

RESOLUTION NO. R2016- 05

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF CUMBERLAND FOR THE PURPOSE OF MAKING A DECLARATION OF OFFICIAL INTENT PURSUANT TO U.S. TREASURY REGULATION SECTION 1.150-2 REGARDING MAYOR AND CITY COUNCIL OF CUMBERLAND'S INTENTION TO REIMBURSE FROM THE PROCEEDS OF ONE OR MORE OBLIGATIONS TO BE ISSUED BY THE CITY PRIOR EXPENDITURES MADE IN CONNECTION WITH THE COMBINED SEWER OVERFLOW (CSO) STORAGE FACILITY PROJECT.

RECITALS

1. Mayor and City Council of Cumberland (the "City") intends to undertake a project commonly referred to as the "Combined Sewer Overflow (CSO) Storage Facility 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, 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, improvements and appurtenances, 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 of any such borrowing (collectively, the "Project").

2. The Maryland Water Quality Financing Administration ("MWQFA") has preliminarily approved loaning the City money for Project purposes.

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3. The City currently expects that any loan or loans from MWQFA that are papered by one or more general obligation bonds issued by the City to MWQFA, the interest on which is excludable from gross income for federal income tax purposes, will be in an aggregate principal amount not to exceed \$3,900,000.00.

4. In the event the City is not able to borrow from MWQFA all of the anticipated loan funds to finance costs of the Project, the City 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 City (any such bonds or other evidences of indebtedness, and any bonds issued to MWQFA as described above, the interest on which is intended to be excludable from gross income for federal income tax purposes, are referred to herein as the “Tax-Exempt Bonds”).

5. Prior to issuing any Tax-Exempt Bonds, it may be necessary to incur one or more borrowings in order to finance Project costs on an interim basis.

6. The City reasonably expects to spend City funds on Project costs prior to issuance of the Tax-Exempt Bonds to MWQFA (or to any other purchaser in the event MWQFA is not able to provide all of the desired loan funding), and (i) to reimburse the City from proceeds of the Tax-Exempt Bonds for all or a portion of such moneys expended, and/or (ii) to use Tax-Exempt Bond proceeds to refinance any interim borrowing incurred by the City that is applied to reimburse the City for all or a portion of such prior Project expenditures.

7. 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.

8. The City 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 City to reimburse from reimbursement bond proceeds (meaning the Tax-Exempt Bonds or any interim financing incurred in anticipation of the Tax-Exempt Bonds) original expenditures made in connection with the Project.

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF CITY OF CUMBERLAND, 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 will have the meanings given to such terms in the Recitals hereto.

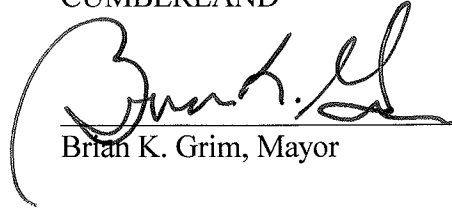
SECTION 2. In accordance with the Reimbursement Regulations, the Mayor and City Council of the City hereby makes this declaration of official intent to expend money on the Project prior to the issuance of the Tax-Exempt Bonds (or any interim financing incurred in anticipation of the Tax-Exempt Bonds) and to utilize proceeds of the Tax-Exempt 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.

SECTION 3. The maximum principal amount of the Tax-Exempt Bonds reasonably expected to be issued for the Project (and the maximum principal amount of any interim financing reasonably expected to be incurred by the City in anticipation of the Tax-Exempt Bonds) is Three Million Nine Hundred Thousand Dollars (\$3,900,000.00) each.

SECTION 4. This Resolution shall become effective immediately upon its adoption.


MAYOR AND CITY COUNCIL OF
CUMBERLAND

(SEAL)



Brian K. Grim, Mayor

ATTEST:



Marjorie A. Woodring
City Clerk

Introduced: June 7, 2016

Adopted: June 7, 2016

Effective: June 7, 2016

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