance No. _____

BOND PAYMENT SCHEDULE

[Repayment Schedule to be Inserted as Provided in Section 1(g) of the Ordinance.]

Each installment of Principal and Interest or Interest alone shall be the aggregate of amounts set forth in this Exhibit A for the date of such payment as shown under the heading designated "Debt Service."

Exhibit B-1 to Ordinance No. _____

FORM OF BOND

**United States of America
State of Maryland
Fairmount Heights Infrastructure Bond, 2001 Series A**

No. RA-1

\$20,000.00

THE TOWN OF FAIRMOUNT HEIGHTS, a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the "Issuer"), hereby promises to pay to the

Maryland Community Development Administration

or its registered assigns, the principal amount of Twenty Thousand Dollars (\$20,000.00), plus interest on each unpaid principal installment at the rates per annum set forth under the column designated "Coupon" on the Bond Payment Schedule attached hereto for each principal installment, in lawful money of the United States of America, as follows: (a) interest on the outstanding and unpaid principal of this bond shall be due and payable in semiannual payments commencing on May/November 1, 200__, and continuing on the first day of May/November and November/May in each year thereafter until final maturity; (b) principal of this bond shall be paid commencing on May 1, 200__ and on May 1 in each year thereafter until final maturity in the aggregate amount of principal installments as set forth on the Bond Payment Schedule attached hereto. Payment of the principal hereof and the interest due hereon shall be made by check mailed to the address of the registered owner of this bond as shown on the registration books maintained by the Issuer, or in such other manner and to such other address as the registered owner of this bond may designate.

In the event any payment hereon (whether principal, interest or both) is not paid when due and payable, such payment shall continue as an obligation of the Issuer and shall bear interest until paid at the rate of interest borne by this bond.

THIS BOND, designated as the "Fairmount Heights Infrastructure Bond, 2001 Series A" (the "Bond"), is a general obligation of the Issuer, and has been duly issued by the Issuer for the purpose of providing funds necessary for the renovation of the Municipal Center, and the payment of issuance costs, bond insurance premiums and other related costs. Unless paid from other sources, the Issuer covenants that so long as any portion of this bond is outstanding and not paid, it will levy annually, in the manner prescribed by law, a tax on all real and tangible personal property within its corporate limits subject to assessment for unlimited taxation, *ad valorem* taxes in rate and amount and sufficient, to provide for the payment of the principal of and interest on this bond as the same become due and payable.

This Bond is issued pursuant to the authority of Section 2-204(16)(iv) of Article 83B of the Annotated Code of Maryland, as amended, and an Ordinance of the Issuer adopted on January 24, 2001 (the "Ordinance"). The full faith and credit of the Issuer are hereby irrevocably pledged to the

payment of the principal of this Bond and the interest to accrue hereon.

This Bond is issued in connection with the Infrastructure Financing Program of the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland (the "Administration"). This Bond is subject to the terms and conditions of the Repayment Agreement dated as of March 1, 2001, between the Issuer and the Administration (the "Repayment Agreement").

This Bond is not subject to prepayment by the Issuer prior to June 1, 2011. On or after June 1, 2011, this Bond is subject to prepayment by the Issuer at the prepayment prices, expressed as a percentage of the principal amount to be prepaid, plus accrued interest, if any, to the prepayment date, on the principal amount thereof, and during the periods (both dates inclusive) listed below:

Period Price

June 1, 2011 through May 31, 2012:	101 %
June 1, 2012 through May 31, 2013:	100 ½%
June 1, 2013 through thereafter:	100%

Notice of prepayment shall be given, the date of prepayment determined, and all prepayments of this Bond shall be applied in accordance with the provision of the Repayment Agreement.

The Issuer may treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment thereof and for all other purposes whatsoever, and shall not be affected by any notice to the contrary, except as provided below.

This Bond is assignable and upon such assignment the assignor shall promptly notify the Issuer by certified mail, and the assignee shall surrender this Bond to the Issuer for transfer on the registration records and verification of the portion of the principal amount hereof and interest hereon paid or unpaid, and every such assignee shall take this Bond subject to such condition. In connection with any transfer of this Bond, the Issuer may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and any reasonable fees or expenses of the Issuer incurred in connection with such transfer.

Principal of this Bond is paid in annual installments and this Bond is subject to partial redemption without any notation of such payment being made on this Bond or the surrender of this Bond for cancellation and the issuance of a new Bond or Bonds in the amount of the unpaid principal hereof. Accordingly, the outstanding principal of this Bond may be less than the stated face amount hereof and any purchaser or transferee of this Bond should contact the Issuer and the prior owner of this Bond to ascertain the outstanding face amount hereof.

