

RESOLUTION NO. 3471

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY (THE “COUNCIL”) AUTHORIZING AND EMPOWERING CITY OF SALISBURY (THE “CITY”) TO ISSUE, SELL AND DELIVER, UPON ITS FULL FAITH AND CREDIT, A GENERAL OBLIGATION INSTALLMENT BOND IN ORIGINAL PRINCIPAL AMOUNT NOT TO EXCEED \$2,800,000.00, SUBJECT TO REDUCTION AS DESCRIBED HEREIN, SUCH BOND TO BE DESIGNATED AS THE “CITY OF SALISBURY TAX-EXEMPT PUBLIC IMPROVEMENTS BOND OF 2026” (THE “BOND”), THE PROCEEDS OF THE SALE THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING OR REIMBURSING COSTS OF THE PUBLIC PURPOSE PROJECTS AND OTHER PURPOSES IDENTIFIED HEREIN; PRESCRIBING THE FORM AND TENOR OF THE BOND AND THE TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE THEREOF BY PRIVATE SALE IN A DIRECT PURCHASE TRANSACTION TO CALVIN B. TAYLOR BANKING CO. OF BERLIN, MARYLAND; PRESCRIBING THE TERMS OF THE BOND AND OTHER DETAILS INCIDENT TO THE ISSUANCE, SALE AND DELIVERY OF THE BOND, AND AUTHORIZING CERTAIN OFFICIALS OF THE CITY TO DETERMINE CERTAIN FINAL DETAILS RELATING TO THE BOND; PROVIDING FOR THE DISBURSEMENT AND INVESTMENT OF THE PROCEEDS OF THE BOND; PROVIDING FOR THE IMPOSITION OF TAXES NECESSARY FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BOND; PROVIDING THAT THE FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER OF THE CITY ARE PLEDGED TO THE PAYMENT OF SUCH PRINCIPAL AND INTEREST; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON THE BOND ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; MAKING OR PROVIDING FOR CERTAIN REPRESENTATIONS, COVENANTS, DETERMINATIONS OR DESIGNATIONS RELATING TO THE TAX-EXEMPT STATUS OF THE BOND; AUTHORIZING CERTAIN CITY OFFICIALS TO TAKE CERTAIN ACTIONS UNDER CERTAIN ADDITIONAL CIRCUMSTANCES AS PROVIDED FOR HEREIN; PROVIDING CERTAIN RULES OF CONSTRUCTION; PROVIDING THAT THE PROVISIONS OF THIS RESOLUTION SHALL BE LIBERALLY CONSTRUED; AND GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF AND FOR THE BOND.

RECITALS

WHEREAS, City of Salisbury, a municipal corporation of the State of Maryland and a municipality within the meaning of the Enabling Act identified below (the “City”), is authorized and empowered by Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended (the “Enabling Act”), and

Sections SC7-45 and SC7-46 of the Charter of the City of Salisbury, as replaced, supplemented or amended (the “Charter”), to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds; and

WHEREAS, pursuant to Ordinance No. 2979, passed by the Council of the City (the “Council”) on March 23, 2026, approved by the Mayor of the City (the “Mayor”) on March 25, 2026, and effective on March 25, 2026 (“Ordinance No. 2979”), the City authorized the issuance and sale from time to time, upon its full faith and credit, of one or more series of general obligation bonds in an original aggregate principal amount not to exceed Three Million Dollars (\$3,000,000.00) (the “Authorized Bonds”); and

WHEREAS, Ordinance No. 2979 provides that the principal amount of the Authorized Bonds may be applied to finance, reimburse or refinance costs of the projects and purposes identified in Section 3(b) of Ordinance No. 2979 (collectively, the “Authorized Projects”); and

WHEREAS, the City has determined that it would like to issue one series of the Authorized Bonds, in the form of a single, fully registered general obligation installment bond, pursuant to the authority of the Enabling Act, the Charter and Ordinance No. 2979 in order to finance or reimburse costs of the Authorized Projects; and

WHEREAS, Section SC7-46 of the Charter provides that by resolution the Council may determine the manner of selling its general obligation debt, which may be at private sale; customarily a private sale may take the form of a negotiated underwriting, a private placement to one or more investors, or a direct purchase transaction in which a bond or bonds are sold to a bank or financial institution to evidence one or more loans from such bank or financial institution; and

WHEREAS, First Tryon Advisors, LLC, the registered municipal advisor to the City, which is frequently referred to as the financial advisor to the City (including in this Resolution), recommended that, due to the maximum original aggregate principal amount of the Authorized Bonds, the ability in the current capital market to achieve favorable interest rates through direct purchase transactions, the ability to time the market and negotiate with potential lenders, and the lower costs of issuance typically associated with a private sale that involves a direct purchase as compared to a negotiated underwriting or a public sale at competitive bid, as well as the City’s desired timing for receipt of funds, it was in the City’s best interest to pursue a direct purchase transaction for the contemplated series of the Authorized Bonds; and

WHEREAS, the financial advisor to the City, with the participation of City officials and bond counsel to the City, provided for the distribution to local, regional and national banks and other financial institutions of a request for proposals dated February 26, 2026 for a loan to be evidenced by a series of the Authorized Bonds for the purpose of financing or reimbursing costs of the Authorized Projects provided for in Ordinance No. 2979 (including costs of issuance), in order to determine the potential lender likely to offer the most beneficial terms for such series of the Authorized Bonds and, thereby, to obtain for the City, as nearly as possible, the best possible results for the sale of the contemplated Authorized Bonds without conducting a negotiated underwriting or the solicitation of competitive bids at public sale; and

WHEREAS, in response to the request for proposals, the financial advisor received proposals from five respondents; and

WHEREAS, as recommended by City staff, the Council hereby determines to sell a series of the Authorized Bonds to Calvin B. Taylor Banking Co. of Berlin, Maryland (commonly referred to as Taylor Bank) which offered the most desirable terms for such series based on a comparison of proposed interest rates, prepayment terms, costs and other proposal terms.

SECTION 1. NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SALISBURY, MARYLAND that:

(a) The Recitals hereto constitute an integral part of this Resolution and are incorporated herein by reference. Capitalized terms used in the Sections of this Resolution and not defined herein shall have the meanings given to such terms in the Resolution.

