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AN ADMINISTRATIVE RESOLUTION ENTITLED

A RESOLUTION OF TALBOT COUNTY, MARYLAND (THE "COUNTY"), AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS IN A PRINCIPAL AMOUNT NOT EXCEEDING SEVEN MILLION EIGHTEEN THOUSAND NINE HUNDRED FORTY-TWO DOLLARS ($7,018,942) PURSUANT TO THE AUTHORITY OF BILL NO. 1619 ENACTED BY THE COUNTY COUNCIL OF TALBOT COUNTY ON AUGUST 12, 2025 (THE "PUBLIC LOCAL LAW"), SECTION 10-203 OF THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND (2013 REPLACEMENT VOLUME, AS AMENDED) (THE "ENABLING ACT"), SECTIONS 9-1601 TO 9-1622, INCLUSIVE, OF THE ENVIRONMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS REPLACED, SUPPLEMENTED OR AMENDED (THE "MWIFA ACT"), AND SECTION 623 OF THE CHARTER OF TALBOT COUNTY, MARYLAND (THE "CHARTER"), THE BONDS, TO BE DESIGNATED "TALBOT COUNTY, MARYLAND GENERAL OBLIGATION BONDS (MWIFA PROJECT), SERIES 2025", THE NET PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING OR REFINANCING THE COSTS OF CERTAIN WASTEWATER FACILITIES AND SANITARY DISTRICT FACILITIES; PRESCRIBING THE FORM AND TENOR OF THE BONDS AND THE TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE THEREOF AT PRIVATE SALE; PROVIDING FOR THE DISBURSEMENT OF THE PROCEEDS OF THE BONDS; AUTHORIZING THE LOAN AGREEMENTS IN CONNECTION WITH THE SALE OF THE BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF ANY TAXES NECESSARY FOR THE PROMPT PAYMENT OF THE MATURING PRINCIPAL OF AND INTEREST ON THE BONDS, AND PROVIDING THAT THE FULL FAITH AND CREDIT AND TAXING POWER OF TALBOT COUNTY, MARYLAND SHALL BE PLEDGED TO THE PAYMENT OF SUCH PRINCIPAL AND INTEREST, SUBJECT TO THE LIMITATION ON THE TAX LEVY SET OUT IN SECTION 614 OF THE CHARTER OF TALBOT COUNTY; AND GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF THE BONDS

RECITALS

Talbot County, Maryland, a body politic and corporate of the State of Maryland (the "County") (the "County") is authorized pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as amended) (the "Enabling Act"), Section 623 of the Charter, Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the "MWIFA Act"), and Bill No. 1619 enacted by the County Council of Talbot County (the "Council") on August 12, 2025 (the "Public Local Law"), (a) to borrow on its full faith and credit and issue and sell its bonds, at one time or from time to time, for the purposes of financing, reimbursing or refinancing costs incurred in connection with undertaking a project to improve the County's Region II Sewer System Extension of Sewer – Resolution 235 (the "Project") 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, bidding, permitting, demolition, removal, acquisition, construction, improvement, installation, modification, renovation, reconstruction, rehabilitation, replacement, equipping, inspection, and construction management expenses, costs of related activities, improvements and appurtenances, related financial, administrative and legal expenses, costs of other related activities, together with costs of issuance of any borrowing therefor, and to the extent permitted by the Maryland Water Infrastructure Financing Administration (the "Administration"), interest during construction and for a reasonable period thereafter (collectively, "Costs of the Project") in the amounts set forth in the Public Local Law; (b) to enact this Resolution providing for the issuance and sale of such bonds; and (c) to levy annually ad valorem taxes upon the assessable property within the geographic boundaries of the County sufficient, together with funds available from other sources, to provide for the payment of the principal of and interest on such bonds until all such bonds shall be redeemed or paid.

No petition for referendum respecting the Public Local Law has been filed with the Supervisors of Elections pursuant to Section 217 of the Charter.