As declared by Section 2-204(16)(vi) of Article 83B of the Annotated Code of Maryland, as amended, this Bond shall have and possess all the attributes of negotiable instruments as provided in

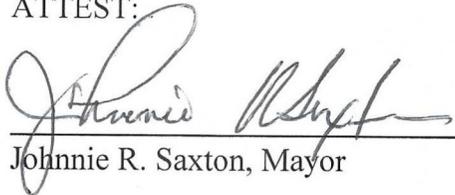
Article 31, §8 of the Annotated Code of Maryland, as amended. This Bond is issued with the intent that the laws of the State of Maryland shall govern its construction.

No recourse shall be had for the payment of the principal of, the interest on, or for any claim based hereon or on the Ordinance against any elected or appointed official or employee, past, present or future of the Issuer or any agency thereof; and any such recourse, claim or liability is expressly waived by acceptance by the owner of the delivery of this Bond.

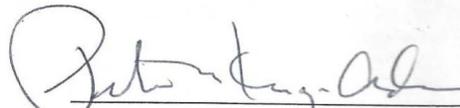
It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened and to be performed precedent to and in the issuance of this Bond does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland, the Charter of the Issuer and the proceedings of the Issuer.

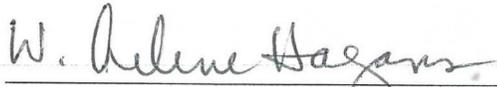
IN WITNESS WHEREOF, the Mayor and Town Council has caused this Bond to be signed in its name by the manual or facsimile signature of its Mayor and Mayor and Town Council, its corporate seal to be affixed hereto and attested by the manual signature of the Town Manager and this Bond to be dated _____, 2001.

ATTEST:


Johnnie R. Saxton, Mayor

TOWN OF FAIRMOUNT HEIGHTS


Patricia King-Adams, Council Member


W. Arlene Hagans, Council Member


Edward I. Jordan, Council Member


Lillie Thompson Martin, Council Member


Richard C. Saxon, Council Member

ATTEST:


Jeannelle B. Wallace, Town Manager

[Town Seal]



Exhibit B-2 to Ordinance No. _____

FORM OF BOND

**United States of America
State of Maryland
Fairmount Heights Infrastructure Bond, 2001 Series B**

No. RB-1

\$110,000.00

THE TOWN OF FAIRMOUNT HEIGHTS, a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the "Issuer"), hereby promises to pay to the

Maryland Community Development Administration

or its registered assigns, the principal amount of One Hundred and Ten Thousand Dollars (\$110,000.00), plus interest on each unpaid principal installment at the rates per annum set forth under the column designated "Coupon" on the Bond Payment attached hereto for each principal installment, in lawful money of the United States of America, as follows: (a) interest on the outstanding and unpaid principal of this bond shall be due and payable in semiannual payments commencing on May/November 1, 200__, and continuing on the first day of May/November and November/May in each year thereafter until final maturity; (b) principal of this bond shall be paid commencing on May 1, 200__ and on May 1 in each year thereafter until final maturity in the aggregate amount of principal installments as set forth on the Bond Payment Schedule attached hereto. Payment of the principal hereof and the interest due hereon shall be made by check mailed to the address of the registered owner of this bond as shown on the registration books maintained by the Issuer, or in such other manner and to such other address as the registered owner of this bond may designate.

In the event any payment hereon (whether principal, interest or both) is not paid when due and payable, such payment shall continue as an obligation of the Issuer and shall bear interest until paid at the rate of interest borne by this bond.

THIS BOND, designated as the "Fairmount Heights Infrastructure Bond, 2001 Series B" (the "Bond"), is a general obligation of the Issuer, and has been duly issued by the Issuer for the purpose of providing funds necessary for the purchase of a trash compactor truck, and the payment of issuance costs, bond insurance premiums and other related costs. Unless paid from other sources, the Issuer covenants that so long as any portion of this bond is outstanding and not paid, it will levy annually, in the manner prescribed by law, a tax on all real and tangible personal property within its corporate limits subject to assessment for unlimited taxation, *ad valorem* taxes in rate and amount and sufficient, to provide for the payment of the principal of and interest on this bond as the same become due and payable.

This Bond is issued pursuant to the authority of Section 2-204(16)(iv) of Article 83B of the Annotated Code of Maryland, as amended, and an Ordinance of the Issuer adopted on January 24,

2001 (the "Ordinance "). The full faith and credit of the Issuer are hereby irrevocably pledged to the payment of the principal of this Bond and the interest to accrue hereon.