(b) Subject to the provisions of Sections 7 and 15 of this Resolution, references in this Resolution to any City official by title shall be deemed to refer (i) to any official authorized under the Charter of the City (the “Charter”), the code of ordinances of the City (the “City Code”) or other applicable law or authority to act in such titled official’s stead if the position in question is vacant or during the absence, disability or unavailability of such titled official, (ii) to any person who has been elected, appointed or designated to fill such position in an acting or interim capacity under the Charter, the City Code or other applicable law or authority, (iii) to any person who serves in a “deputy,” “associate” or “assistant” capacity as such an official, provided that the applicable responsibilities, rights or duties referred to herein have been delegated to such deputy, associate or assistant in accordance with the Charter, the City Code or other applicable law or authority, and/or (iv) to the extent an identified official commonly uses another title not provided for in the Charter or the City Code, the official, however known, who is charged under the Charter, the City Code or other applicable law or authority with the applicable responsibilities, rights or duties referred to herein.

(c) References in this Resolution to “proceeds” shall be construed to mean principal amount plus investment earnings, as applicable. References in this Resolution to “investment earnings” shall be construed to include references to interest income, to the extent applicable.

(d) References in this Resolution to an “official” of the City shall be deemed to include references to an “employee” of the City, to the extent applicable.

(e) As used in this Resolution, “Business Day” means any day other than a Saturday, a Sunday or a day on which the City, banks in the State of Maryland, and/or banks in the state in which the registered owner of the Bond is located are authorized or obligated by law to close.

(f) Notwithstanding any references in this Resolution to manual signatures, to the extent that applicable laws, orders, regulations or other authority allow for signatures to be made by facsimile, electronic or other means, the provisions of such applicable laws, orders, regulations or other authority allowing signatures to be made in a manner other than manually shall be deemed to supersede the provisions of this Resolution.

SECTION 2. AND BE IT FURTHER RESOLVED that:

(a) Pursuant to the authority of the Enabling Act, Sections SC7-45 and SC7-46 of the Charter and Ordinance No. 2979, the City hereby determines to borrow money and incur indebtedness for the public purpose of financing or reimbursing costs (as defined in subsection (b) below) of all or any portion of any one or more components of the following public purpose projects and purposes (exclusive of any investment earnings that may be applied for such purposes):

	<u>Project Name</u>	<u>Maximum Principal Amount</u>
1.	Neighborhood Infrastructure Improvements	\$1,000,000
2.	Naylor Mill Road Bridge Replacement	700,000
3.	Exhibit/Facility Improvements AZA Reaccreditation	500,000
4.	Poplar Hill Building Improvements (Shutter, HVAC, Siding)	150,000
5.	Westside Community Center (1)	350,000
6.	Costs of Issuance	<u>100,000</u>
TOTAL		<u>\$2,800,000</u>

¹ The City may also refer to this project as the West Salisbury Community Center.

The Authorized Projects listed in items 1-6 above (including costs of issuance) are collectively referred to herein as the “Projects” or, individually, as a “Project.”

(b) With respect to the Projects listed in subsection (a) above the word “costs” as used in subsection (a) above shall include, as applicable, costs of the following activities and expenses: land and right-of-way acquisition and development; acquisition of other property rights; site and utility improvements, including, without limitation, grading, landscaping, paving and repaving, sidewalk, curb, gutter, storm water, water and sewer improvements, street lights, traffic control improvements, other amenities, and related or similar activities and expenses; demolition, razing and removal and related or similar activities and expenses; acquisition, construction, expansion, reconstruction, replacement, renovation, rehabilitation, upgrading, improvement, installation, furnishing and equipping activities and expenses, and related or similar activities and expenses; planning, design, testing, study, feasibility, surveying, architectural, engineering, document development, bidding, permitting, inspection, construction management, financial, administrative and legal expenses, and related or similar activities and expenses; contingencies; costs of issuance (which may include costs of bond insurance or other credit or liquidity enhancement); interest during construction and for a reasonable period thereafter (whether or not expressly so stated); and any such costs that may represent the City’s share or contribution to the financing, reimbursement or refinancing of the costs of any such project (collectively, “Costs of the Projects” or “Costs”).

SECTION 3. AND BE IT FURTHER RESOLVED that:

(a) To evidence the borrowing and indebtedness authorized in Section 2 of this Resolution, the City, acting pursuant to the authority of the Enabling Act, Sections SC7-45 and SC7-46 of the Charter and Ordinance No. 2979, hereby determines to issue and sell, upon its full faith and credit, its general obligation installment bond in the original principal amount of Two Million Eight Hundred Thousand Dollars (\$2,800,000.00) or such lesser original principal amount as the Mayor shall determine with the assistance of the City Administrator of the City (the “City Administrator”), the Director of Finance of the City (the “Director of Finance”) and/or any other appropriate officials of the City, the financial advisor to the City and bond counsel to the City is needed to finance or reimburse the costs of issuance component of the Costs of the Projects. Such bond shall be designated the “City of Salisbury Tax-Exempt Public Improvements Bond of 2026” (the “Bond”) and shall be issued in the form of a single, fully registered bond. In the event the Mayor, with the assistance described in this subsection (a), determines that the Bond should be issued in an original principal amount less than Two Million Eight Hundred Thousand Dollars (\$2,800,000.00) in order to finance or reimburse the costs of issuance component of the Costs of the Projects, the Mayor, on behalf of the City, is hereby authorized and empowered to approve such lesser original principal amount, such approval to be evidenced conclusively by the Mayor’s execution and delivery of the Bond reflecting such lesser original principal amount in accordance with Sections 6 and 8 hereof.

(b) In furtherance of Section 3(d) of Ordinance No. 2979, it is the intention of the Council that, without having to amend this Resolution, unless an amendment is necessary to modify the definition of “Costs of the Projects” provided for in Section 2(b) above, and without notice to or the consent of the registered owner of the Bond, the principal amount of the Bond may be spent on any applicable Costs of the Projects, notwithstanding the descriptive names used for the Projects in the table in Section 2(a) above, including, without limitation, costs related to changes in the scope of and/or name of any Project effected through applicable budgetary procedures or applicable law.

(c) The final original principal amount of the Bond is hereby appropriated to pay Costs of the Projects. Any reduction in the final original principal amount of the Bond pursuant to subsection (a) of this Section 3 shall be reflected in the Section 148 Certificate provided for in Section 13(a) hereof. Without notice to or the consent of the registered owner of the Bond, the City may allocate and reallocate the final original principal amount of the Bond among the Costs of the Projects in accordance with applicable budgetary procedures or applicable law, including, to the extent applicable, by resolution, subject to any applicable provisions of Ordinance No. 2979.