Title VI of the Federal Pollution Control Act, as amended (the "Clean Water Act"), authorizes the U.S. Environmental Protection Agency (the "EPA") to award grants to qualifying states to establish and capitalize water pollution control revolving loan funds ("SRFs") for the purpose of providing loans and certain other forms of financial assistance to finance, among other things, the construction and improvement of publicly owned wastewater treatment facilities and the implementation of estuary conservation management plans and nonpoint source management programs. As contemplated by the Clean Water Act, the General Assembly of Maryland has amended the MWIFA Act, establishing an SRF designated the Maryland Water Quality Revolving Loan Fund (the "Fund") to be maintained and administered by the Administration. The MWIFA Act authorizes the Administration, among other things, to make a loan from the Fund to a "local government" (as defined in the MWIFA Act) for the purpose of financing or refinancing all or a portion of the cost of a "wastewater facility" project (as defined in the MWIFA Act). The County is a "local government" within the meaning of the MWIFA Act, and the Project is a "wastewater facility" project within the meaning of the MWIFA Act, and the County has applied to the Administration for a loan or loans from the Fund for Project purposes.

The County Council has determined that it is in the best interest of the County to issue and sell to the Administration at this time a series of general obligation bonds, in order to finance or reimburse Costs of the Project in accordance with, and pursuant to, the authority contained in the Public Local Law, the Enabling Act, the MWIFA Act, and the Charter, and upon the terms and conditions set forth in this Resolution, the proceeds of which general obligation bonds are to be used and applied as herein set forth.

The Administration requires that its borrowers identify dedicated sources of revenue within the meaning provided for in each loan agreement that a borrower enters into with the Administration. The County pledges its full faith and credit and unlimited taxing power to payment of the Bonds identified in the Public Local Law and this Resolution.

BE IT RESOLVED BY THE COUNTY COUNCIL OF TALBOT COUNTY:

Section 1. All terms used herein which are defined in the Recitals shall have the meanings given such terms therein, unless a different meaning is clearly indicated from the context.

Section 2. (a) Pursuant to the authority of the Enabling Act, the Public Local Law, the MWIFA Act, and the Charter, the County hereby determines to issue and sell, upon its full faith and credit, a separate series of general obligation bonds in the original principal amount not to exceed $3,509,471 and shall be designated as "Talbot County, Maryland General Obligation Bond (MWIFA Project), Series 2025A" or by such additional or different designation as may be required by the Administration (the "Series 2025A Bond") and a separate series of general obligation bonds in the original principal amount not to exceed $3,509,471 and shall be designated as "Talbot County, Maryland General Obligation Bond (MWIFA Project), Series 2025B" or by such additional or different designation as may be required by the Administration (the "Series 2025B Bond" and together with the Series 2025A Bond, the "Bonds") for the public purpose of financing or reimbursing Costs of the Project. Payment of the Series 2025B Bond shall be subject to forgiveness by the Administration in accordance with the provisions of Section 4 hereof and the terms of the Series 2025B Bond. The President of the Council is hereby authorized and directed to determine and approve the final original principal amount of the Bonds, provided that the final original principal amount of the Series 2025A Bond and the final principal amount of the Series 2025B Bond shall not exceed the principal amount detailed in this Section 2(a), such determination and approval to be evidenced conclusively by the President of the Council's execution and delivery of the Bonds reflecting such finally determined principal amounts.

(b) Proceeds of the Bonds shall be applied to Costs of the Project only as permitted by the Administration. The Bonds evidence a loan from the Administration that has been given a project name of "Region II Sewer System Extension of Sewer – Resolution 235" by the Administration.

(c) As of the date of enactment of this Resolution, the issuance of the aggregate principal amount of Bonds is within every debt and other limitation prescribed by the Constitution and Laws of the State of Maryland and the Charter.

(d) It is hereby found and determined that the indebtedness hereby authorized will mature within the probable useful life of the Project, or if applicable, within the average probable useful life of the several improvements constituting the Project.

Section 3. (a) The Series 2025A Bond shall be issued and sold upon the full faith and credit of the County, shall be dated the date of its delivery, shall be numbered RA-1, and shall be issued in the form of single, fully registered installment bond, without coupons attached.