This Bond is issued in connection with the Infrastructure Financing Program of the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland (the "Administration"). This Bond is subject to the terms and conditions of the Repayment Agreement dated as of March 1, 2001, between the Issuer and the Administration (the "Repayment Agreement").

This Bond is not subject to prepayment by the Issuer prior to June 1, 2011. On or after June 1, 2011, this Bond is subject to prepayment by the Issuer at the prepayment prices, expressed as a percentage of the principal amount to be prepaid, plus accrued interest, if any, to the prepayment date, on the principal amount thereof, and during the periods (both dates inclusive) listed below:

Period Price

June 1, 2011 through May 31, 2012:	101 %
June 1, 2012 through May 31, 2013:	100 ½%
June 1, 2013 through thereafter:	100%

Notice of prepayment shall be given, the date of prepayment determined, and all prepayments of this Bond shall be applied in accordance with the provision of the Repayment Agreement.

The Issuer may treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment thereof and for all other purposes whatsoever, and shall not be affected by any notice to the contrary, except as provided below.

This Bond is assignable and upon such assignment the assignor shall promptly notify the Issuer by certified mail, and the assignee shall surrender this Bond to the Issuer for transfer on the registration records and verification of the portion of the principal amount hereof and interest hereon paid or unpaid, and every such assignee shall take this Bond subject to such condition. In connection with any transfer of this Bond, the Issuer may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and any reasonable fees or expenses of the Issuer incurred in connection with such transfer.

Principal of this Bond is paid in annual installments and this Bond is subject to partial redemption without any notation of such payment being made on this Bond or the surrender of this Bond for cancellation and the issuance of a new Bond or Bonds in the amount of the unpaid principal hereof. Accordingly, the outstanding principal of this Bond may be less than the stated face amount hereof and any purchaser or transferee of this Bond should contact the Issuer and the prior owner of this Bond to ascertain the outstanding face amount hereof.

As declared by Section 2-204(16)(vi) of Article 83B of the Annotated Code of Maryland, as

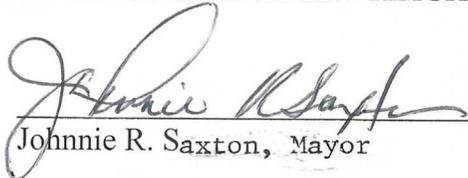
amended, this Bond shall have and possess all the attributes of negotiable instruments as provided in Article 31, §8 of the Annotated Code of Maryland, as amended. This Bond is issued with the intent that the laws of the State of Maryland shall govern its construction.

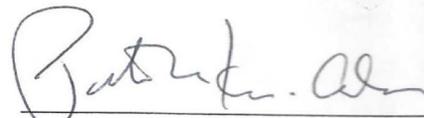
No recourse shall be had for the payment of the principal of, the interest on, or for any claim based hereon or on the Ordinance against any elected or appointed official or employee, past, present or future of the Issuer or any agency thereof; and any such recourse, claim or liability is expressly waived by acceptance by the owner of the delivery of this Bond.

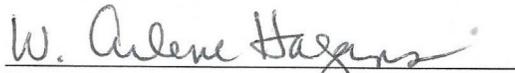
It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened and to be performed precedent to and in the issuance of this Bond does exist, has been done, has happened and has been performed in full and strict compliance with the Constitution and laws of the State of Maryland, the Charter of the Issuer and the proceedings of the Issuer.

IN WITNESS WHEREOF, the Mayor and Town Council has caused this Bond to be signed in its name by the manual or facsimile signature of its Mayor and Town Council, its corporate seal to be affixed hereto and attested by the manual signature of the Town Manager and this Bond to be dated _____, 2001.

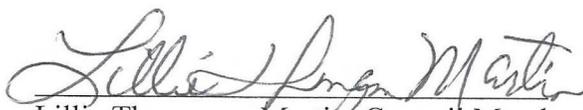
TOWN OF FAIRMOUNT HEIGHTS


Johnnie R. Saxton, Mayor


Patricia King-Adams, Council Member


W. Arlene Hagans, Council Member


Edward I. Jordan, Council Member


Lillie Thompson-Martin, Council Member


Richard C. Saxon, Council Member

ATTEST


Jeannelle B. Wallace, Town Manager

[Town Seal]



(Form of Assignment)

ASSIGNMENT

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

(Include Social Security or Other Identifying Number of Assignee)

(Name and Address, including Zip Code of Assignee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within bond on the books of the Issuer at the offices of the Issuer in the Town of Fairmount Heights, State of Maryland, or at the offices of its designated agent, with full power of substitution in the premises.

Dated: _____

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

Signature guaranteed by:

(Bank, Trust Company or Firm)

(Authorized Signature)

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