(d) Without notice to or the consent of the registered owner of the Bond, the City may reallocate any portion of the final original principal amount of the Bond to one or more additional projects not included within or contemplated by the definition of the Projects by an ordinance that supplements and amends Ordinance No. 2979 and a resolution that supplements and amends this Resolution.

(e) Without notice to or the consent of the registered owner of the Bond, the City may spend investment earnings on proceeds of the Bond on Costs of the Projects or on other allowable uses in accordance with applicable budgetary procedures or applicable law.

(f) Additional provisions of Section 3 of Ordinance No. 2979 shall apply to the allocation, reallocation and expenditure of proceeds of the Bond.

SECTION 4. AND BE IT FURTHER RESOLVED that:

(a) The Bond shall be dated the date of its delivery and shall be issued in the form of a single, fully-registered general obligation installment bond, without coupons attached.

(b) Subject to the following provisions of this subsection (b), the Bond shall mature on April 1, 2041, subject to prior prepayment as provided for in Section 5(a) of this Resolution, with annual principal installments payable thereon on April 1 in each of the years 2027-2041, inclusive, as follows:

<u>Principal Payment Date</u>	<u>Principal Installment</u>	<u>Principal Payment Date</u>	<u>Principal Installment</u>
04/01/2027	\$186,666.66	04/01/2035	\$186,666.66
04/01/2028	186,666.66	04/01/2036	186,666.66
04/01/2029	186,666.66	04/01/2037	186,666.66
04/01/2030	186,666.66	04/01/2038	186,666.66
04/01/2031	186,666.66	04/01/2039	186,666.66
04/01/2032	186,666.66	04/01/2040	186,666.66
04/01/2033	186,666.66	04/01/2041	186,666.76
04/01/2034	186,666.66		

The foregoing principal amortization schedule was prepared by the financial advisor to the City and approved by the Lender identified in Section 9(b) of this Resolution and assumes that the Bond will be issued on April 21, 2026 in the original principal amount of \$2,800,000.00. The Mayor, on behalf of the City, with the advice of the City Administrator and/or any other appropriate City officials, the financial advisor to the City and bond counsel to the City is hereby authorized and empowered to approve changes to the foregoing principal amortization schedule prior to the issuance and delivery of the Bond in order to (i) correct typographical or calculation errors, (ii) reflect a decrease in the original principal amount of the Bond as issued, (iii) reflect a different date of issuance and delivery of the Bond, or (iv) to meet a requirement of the Lender that was provided for in or contemplated by its proposal, such revised amortization schedule to be prepared by the financial advisor to the City or the Lender and reflected in the executed and delivered Bond, and the Mayor's approval thereof to be evidenced conclusively by his execution and delivery of the Bond reflecting such revised amortization schedule as provided for in Sections 6 and 8 hereof.

(c) Subject to the further provisions of this subsection (c), the Bond shall bear interest from its date of issuance at the rate of three and ninety-five hundredths of one percent (3.95%) per annum. Accrued and outstanding interest on the unpaid principal amount of the Bond shall be payable on April 1 and October 1 in each year until maturity or prior prepayment in whole, commencing on October 1, 2026; provided that, the last installment of interest shall be paid on the date that principal of the Bond is retired or prepaid in whole.

Notwithstanding the preceding paragraph, upon the occurrence of a Determination of Taxability (as defined below), the Bond shall bear interest at the rate of five and twenty-five hundredths of one percent (5.25%) per annum. "Determination of Taxability" means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest on the Bond is includable in gross income of the registered owner of the Bond (or any prior registered owner) for federal income tax purposes as a result of conditions arising from the action or inaction of the City. Unless otherwise prohibited by applicable law or applicable public policy as determined by a court of competent jurisdiction, upon a Determination of Taxability, the City shall also be responsible for payment of any interest, penalties or charges owed by the registered owner of the Bond (or any prior registered owner) as a result of the Determination of Taxability, together with any and all attorneys' fees, court costs or other out-of-pocket expenses incurred by the registered owner of the Bond (or prior registered owner) as a result of the Determination of Taxability.

(d) Interest on the Bond shall be computed on the basis of a 360-day year comprised of 12 30-day months. Until repaid in full, the unpaid principal amount of the Bond shall accrue interest as set forth herein.

(e) The registered owner of the Bond shall provide written notice to the Director of Finance of the interest and, to the extent applicable, principal due on the Bond on each semi-annual interest payment date at least ten (10) days prior to such semi-annual interest payment date, or such fewer number of days as is acceptable to the Director of Finance, but failure to provide such notice shall not affect the amount of, or the City's obligation to pay, principal or interest due on the Bond. The date and amount of each principal installment payment made by the City on the Bond shall be noted by the registered owner of the Bond on its books and records, which notation when made will be presumed correct absent manifest error. The registered owner's failure to make appropriate notation of any such principal installment payment shall not limit or otherwise affect the City's obligations hereunder.

(f) If a scheduled payment date for the Bond falls on a day that is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on the amount owed as of such regularly scheduled payment date for the intervening period.

(g) Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond will be payable by check or draft mailed to the registered owner thereof at the address designated by the registered owner in writing to the Director of Finance unless the Director of Finance and the registered owner agree on a different manner of payment (including, without limitation, by federal funds wire transfer, ACH payment or automatic debit of an appropriate account of the City). The Director of Finance, on behalf of the City, is hereby authorized and empowered to make any of the payment arrangements provided for in this Section 4(g). The registered owner of the Bond shall not be required to surrender the Bond in order to receive payment thereon.

(h) In the event payment of principal of and/or interest due on the Bond is received fifteen (15) days or more after the scheduled payment due date, the City shall also pay a late fee equal to the greater of (i) five percent (5%) of the scheduled payment amount, and (ii) \$2.00, provided that,

payment of any such late fee is not prohibited by applicable law or applicable public policy as determined by a court of competent jurisdiction.