(b) Subject to the provisions of subsections (d) and (e) below and the further provisions of this subsection (b), the principal amount of the Series 2025A Bond advanced under the 2025A Loan Agreement (as defined in Section 9(b) hereof) shall be paid in thirty annual (30) installments on the dates and in the amounts as set forth in the 2025A Loan Agreement, currently anticipated to be calculated based on level debt service, which may be revised in accordance with the provisions of the Series 2025A Bond and the 2025A Loan Agreement. The President of the Council is hereby authorized and empowered to approve a final amortization schedule for the Series 2025A Bond prior to the delivery thereof, such approval to be evidenced conclusively by the President of the Council's execution and delivery of the Series 2025A Bond containing such amortization schedule in accordance with the provisions of this Resolution.

(c) The Series 2025A Bond, or so much of the principal amount thereof as shall have been advanced from time to time under the terms of the 2025A Loan Agreement, shall bear interest from its dated date at an annual rate of interest equal to 25% of the average of the Bond Buyer 11-Bond Index for the month prior to the month in which the Series 2025A Bond is delivered, provided that, the rate determined by such calculation may be rounded down by the Administration in its sole discretion. Interest due on the unpaid principal amounts advanced under the 2025A Loan Agreement shall accrue on the basis of a 30-day month, 360-day year from the dates of the respective advances of such principal amounts, and, subject to the provisions of subsection (d) below, shall be paid on February 1, 2026, and semiannually thereafter on the 1st day of August and February in each year until the principal amount of the Series 2025A Bond has been paid.

(d) The President of the Council is hereby authorized and directed to adjust and change the principal payment dates and determine the principal installment amounts (including, without limitation, by providing for a first minimum principal payment on a date specified by the Administration and/or by otherwise adjusting the dates on which principal and/or interest will commence and will otherwise be due) and to approve the amortization schedule prepared by the Administration on a roughly level debt service basis, all as required by the Administration in order to meet the requirements of Section 9-1605(d)(1) of the MWIFA Act or to meet other requirements of the Administration, provided that the final original principal amount of the Series 2025A Bond does not exceed $3,509,471, such approval and adjustment to be evidenced conclusively by the President of the Council's execution and delivery of the Series 2025A Bond containing such revised amortization schedule in accordance with the provisions of this Resolution.

(e) If the Administration determines at any time following delivery of the Series 2025A Bond to reduce the maximum amount of the Loan Commitment (as defined in the 2025A Loan Agreement) relating to the Series 2025A Bond in accordance with Section 3.08 of the 2025A Loan Agreement, the Maximum Principal Amount (as defined in the Series 2025A Bond) of the Series 2025A Bond shall be reduced accordingly and such Maximum Principal Amount as so reduced shall be amortized as provided in the 2025A Loan Agreement. In such event, as determined by the Administration, the County may execute and deliver (in the manner provided for herein for the original delivery of the Series 2025A Bond) a new Series 2025A Bond evidencing such reduction in the Loan Commitment relating to the Series 2025A Bond and/or the President of the Council may execute and deliver any certificates, documents or instruments as the Administration may require pursuant to Section 3.08 of the 2025A Loan Agreement.

(f) The County shall pay (i) a late charge for any payment of principal of or interest on the Series 2025A Bond that is received later than the tenth (10th) day following its due date, in an amount equal to 5% of such payment, and (ii) interest on overdue installments of principal and (to the extent permitted by law) interest at the Default Rate provided for in the 2025A Loan Agreement, which Default Rate shall be equal to 100% of the average of the weekly Bond Buyer 11-Bond Index for the calendar month prior to the month in which the Series 2025A Bond is delivered, provided that the rate determined by such calculation may be rounded down by the Administration in its sole discretion. Amounts payable pursuant to this subsection (f) shall be immediately due and payable to the Administration and interest at the Default Rate shall continue to accrue on overdue installments of principal and (to the extent permitted by law) interest until such amounts are paid in full.

(g) Both the principal of and any interest on the Series 2025A Bonds will be paid to the registered owners thereof in lawful money of the United States of America, at the time of payment, and will be paid by electronic funds transfer, or by check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mail before the payment date) to the registered owners at such addresses as the registered owners may designate from time to time by notice in writing delivered to the Director of Finance of the County (the "Director of Finance").

Section 4. (a) The Series 2025B Bond shall be issued and sold upon the full faith and credit of the County, shall be dated the date of its delivery, shall be numbered RB-1, and shall be issued in the form of single, fully registered installment bond, without coupons attached.

(b) The principal of the Series 2025B Bond advanced under the Series 2025B Loan Agreement (as defined in Section 9(b) hereof) shall be payable upon demand by the Administration in accordance with the Series 2025B Loan Agreement, together with interest at an annual rate equal to one hundred percent (100%) of the average of the Bond Buyer 11-Bond Index for the calendar month prior to the month in which the Series 2025B Bond is delivered (provided that the rate determined by such calculation may be rounded down by the Administration in its sole discretion), accruing from the date on which such demand is made by the Administration, which demand may be made at any time prior to that date which is the ten (10) year anniversary of the date of delivery of the Series 2025B Bond. Prior to any such date of demand, the Series 2025B Bond shall bear interest at the rate of zero percent (0.00%) per annum.

(c) The County shall pay a late charge for any payment of principal of or interest on the Series 2025B Bond that is received later than the thirtieth (30th) day following the date of demand for payment of the Series 2025B Bond, in an amount equal to 5% of such payment.

(d) If the Administration determines at any time following delivery of the Series 2025B Bond to reduce the maximum amount of the Loan Commitment (as defined in the 2025B Loan Agreement) relating to the Series 2025B Bond in accordance with Section 3.08 of the 2025B Loan Agreement, the Maximum Principal Amount (as defined in the Series 2025B Bond) of the Series 2025B Bond shall be reduced accordingly and such Maximum Principal Amount as so reduced shall be amortized as provided in the 2025B Loan Agreement. In such event, as determined by the Administration, the County may execute and deliver (in the manner provided for herein for the original delivery of the Series 2025B Bond) a new Series 2025B Bond evidencing such reduction in the Loan Commitment relating to the Series 2025B Bond and/or the President of the Council may execute and deliver any certificates, documents or instruments as the Administration may require pursuant to Section 3.08 of the 2025B Loan Agreement.

(e) PURSUANT TO THE CLEAN WATER ACT AND SECTION 9-1605(d)(9) OF THE MWIFA ACT, THE ADMINISTRATION SHALL FORGIVE REPAYMENT OF A PORTION OF THE PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE 2025B LOAN AGREEMENT) UNDER ARTICLE III OF THE 2025B LOAN AGREEMENT AND THE SERIES 2025B BOND SO LONG AS THE *COUNTY* PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE 2025B LOAN AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY SUCH OTHER OBLIGATIONS UNDER THE SERIES 2025B LOAN AGREEMENT HAVE NOT BEEN PERFORMED BY THE COUNTY, PAYMENT OF THE PRINCIPAL OF THE LOAN EVIDENCED BY THE SERIES 2025B BOND AND THE INTEREST THEREON FROM THE DATE OF DEMAND AT THE RATE DETERMINED IN ACCORDANCE WITH SUBSECTION (b) ABOVE WILL BE DUE AND PAYABLE UPON

DEMAND. IF THE ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2025B BOND BY THAT DATE WHICH IS THE TEN (10) YEAR ANNIVERSARY OF THE DATE OF DELIVERY OF THE SERIES 2025B BOND, THEN THE ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED BY THE SERIES 2025B BOND, THE SERIES 2025B BOND SHALL BE DEEMED CANCELLED, AND THE LOAN EVIDENCED BY THE SERIES 2025B BOND AND THE SERIES 2025B LOAN AGREEMENT SHALL BE DEEMED TERMINATED AND OF NO FURTHER FORCE AND EFFECT.

(f) Both the principal of and any interest on the Series 2025B Bonds will be paid to the registered owners thereof in lawful money of the United States of America, at the time of payment, and will be paid by electronic funds transfer, or by check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mail before the payment date) to the registered owners at such addresses as the registered owners may designate from time to time by notice in writing delivered to the Director of Finance.

<u>Section 5</u>. The Series 2025A Bond shall be subject to mandatory prepayment, in whole or in part, as, when and to the extent required by the United States Environmental Protection Agency's (and its successors) State Revolving Fund Program Regulations. Otherwise, the Series 2025A Bond may be prepaid by the County, in whole or in part, only at such times and in such amounts, and upon payment by the County of such prepayment premium or penalty, as the Director of the Administration, in his or her discretion, may specify and approve.