(i) Upon a default in the payment of any amounts provided for in this Resolution or the Bond, the registered owner of the Bond shall have the right to accelerate and demand payment of all amounts then due hereunder or under the Bond. Upon a payment default or a non-payment default, the registered owner of the Bond shall have the right to pursue any other remedies available at law or in equity. Upon such a payment or non-payment default, the City agrees to pay to the registered owner of the Bond all costs incurred by the registered owner in seeking collection of amounts owed hereunder or under the Bond including, but not limited to, reasonable attorneys' fees and court costs. The provisions of this subsection (i) shall apply to the extent not prohibited by applicable law or applicable public policy as determined by a court of competent jurisdiction and are subject to the provisions of subsection (j) below.

(j) Notwithstanding anything to the contrary contained in this Resolution or the Bond, (i) the registered owner of the Bond may not exercise its acceleration rights upon a payment default until the expiration of fifteen (15) days prior written notice to the Director of Finance, and (ii) the registered owner of the Bond may not exercise any remedies at law or in equity in connection with a non-payment default until it has provided thirty (30) days prior written notice to the Director of Finance. If the City has commenced a cure for a non-payment default within thirty (30) days of notice and is diligently pursuing such cure, the City shall have an additional period to cure the same, not to exceed sixty (60) days, unless the registered owner of the Bond agrees to an extended period. Notwithstanding the foregoing, the cure period for a monetary default shall be limited to one monetary default per consecutive twelve (12) month period.

SECTION 5. AND BE IT FURTHER RESOLVED that:

(a) The Bond shall be subject to prepayment prior to maturity at the option of the City in whole or in part on any date at a prepayment price of 100% of the principal amount being prepaid plus accrued interest on the principal amount being prepaid to the date fixed for prepayment, without premium or penalty.

(b) The City shall give the registered owner of the Bond written notice of its election to prepay the Bond in whole or in part at least five (5) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the registered owner of the Bond); any such notice may be given by first class mail or email, any such notice of prepayment may be conditional, and any notice of prepayment in part shall identify the principal amount to be prepaid.

(c) In the event the Bond is not prepaid on any date fixed for prepayment thereof in whole or in part in accordance with this Section 5, the Bond shall continue in full force and effect.

SECTION 6. AND BE IT FURTHER RESOLVED that the Bond shall be executed in the name of the City and on its behalf by the Mayor. The corporate seal of the City shall be affixed to the Bond and attested by the signature of the City Clerk of the City (the "City Clerk"). In the event any official of the City whose signature appears on the Bond shall cease to be such official prior to the delivery of the Bond, or, in the event any such official whose signature appears on the Bond shall

have become such after the date of issue thereof, the Bond shall nevertheless be a valid and binding obligation of the City in accordance with its terms.

SECTION 7. AND BE IT FURTHER RESOLVED that:

(a) The Bond shall be transferable only upon the books kept for that purpose by the Director of Finance at the City offices in Salisbury, Maryland, in whole only by the registered owner thereof in person or by the registered owner's attorney duly authorized in writing, together with (A) a written certification substantially to the effect provided for in Section 9(c) of this Resolution satisfactory to the Director of Finance and duly executed by the transferee and (B) a written instrument of transfer in a form satisfactory to the Director of Finance and duly executed by the registered owner or the registered owner's duly authorized attorney. Upon such transfer there shall be issued in the name of the transferee a new registered bond of the same series in principal amount equal to the unpaid principal amount of the Bond surrendered, and with the same maturity date and installment payment dates and amounts (or then-remaining installment payment dates and amounts, as applicable) and bearing interest at the same rate payable on the same dates. Any such new Bond issued in transfer may be executed and sealed as provided in Section 6 above with respect to the original execution and delivery of the Bond, or as otherwise required by then-applicable law, and appropriate changes may be made to the form of such Bond delivered in transfer to account for the dated date of such replacement Bond or the outstanding principal amount of such replacement Bond. Notwithstanding the foregoing, the registered owner of the Bond may grant participations in the Bond after the original issuance and delivery of the Bond, but the registered owner of the Bond in which participations are granted shall remain noted as the sole registered owner of the Bond on the City's records and the City shall make payments or prepayments to and give any notices only to such sole registered owner.

(b) If at any time an action needs to be taken in accordance with subsection (a) above the position of the Director of Finance is vacant or in the absence, disability or unavailability of the incumbent Director of Finance, the authority to act as registrar for the Bond shall be exercised in the following order of priority: (i) first, by the Assistant Director of Finance Operations of the City appointed in accordance with the Charter (the "Assistant Director of Finance Operations"), (ii) second, if there is no incumbent Assistant Director of Finance Operations or in the absence, disability or unavailability of the incumbent Assistant Director of Finance Operations, by the Assistant Director of Finance Accounting appointed in accordance with the Charter (the "Assistant Director of Finance Accounting"), (iii) third, if there is no incumbent Assistant Director of Finance Accounting or in the absence, disability or unavailability of the incumbent Assistant Director of Finance Accounting, by the City Administrator, (iv) fourth, if there is no incumbent City Administrator or in the absence, disability or unavailability of the incumbent City Administrator, by the Deputy City Administrator appointed in accordance with the Charter (the "Deputy City Administrator"), and (v) fifth, if there is no incumbent Deputy City Administrator, by any incumbent Assistant City Administrator of the City (the "Assistant City Administrator").

SECTION 8. AND BE IT FURTHER RESOLVED that except as provided hereinafter or in a resolution or resolutions of the Council adopted prior to the issuance of the Bond, the Bond shall be issued in substantially the form attached hereto as Exhibit A and incorporated by reference herein. Appropriate variations and insertions may be made by the Mayor to such form to provide dates, numbers and amounts, to carry into effect the provisions of this Resolution (including, without

limitation, to reflect matters determined in accordance with Sections 3, 4, and 11 of this Resolution), to reflect requirements of the Lender in connection with its proposal to purchase the Bond, or to comply with recommendations of legal counsel. All of the covenants contained in the form of the Bond as finally executed and delivered by the Mayor in accordance with the provisions of Section 6 hereof and this Section 8 are hereby adopted by the City, as the same may be modified as authorized by this Section, as and for the form of obligation to be incurred by the City, and the covenants and conditions contained therein are hereby made binding upon the City, including the promise to pay therein contained. The execution and delivery of the final form of the Bond by the Mayor in accordance with the provisions of this Resolution shall be conclusive evidence of the approval by the Mayor of the final form of the Bond and any variations, insertions, omissions, notations, legends or endorsements authorized by this Resolution. To the extent there are inconsistencies between the provisions of the Bond, as executed and delivered in accordance with the provisions of this Section 8, and the provisions of this Resolution, the provisions of such executed and delivered Bond shall control.

SECTION 9. AND BE IT FURTHER RESOLVED that:

(a) The Council hereby ratifies, confirms, approves and adopts as actions of the City all actions taken by the City Administrator, the Director of Finance, other City staff, the financial advisor to the City and bond counsel to the City, on behalf of the City, to identify the financial institution or bank that offered the most beneficial terms for the Bond, including, without limitation, the preparation, execution, delivery and circulation of the request for proposals dated February 26, 2026 and further communications with respondents to clarify terms of their proposals.

(b) City staff has recommended that Calvin B. Taylor Banking Co. of Berlin, Maryland (the "Lender") is the respondent that submitted the most beneficial proposal to make the loan to the City evidenced by the Bond in response to the request for proposals circulated by the financial advisor to the City. The Council hereby determines that it shall be in the best interests of the City to sell the Bond at private sale in a direct purchase transaction to the Lender, for a purchase price of the final original principal amount of the Bond determined in accordance with the provisions of this Resolution and for cash. Therefore, and pursuant to the authority of the Enabling Act and Section SC7-46 of the Charter, the Bond shall be sold at private sale in a direct purchase transaction to the Lender, for a price of the final original principal amount of the Bond as determined in accordance with the provisions of this Resolution, with no payment of accrued interest due as of the date of delivery. The Bond shall be registered in the name of the Lender or as otherwise specified by the Lender.

(c) The Bond shall be sold to evidence a loan from the Lender and not for resale to the general public. Accordingly, as a condition to delivery of the Bond and prior to the issuance of the Bond, the Lender shall furnish to the City a certificate acceptable to bond counsel to the City generally to the effect that (i) the Lender has such knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, that it is capable of evaluating the risks and merits of the loan represented by the Bond; (ii) the Lender has made its own independent and satisfactory inquiry of the financial condition of the City, including inquiry into financial statements and other information relating to the financial condition of the City to which a reasonable lender would attach significance in making lending decisions, and of any other matters deemed to be relevant to a reasonably informed decision to make the loan

evidenced by the Bond; (iii) the Lender has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City and the Bond, all so that as a reasonable lender the Lender has been able to make a reasonably informed decision to make the loan evidenced by the Bond; (iv) the Lender is not purchasing the Bond as an “underwriter” or “Participating Underwriter” as defined in Securities and Exchange Commission Rule 15c2-12, as amended, replaced or supplemented, and is not purchasing for more than one account or with a view to distributing the Bond; (v) if the Bond is subsequently sold, transferred or disposed of, such sale, transfer or disposition will be made only in compliance with any applicable federal and state securities laws and any other applicable laws; (vi) the Lender understands and acknowledges that (A) the Bond (1) is not being registered under the Securities Act of 1933, as amended, and is not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (2) will not be listed on any stock or other securities exchange, (3) will carry no rating from any rating service, (4) will not be readily marketable, (5) will not have a CUSIP number, and (6) will not be registered in book-entry only form with or through The Depository Trust Company, and (B) no disclosure document is being prepared in connection with the issuance and sale of the Bond; (vii) the Lender is (A) an “accredited investor” within the meaning of Rule 501(a)(1) of Regulation D under the Securities Act of 1933, as amended (the “1933 Act”) or (B) a “Qualified Institutional Buyer” as defined in Rule 144A under the Securities Act; and (viii) the Bond is not transferable except to another “accredited investor” or a “Qualified Institutional Buyer” unless bond counsel to the City agrees otherwise, and the Lender understands that it may be required to hold the Bond to maturity since any sale prior to maturity may not be possible. The certifications set forth in this subsection (c) may be edited appropriately (i) to conform to standard language of the Lender or as agreed to by bond counsel to the City, and/or (ii) to conform to standard language for such a certification commonly used by any applicable subsequent registered owner of the Bond.

(d) The Council hereby acknowledges and agrees that the City shall provide to the registered owner of the Bond while the Bond remains outstanding a copy of the City’s audited financial statements within 275 days of the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2026, subject to any extensions granted to the City for the delivery of such audited financial statements in any applicable year by an applicable Maryland official or officials in accordance with applicable Maryland law. Such audited financial statements shall be deemed provided to the registered owner of the Bond when posted to the City’s website within such 275-day period; provided that, if the audited financial statements for any fiscal year are not released and posted to the City’s website within 275 days of the end of that fiscal year, the City shall provide the audited financial statements for that fiscal year by email to the registered owner of the Bond promptly upon the release of such audited financial statements. The audited financial statements of the City provided in accordance with this Section 9(d) may be in electronic PDF format unless applicable law requires the same to be in another format.

(e) The City hereby acknowledges and agrees that (i) the transactions contemplated by this Resolution are an arm’s length transaction between the City and the Lender, (ii) in connection with such transactions, the Lender is acting solely as a principal and not as an advisor including without limitation, a “municipal advisor” (as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules), agent, or fiduciary of the City, (iii) the Lender has not provided any advice or assumed any advisory or fiduciary responsibility in favor of the City with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Lender, or any affiliate of the

Lender, has provided other services or advised, or is currently providing other services or advising the City on other matters), (iv) the Lender has financial and other interests that differ from those of the City, and (v) the City has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

SECTION 10. AND BE IT FURTHER RESOLVED that:

(a) The Bond shall be suitably prepared in definitive form, executed by the Mayor and delivered to the Lender on such date as shall be mutually acceptable to the Mayor, the City Administrator and the Lender on a date no later than April 21, 2026, or such other closing date agreed upon by the Mayor, the City Administrator and the Lender. The entire principal amount of the Bond shall be disbursed by the Lender upon the date of issuance at the direction of the appropriate City official or officials. Such disbursements shall be paid directly to the City and/or to such other party or parties as directed by the City. Any disbursement directly to the City shall be deposited by the Director of Finance or other appropriate official in the proper City accounts and may be invested within the limits of any applicable Maryland or federal law.

(b) Subject to the provisions of Section 3 of this Resolution, any principal amount of the Bond not needed for Costs of the Projects (including costs of issuance) and any investment earnings on proceeds of the Bond may be spent on debt service payable or prepayable on the Bond, as determined by the City in accordance with applicable budgetary procedures or applicable law, subject to the provisions of Sections 13 and 14 below.

(c) Nothing in this Resolution shall be construed to authorize the expenditure of any moneys except for a proper public purpose.