<u>Section 6</u>. (a) For the purpose of paying the principal of and interest on the Bonds when due, the County shall levy or cause to be levied ad valorem taxes in rate and amount sufficient in each and every fiscal year in which such Bonds are outstanding to provide for the prompt payment, when due, of the principal of and interest on such Bonds; 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 County are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as and when they 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 meet the debt service requirements of the Bonds, subject to the limitation set forth in Section 614 of the County Charter. The County hereby covenants and agrees with the registered owner of the Bonds 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 the Bonds remain outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon. The County may apply to the payment of the principal of or interest on the Bonds 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 County in accomplishing the type of project or projects which the Bonds are 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.

(b) As authorized by Section 9-1606(d) of the MWIFA Act, the County hereby pledges any moneys that the County is entitled to receive from the State of Maryland, including the County's share of the income tax revenues collected by the State, to secure its obligations under the Loan Agreements, subject to any limitations on such pledge provided for in the Loan Agreements in accordance with this Section. Such pledge shall be evidenced by and detailed in the Loan Agreements.

<u>Section 7</u>. The Series 2025A Bond shall be transferable only after the first principal payment date as set forth in such Series 2025A Bond or the date upon which the Maximum Principal Amount of the Series 2025A Bond has been borrowed, whichever is earlier and the Series 2025B Bond shall be transferable only after the date upon which the Maximum Principal Amount of the Series 2025B Bond has been borrowed. Each Bond shall be transferable upon the books of the County at the office of the Director of Finance, by the registered owner in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer

satisfactory to the Director of Finance, duly executed by such registered owner or his duly authorized attorney. The County shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds of the same series as the bond surrendered, in such denominations as the County shall by resolution approve, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered, and with the same maturity date, installment payment dates, interest rate and forgiveness provisions, as applicable. If more than one bond is issued upon any such transfer of the Series 2025A Bond, 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 principal amount of such bond and the denominator of which shall be the aggregate principal amount of the bonds representing the Series 2025A Bond then outstanding and unpaid. 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 County may deem and treat the party in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal thereof and interest due thereon and for all other purposes. References in this Resolution to a Bond shall be deemed to refer to any bond or bonds transferred for such Bond in accordance with the provisions of this Section 7, and references in this Resolution to the registered owner of a Bond shall be deemed to refer to any or all of the registered owners of bonds of such series contemplated by this Section 7, as applicable. Any such new bond issued in transfer or exchange may be executed and sealed as provided in Section 11 hereof with respect to the original execution and delivery of the Bonds, or as otherwise required by then-applicable law, and appropriate changes made to the form of the bond delivered in transfer or exchange to account for the dated date of such new bond or bonds and, to the extent applicable, the then-outstanding principal amount of the applicable Bond.

Section 8. Unless the Council provides otherwise by a resolution adopted prior to delivery of the Bonds, (i) the Series 2025A Bond shall be issued in substantially the form of Exhibit F to the form of the 2025A Loan Agreement that is attached hereto as Exhibit A and (i) the Series

2025B Bond shall be issued in substantially the form of Exhibit F to the form of the 2025B Loan Agreement that is attached hereto as Exhibit B. Appropriate variations and insertions may be made by the President of the Council to provide dates, numbers and amounts, including, without limitation, to reflect matters determined in accordance with Sections 2, 3 and 4 hereof, and other modifications not altering the substance of such forms may be made by the President of the Council. All of the covenants contained in the form of Bonds set forth as Exhibit F to the respective form of the Loan Agreements attached hereto as Exhibit A and Exhibit B, respectively, as the Bonds may be finally completed as provided in this Section 8, are hereby adopted by the County as and for the forms of obligations to be incurred by the County, and the covenants and conditions are hereby made binding upon the County, including the promise to pay therein contained.