SECTION 11. AND BE IT FURTHER RESOLVED that:

(a) The Mayor, the City Administrator, the Director of Finance, the City Clerk and all other appropriate officials of the City (including such other City officials as are identified in this Resolution) are expressly authorized, empowered and directed to (i) take any and all action necessary to complete and close the sale and delivery of the Bond, (ii) subject to any limitations provided for in this Resolution, negotiate, approve, execute and deliver all documents, agreements, certificates and instruments necessary or appropriate in connection therewith, including documents, agreements, certificates and instruments intended to reflect any provisions specified by the Lender in connection with its proposal to purchase the Bond, and (iii) carry out the transactions contemplated by Ordinance No. 2979, this Resolution, any supplemental ordinance or resolution, and any documents, agreements, certificates or instruments executed and delivered in connection with the issuance of the Bond, all to the extent such actions are within the spheres of their respective responsibilities and to the extent authority with respect to a specific action has not already been delegated in accordance with Ordinance No. 2979 or this Resolution.

(b) Notwithstanding any other provisions of this Resolution, the Mayor, on behalf of the City, with the advice of the City Administrator, the Director of Finance and/or bond counsel to the City, is hereby authorized and empowered to agree to terms relating to the Bond that (i) accurately reflect the provisions of the Lender's proposal to purchase the Bond, to the extent such terms are not reflected accurately herein, (ii) are more favorable to the City than the terms reflected in this

Resolution and/or (iii) are not more favorable to the City but are not uncommon for municipal obligations in the nature of the Bond, any of which such other terms shall be reflected in the final form of the Bond executed and delivered by the Mayor in accordance with Sections 6 and 8 of this Resolution and/or in other applicable closing documents, certificates or instruments executed and directed by appropriate City officials pursuant to the authority of this Resolution, and, to the extent of any discrepancy among the provisions of this Resolution and the executed and delivered Bond and/or closing documents, certificates or instruments, the provisions of such executed Bond and/or closing documents, certificates and instruments shall control.

(c) The City acknowledges its obligation to pay (i) a fee not to exceed \$3,500.00 to McAllister, DeTar, Showalter & Walker LLC, as counsel to the Lender, whether or not the Bond is issued to the Lender, and (ii) to the Lender at closing a fee equal to 0.375% of the final original principal amount of the Bond determined in accordance with the provisions of this Resolution.

(d) Either or both of the Mayor and the City Administrator is hereby authorized and empowered to countersign any term sheet or proposal of the Lender.

SECTION 12. AND BE IT FURTHER RESOLVED that:

(a) For the purpose of paying the principal of and interest on the Bond when due, the City shall impose on all real and tangible personal property in the City that is subject to assessment for unlimited municipal taxation, ad valorem taxes at a rate and in an amount sufficient to provide for the prompt payment of the principal of and interest on the Bond due in each such fiscal year. If the proceeds from the taxes so imposed in any such fiscal year are inadequate for such payment, additional taxes shall be imposed in the succeeding fiscal year to make up such deficiency.

(b) The full faith and credit and unlimited taxing power of the City are hereby pledged to the payment of the principal of and interest on the Bond as and when they become due and payable and to the imposition 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 Bond. The City hereby covenants and agrees with the registered owner, from time to time, of the Bond to impose the taxes hereinabove described and to take any further action that lawfully may be appropriate from time to time during the period that the Bond remains outstanding and unpaid to provide the funds necessary to pay promptly the principal thereof and the interest due thereon.

(c) The foregoing provisions shall not be construed so as to prohibit the City from paying the principal of and interest on the Bond from the proceeds of the sale of any other obligations of the City or from any other funds legally available for that purpose. Subject to the provisions of Sections 13 and 14 below and applicable Maryland law, the City may apply to the payment of the principal of or interest on the Bond 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 the funds are granted or paid to the City for the purpose of assisting the City in accomplishing the Projects or are otherwise available for such purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes hereby required to be imposed may be reduced proportionately.

SECTION 13. AND BE IT FURTHER RESOLVED that:

(a) The Mayor, the City Administrator and the Director of Finance are the officials of the City responsible for the issuance of the Bond within the meaning of Section 1.148-2(b)(2) of the U.S. Treasury Regulations (the “Treasury Regulations”). Any one or more of the Mayor, the City Administrator and the Director of Finance also shall be the official(s) of the City responsible for the execution and delivery (on the date of the issuance of the Bond) of a certificate of the City (the “Section 148 Certificate”) that complies with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations, and such official(s) are hereby authorized and directed to execute and deliver the Section 148 Certificate to counsel rendering an opinion on the validity and tax-exempt status of the Bond on the date of the issuance thereof.

(b) The City shall set forth in the Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Bond or of any monies, securities or other obligations to the credit of any account of the City which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code or the Treasury Regulations (collectively, the “Bond Proceeds”). The City covenants with the registered owner of the Bond that the facts, estimates and circumstances set forth in the Section 148 Certificate will be based on the City’s reasonable expectations on the date of issuance of the Bond and will be, to the best of the certifying officials’ knowledge, true and correct as of that date.

(c) The City covenants with the registered owner of the Bond that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds that would cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Treasury Regulations, and that it will comply with those provisions of Section 148 of the Code and the Treasury Regulations as may be applicable to the Bond on its date of issuance and which may subsequently lawfully be made applicable to the Bond as long as the Bond remains outstanding and unpaid.

(d) In connection with their execution and delivery of the Section 148 Certificate, the authorized official or officials identified in this Section 13 are hereby authorized and empowered, on behalf of the City, to make any designations, elections, determinations or filings on behalf of the City provided for in or permitted by the Code and the Treasury Regulations and to reflect the same in the Section 148 Certificate and/or the IRS Form 8038-G filed in connection with the issuance of the Bond or any other documentation deemed appropriate by bond counsel to the City; provided that, only one of such identified officials must sign the IRS Form 8038-G.

(e) In the event any modifications are proposed to be made to the Bond after issuance of the Bond, City officials shall promptly consult with nationally-recognized bond counsel to determine if the implementation of the same shall result in a reissuance of the Bond for purposes of the Code and the Treasury Regulations under then-applicable law. In the event any such proposed modifications are so determined to result in a reissuance of the Bond for purposes of the Code and the Treasury Regulations, in order that the tax-exempt status of interest payable on the Bond shall continue to remain excludable from gross income of the registered owner thereof for federal income tax purposes, following any required actions of the Council as advised by bond counsel to the City, (i) any one or more of the City officials identified in subsection (a) of this Section 13, on behalf of the City, is hereby authorized, empowered and directed to (A) negotiate,

approve, execute and deliver any documents, agreements or instruments deemed necessary or desirable in connection therewith, and (B) make any determinations, designations, elections or filings provided for in the Code and the Treasury Regulations in connection therewith, and (ii) any one or more of the City officials identified in subsection (a) of this Section 13, on behalf of the City, is hereby authorized, empowered and directed to negotiate and approve any supplement to the Section 148 Certificate executed and delivered in connection with the original issuance and delivery of the Bond or any new Section 148 Certificate determined to be necessary or desirable in connection with such reissuance. The powers delegated to the identified City officials in this subsection (e) in connection with a reissuance of the Bond shall be broadly construed in order to ensure compliance with the provisions of the Code and the Treasury Regulations; provided that, such delegation shall not prevent the Council, at its option, by resolution, from making or otherwise providing for any necessary or desirable determinations or actions in connection with any such reissuance of the Bond.

SECTION 14. AND BE IT FURTHER RESOLVED that the City specifically covenants that it will comply with the provisions of the Code applicable to the Bond, including, without limitation, compliance with provisions regarding the timing of the expenditure of the proceeds of the Bond, the use of such proceeds and the facilities or improvements financed with such proceeds, the restriction of investment yields, the filing of information with the Internal Revenue Service, and the rebate of certain earnings resulting from the investment of the proceeds of the Bond or payments in lieu thereof. The City further covenants that it shall make such use of the proceeds of the Bond, regulate the investment of the proceeds thereof and take such other and further actions as may be required to maintain the exemption from federal income taxation of interest on the Bond. All officials and agents of the City are hereby authorized and directed to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Bond as may be necessary or appropriate.

SECTION 15. AND BE IT FURTHER RESOLVED that:

(a) Except as otherwise may be required under the Charter with respect to execution of the Bond, it is the intention of the Council that, with respect to any authority granted to the Mayor pursuant to this Resolution, if there is a vacancy in the position of the Mayor or in the absence, disability or unavailability of the Mayor, such authority shall be exercised in the following order of priority: (A) first, by any Acting Mayor of the City appointed by the City Council in accordance with the Charter (the "Acting Mayor"), (B) second, if no Acting Mayor has been appointed or in the absence, disability or unavailability of any incumbent Acting Mayor, by the City Administrator, and (C) third, if the position of the City Administrator is vacant or in the absence, disability or unavailability of the City Administrator, by the Deputy City Administrator.

(b) Section 14(e) of Ordinance No. 2979 designates the City officials, in order of priority, who may attest to the impression or affixing of the City seal in connection with the Bond if the position of the City Clerk is vacant or in the absence, disability or unavailability of the incumbent City Clerk, subject to any applicable provisions of the Charter, including with respect to the City seal to be impressed or affixed on the Bond.

(c) If two or more City officials are authorized to act in concert in accordance with the provisions of this Resolution and the position of one such identified official is vacant, or in the

absence, disability or unavailability of such identified official, references to such official shall be disregarded unless another City official has authority to act in place of such official in accordance with the provisions of Section 1(b) of this Resolution or subsections (a) or (b) of this Section 15, as applicable.

SECTION 16. **AND BE IT FURTHER RESOLVED** that notwithstanding anything to the contrary contained in this Resolution, the Mayor, in consultation with the City Administrator and/or any other appropriate City officials, the financial advisor to the City, and/or counsel to the City, as applicable, on behalf of the City, is hereby authorized and empowered to determine that the Bond shall not be issued to the Lender in the event such City officials and professionals determine that the implementation of any provisions required by the Lender's proposal, or modifications required by the Lender to conform to the provisions of its proposal, are detrimental to and not in the best interests of the City, or if the Lender and such City officials cannot agree upon any such terms. Upon any such determination, the appropriate official or officials of the City are hereby authorized to take any and all action necessary to implement such decision, the Bond shall not be issued and delivered to the Lender, and the provisions of this Resolution relating to the issuance and sale the Bond to the Lender shall be deemed to be inapplicable.

SECTION 17. **AND BE IT FURTHER RESOLVED** that to the extent the provisions of this Resolution do not comport with the debt policy of the City, the provisions of the debt policy are deemed to be overridden.

SECTION 18. **AND BE IT FURTHER RESOLVED** that the provisions of this Resolution shall be liberally construed in order to effectuate the transactions contemplated by this Resolution.

SECTION 19. **AND BE IT FURTHER RESOLVED** that this Resolution may be executed (i) in counterparts and/or (ii) to the extent not prohibited by applicable law, by electronic, stamped or facsimile signature, and all executed counterparts of this Resolution shall be treated as one and the same resolution.

SECTION 20. **AND BE IT FURTHER RESOLVED** that this Resolution shall become effective upon adoption by the Council and approval by the Mayor. Pursuant to Charter Section SC7-46A, this Resolution may not be petitioned to referendum.

[CONTINUED ON FOLLOWING PAGE]

THIS RESOLUTION was introduced and duly adopted at a meeting of the Council of the City of Salisbury held on the 13 day of April, 2026.

ATTEST:



Julie A. English, City Clerk



April R. Jackson, President
Salisbury City Council

APPROVED BY ME THIS 13th DAY OF April, 2026:



Randolph J. Taylor, Mayor

#243877;58111.042

EXHIBIT A

SUBSTANTIALLY FINAL FORM OF BOND

Note: Bracketed language is intended to reflect that such provisions apply only in certain circumstances, and such language shall be deleted from, modified or included in the final form of the Bond as appropriate. Any other applicable revisions to this form, including, without limitation, the completion of blanks, may be made in accordance with the provisions of this Resolution to reflect provisions permitted by the provisions of this Resolution.

THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS PROVIDED FOR IN SECTIONS 7(a) AND 9(c) of THE RESOLUTION (AS DEFINED HEREIN).