Section 9. (a) As authorized by the MWIFA Act, the Public Local Law, and the Charter, the County hereby determines to sell the Bonds to the Administration by private sale, without public bidding, which sale by private sale is hereby deemed by the County to be in its best interest and in the interest of its citizens due, in part, to the benefit of the structures of the Bonds as draw-down obligations, the low interest rate for the Bonds and the potential forgiveness of the Series 2025B Bond. Therefore, and pursuant to the authority of the MWIFA Act, the Public Local Law, and the Charter, the Bonds shall be sold to the Administration by private sale, without public bidding, for a price of the par amount of such Bond or so much of the par amount of such Bond as is advanced to the County (such purchase price to be advanced in accordance with the Loan Agreements, as defined in subsection (b) below). Each Bond is referred to in the applicable Loan Agreement as the "Note."

(b) The Series 2025A Bond shall be sold to the Administration and the purchase price of the Series 2025A Bond shall be advanced to the County in accordance with the Loan Agreement relating to the Series 2025A Bond (the "2025A Loan Agreement"), the form of which is attached hereto as Exhibit A. The Series 2025B Bond shall be sold to the Administration and the purchase price of the Series 2025B Bond shall be advanced to the County in accordance with the Loan Agreement relating to the Series 2025B Bond (the "2025B Loan Agreement"), the form of which is attached hereto as Exhibit B. The Series 2025A Loan Agreement and the Series 2025B Loan

Agreement are referred to herein collectively as the "Loan Agreements" and individually as a "Loan Agreement."

(c) The forms of the Loan Agreements attached hereto as Exhibit A and Exhibit B reflect the expectation, as of the date of this Resolution, that the final original principal amount of the Series 2025A Bond will be $3,509,471, that the final original principal amount of the Series 2025B Bond will be $3,509,471. The President of the Council is hereby authorized and directed to complete, execute and deliver the Loan Agreements for and in the name of the County with such changes, insertions and deletions as shall be approved by the President of the Council, including, without limitation, to reflect matters determined in accordance with the provisions of this Resolution, including, without limitation, Sections 2, 3, 4 and 9 hereof, to comply with program requirements of the Administration, to account for a different estimated date of completion of the Project or delivery of the Bonds, to complete the exhibits to the forms of the Loan Agreements attached hereto as Exhibits A and B, or as are determined by the President of the Council not to be materially adverse to the interests of the County. The President of the Council's approval of any such changes, insertions or deletions shall be evidenced conclusively by the President of the Council's execution and delivery of the Loan Agreements in final form.

(d) Notwithstanding anything to the contrary contained in this Resolution, advances under the Loan Agreements or the Bonds, payment or prepayment of the principal of and any interest on the Bonds, and transfers or exchanges of the Bonds shall be made in accordance with the respective Loan Agreement. The County agrees to abide by and perform the covenants and agreements set forth in the Loan Agreements as executed and delivered in accordance with this Section 9 as though such covenants and agreements were set forth in full in this Resolution.

(e) The County is authorized and directed to pay any fees or costs provided for in the Loan Agreements which are not payable from Bond proceeds, including, without limitation, any administrative fees and ongoing fees and expenses, and acknowledges that its obligation to pay such amounts shall be absolute and unconditional to the extent provided in the Loan Agreements.

(f) The County acknowledges that the provisions of Article IV of each Loan Agreement (Events of Default and Remedies) allow for, among other remedies, all payments on the applicable Bond to be declared immediately due and payable upon the occurrence of an Event of Default provided for in such Loan Agreement.

(g) Notwithstanding any provisions of this Resolution, in the event of a discrepancy between the provisions of a Loan Agreement, the Series 2025A Bond or the Series 2025B Bond and this Resolution, the provisions of the Loan Agreement, the Series 2025A Bond or the Series 2025B Bond, as applicable, shall control.

Section 10. (a) As soon as may be practicable after the adoption of this Resolution, the Bonds shall be suitably prepared in definitive form, executed and delivered to the Administration on date or dates mutually acceptable to the Administration and the President of the Council. The President of the Council and all other appropriate officials and employees of the County are expressly authorized, empowered and directed (i) to take any and all action necessary to complete and close the sale and delivery of the Bonds to the Administration, (ii) subject to any limitations provided for in this Resolution, to negotiate, approve, execute and deliver all documents, certificates and instruments necessary or appropriate in connection therewith, and (iii) to carry out the transactions contemplated by this Resolution and any documents, certificates or instruments executed and delivered in connection with the issuance of the Bonds, including, without limitation, the Loan Agreements, to the extent such actions are within the spheres of their respective responsibilities.

(b) Each of the President of the Council and the Director of Finance is hereby expressly authorized, empowered and directed to take any actions necessary under the Loan Agreements or the Bonds in order to requisition advances on behalf of the County. Each of the President of the Council and the Director of Finance is hereby expressly designated as an "Authorized Officer" for purposes of the Loan Agreements and may take any action, make any determination or grant or withhold any approvals, consents or directions that are delegated to an Authorized Officer under the provisions of the Loan Agreements.

Section 11. The Bonds shall be executed in the name of the County and on its behalf by the President of the Council, whose signature may be by facsimile. The corporate seal of the County shall be affixed to the Bonds, attested by the signature of the Secretary to the Council (the "Secretary"), whose signature may be by facsimile. The Bonds shall be issued subject to registration as to principal and interest in the name or names of the owner or owners thereof on books kept for the registration and registration of transfer of the Bonds at the County or, if a successor Bond Registrar is appointed, at the principal corporate trust office of such Bond Registrar. Each Bond shall be authenticated by the manual signature of an authorized officer of the Bond Registrar. No Bonds issued hereunder shall be valid for any purpose or constitute an obligation of the County unless so authenticated. In the event any official whose signature appears on the Bonds ceases to be an official prior to the delivery of the Bonds or shall have become such official after the date of this Resolution, the Bonds shall, nevertheless, be valid and legally binding obligations of the County in accordance with their terms.

Section 12. (a) Except as otherwise provided in this Resolution, the Director of Finance is hereby designated and appointed as Bond Registrar and paying agent for the Bonds and shall maintain books of the County for the registration and transfer of the Bonds until such time as a successor Bond Registrar and paying agent is appointed. The Director of Finance, either prior to or following the issuance of the Bonds, may designate and appoint the Department of Finance of the County, any officer or employee of the County or one or more banks, trust companies, corporations or other financial institutions, or disclosure firm to act as Bond Registrar, paying agent, authenticating agent, or disclosure agent.

(b) Each advance of the proceeds of the Bonds shall be paid directly to the County and shall be deposited by the Director of Finance or other appropriate County official in the proper municipal accounts, or shall be paid at the direction of the Authorized Officer, or shall be paid as otherwise required by the Administration. Advances under the Bonds shall be used and applied by the County exclusively and solely for the public purposes described in Section 2 hereof, unless this Resolution is amended or supplemented to provide for some other use within the limitations of applicable law and with the consent of the Administration. Nothing in this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose. The proceeds of the Bonds are hereby appropriated for the purposes set forth in this Resolution.

Section 13. Bonds issued under this Resolution are hereby specifically exempted from the provisions of Sections 19-205 and 19-206 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, as supplemented).

Section 14. The Director of Finance, or in her absence the President of the Council, is hereby designated to receive payment on behalf of the County of the proceeds of the sale of the Bonds. Such proceeds shall be used and applied by the County exclusively and solely for the public purposes described in this Resolution. If the proceeds received from the sale of the Bonds exceed the amount actually expended or required for the public purposes described above, the amount of such unexpended excess shall be set apart in a separate account and applied to the payment of the next interest payment on the Bonds, the next principal maturity of the Bonds or to the redemption of Bonds or to the purchase and cancellation of Bonds, unless a resolution is adopted by the Council to provide for the expenditure of that excess for some other valid purpose authorized by law. Notwithstanding anything to the contrary contained in this Resolution, the County shall use and apply proceeds of the Bonds only as permitted by the applicable Loan Agreement, the Clean Water Act and the MWIFA Act.

Section 15. (a) The President of the Council and the Director of Finance shall be the officials of the County responsible for the issuance of the Series 2025A Bonds within the meaning of the Section 1.148-2(b)(2) of the Arbitrage Regulations (defined below). The President of the Council and the Director of Finance shall also be the officials of the County responsible for the execution and delivery (on the date of the issuance of the Series 2025A Bonds) of a certificate of the County (the "Tax and Section 148 Certificate") that complies with the requirements of Section 148 ("Section 148") of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder (the "Arbitrage Regulations"), and such officials are hereby authorized and directed to execute and deliver the Tax and Section 148 Certificate to counsel rendering an opinion on the validity of the Series 2025A Bonds on the date of the issuance of the Series 2025A Bonds.

(b) The County shall set forth in the Tax and Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Series 2025A Bonds or of any monies, securities or other obligations on deposit to the credit of any account of the County which may be deemed to be proceeds of the Series 2025A Bonds pursuant to Section 148 or the Arbitrage Regulations (collectively, the "Series 2025A Bond Proceeds"). The County covenants that the facts, estimates and circumstances set forth in the Tax and Section 148 Certificate will be based on the County's reasonable expectations on the date of the issuance of the Series 2025A Bonds and will be, to the best of the certifying officials' knowledge, true and correct as of that date.

(c) The County covenants and agrees with each of the registered owners of any of the Series 2025A Bonds that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Series 2025A Bond Proceeds that would cause the Series 2025A Bonds to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. The County further covenants that it will comply with Section 148, as amended, and the Arbitrage Regulations which are applicable to the Series 2025A Bonds on the date of issuance thereof and which may subsequently be made applicable thereto as long as the Series 2025A Bonds remain outstanding and unpaid. The President of the Council and the Director of Finance are hereby authorized and directed to prepare or cause to be prepared and to execute any certification, opinion or other document, including, without limitation, the Tax and Section 148 Certificate which may be required to assure that the Series 2025A Bonds will not be deemed to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. All officers, employees and agents of the County 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 Series 2025A Bonds, as may be necessary or appropriate from time to time to comply with, or to evidence the County's compliance with, the covenants set forth in this Section.

(d) The County further covenants that it shall make such use of the proceeds of the Series 2025A Bonds, 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 the Series 2025A Bonds.

(e) The President of the Council and the Director of Finance may make such covenants or agreements in connection with the issuance of the Series 2025A Bonds as he or she shall deem advisable in order to assure the registered owners of the Series 2025A Bonds 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 County so long as the observance by the County of any such covenants or agreements is necessary in connection with the maintenance of the exclusion of the interest on such Series 2025A Bonds from gross income for federal income tax purposes. The foregoing covenants and agreements may include such covenants or agreements on behalf of the County regarding compliance with the provisions of the Code as the President of the Council or the Director of Finance shall deem advisable in order to assure the registered owners of the Series 2025A Bonds 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 Series 2025A Bond Proceeds, the payment of rebate to the United States (or payments in lieu thereof), limitations on the times within which, and the purpose for which, Series 2025A Bond Proceeds may be expended, or the use of specified procedures for accounting for and segregating Series 2025A Bond Proceeds. In addition, the President of the Council or the Director of Finance may make such elections under the provisions of the Code as he or she shall deem advisable in connection with issuance of the Series 2025A Bonds. Such covenants, agreements or elections may be set forth in the Tax and Section 148 Certificate.

Section 17. The President of the Council, the Director of Finance and any other authorized official of the County are hereby authorized to enter into and deliver on behalf of the County agreements, documents and certificates which they deem to be necessary or desirable in order to carry out the provisions of this Resolution, including but not limited to a Bond Registrar and paying agent agreement.

Section 18. If any one or more of the provisions of this Resolution, including any covenants or agreements provided herein on the part of the County to be performed, should be contrary to law, then such provision or provisions shall be null and void (but only to the extent necessary to make it or them consistent with law) and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

[*Signatures appear on the following page*]

Section 19. This Resolution shall take effect on the later of (i) the date of adoption and (ii) the effective date of the Public Local Law.

ADOPTED this 28th day of October, 2025.

COUNTY COUNCIL OF
TALBOT COUNTY, MARYLAND

Chuck F. Callahan, President

Pete Lesher, Vice President

Keasha N. Haythe

Lynn L. Mielke

Dave Stepp

EXHIBIT A

FORM OF THE LOAN AGREEMENT
RELATING TO THE SERIES 2025A BOND

[See Attached]

EXHIBIT B

FORM OF THE LOAN AGREEMENT
<u>RELATING TO THE SERIES 2025B BOND</u>

[See Attached]