No. R-

\$

UNITED STATES OF AMERICA
STATE OF MARYLAND
CITY OF SALISBURY

TAX-EXEMPT PUBLIC IMPROVEMENTS BOND OF 2026

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>
April 1, 2041	3.95% (subject to the further provisions of this bond)	_____, 2026

Registered Owner:

Principal Sum:

DOLLARS

IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PORTION OF THE PRINCIPAL SUM HAS BEEN PAID OR PREPAID. EACH PAYMENT OR PREPAYMENT OF A PRINCIPAL INSTALLMENT SHALL BE NOTED BY THE REGISTERED OWNER OF THIS BOND ON ITS BOOKS AND RECORDS, WHICH NOTATION WHEN MADE WILL BE PRESUMED CORRECT ABSENT MANIFEST ERROR. THE REGISTERED OWNER'S FAILURE TO MAKE APPROPRIATE NOTATION OF ANY SUCH PAYMENT OR PREPAYMENT SHALL NOT LIMIT OR OTHERWISE AFFECT THE OBLIGATIONS OF THE CITY HEREUNDER AND SHALL NOT AFFECT THE VALID

PAYMENT AND DISCHARGE OF SUCH OBLIGATION
EFFECTED BY SUCH PAYMENT OR PREPAYMENT.

City of Salisbury, a municipal corporation organized and existing under the Constitution and laws of the State of Maryland (the “City”), hereby acknowledges itself indebted for value received and promises to pay to the Registered Owner shown above, or registered assigns or legal representatives, the Principal Sum shown above, plus interest on the unpaid principal balance as set forth herein. This bond shall mature on April 1, 2041, subject to the further provisions of this bond.

The principal of this bond shall be payable in fifteen (15) annual installments on April 1 of each year, commencing on April 1, 2027, as set forth in the amortization schedule attached hereto as Schedule 1, subject to prior prepayment as hereinafter provided.

Subject to the provisions of the succeeding paragraph, this bond shall bear interest on the unpaid outstanding principal balance from the date of its delivery at an annual rate of interest equal to three and ninety-five hundredths of one percent (3.95%) per annum. Accrued and outstanding interest on the unpaid Principal Sum of this bond shall be payable on April 1 and October 1 in each year until final maturity or prior prepayment in whole, commencing on October 1, 2026.

Notwithstanding the preceding paragraph, upon the occurrence of a Determination of Taxability (as defined below), this bond shall bear interest at the rate of five and twenty-five hundredths of one percent (5.25%) per annum. “Determination of Taxability” means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest on this bond is includable in gross income of the Registered Owner of this Bond (or any prior registered owner) for federal income tax purposes as a result of conditions arising from the action or inaction of the City. Unless otherwise prohibited by applicable law or applicable public policy as determined by a court of competent jurisdiction, upon a Determination of Taxability, the City shall also be responsible for payment of any interest, penalties or charges owed by the Registered Owner of this bond (or any prior registered owner) as a result of the Determination of Taxability, together with any and all attorneys’ fees, court costs or other out-of-pocket expenses incurred by the Registered Owner of this bond (or prior registered owner) as a result of the Determination of Taxability.

Interest shall be computed on the basis of a 360-day year comprised of 12 30-day months. Until repaid in full, the unpaid Principal Sum of this bond shall accrue interest as set forth herein.

The Registered Owner of this bond shall provide written notice to the Director of Finance of the City (the “Director of Finance”) of the interest and any principal due on this bond on each semi-annual interest payment date at least ten (10) days prior to such semi-annual interest payment date, or such fewer number of days as is acceptable to the Director of Finance, but failure to provide such notice shall not affect the amount of, or the City’s obligation to pay, principal or interest due on this bond.

This bond shall be subject to prepayment prior to maturity at the option of the City in whole or in part on any date at a prepayment price of 100% of the principal amount being prepaid plus

accrued interest on the principal amount being prepaid to the date fixed for prepayment, without premium or penalty.

The City shall give the Registered Owner of this bond written notice of its election to prepay this bond in whole or in part at least five (5) days prior to the date fixed for prepayment (or such fewer number of days as is acceptable to the Registered Owner). Any such notice may be given by first class mail or email, any such notice may be conditional, and any such notice of prepayment in part shall identify the principal amount to be prepaid. In the event this bond is not prepaid on any date fixed for prepayment hereof in whole or in part, such prepayment notice shall be considered void and this bond shall continue in full force and effect.

Principal of and interest on this bond shall be payable in lawful money of the United States of America. The Registered Owner of this bond shall not be required to surrender this bond in order to receive payment hereon. Principal of and interest this bond will be payable by check or draft mailed to the Registered Owner at the address designated by the Registered Owner in writing to the Director of Finance unless the Director of Finance and the Registered Owner agree on a different manner of payment (including, without limitation, by federal funds wire transfer, ACH payment or automatic debit of an appropriate account of the City). If a semi-annual interest payment date falls on a Saturday, a Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the Registered Owner of this bond is located are not required to be open, payment may be made on the next succeeding day that is not a Saturday, a Sunday or a day on which the City, banks in the State of Maryland and/or banks in the state in which the Registered Owner of this bond is located are not required to be open, and no interest shall accrue on the scheduled amount owed as of such regularly scheduled payment date for the intervening period.

In the event payment of principal of and/or interest due on this bond is received fifteen (15) days or more after the scheduled payment due date, the City shall also pay a late fee equal to the greater of (i) five percent (5%) of the scheduled payment amount, and (ii) \$2.00, provided that, payment of any such late fee is not prohibited by applicable law or applicable public policy as determined by a court of competent jurisdiction.

Upon a default in the payment of any amounts provided for in the Resolution (as defined below) or this bond, the Registered Owner of this bond, subject to the provisions of the succeeding paragraph, shall have the right to accelerate and demand payment of all amounts then due under the Resolution or this bond. Upon a payment default or a non-payment default, the Registered Owner of this bond shall have the right to pursue any other remedies available at law or in equity, subject to the provisions of the succeeding paragraph. Upon such a payment or non-payment default, the City agrees to pay to the Registered Owner of this bond all costs incurred by the Registered Owner in seeking collection of amounts owed under the Resolution or under this bond including, but not limited to, reasonable attorneys' fees and court costs. The provisions of this paragraph shall apply to the extent not prohibited by applicable law or applicable public policy as determined by a court of competent jurisdiction.

Notwithstanding anything to the contrary contained in the Resolution or this bond, (i) the Registered Owner of this bond may not exercise its acceleration rights upon a payment default

until the expiration of fifteen (15) days prior written notice to the Director of Finance, and (ii) the Registered Owner of this bond may not exercise any remedies at law or in equity in connection with a non-payment default until it has provided thirty (30) days prior written notice to the Director of Finance. If the City has commenced a cure for a non-payment default within thirty (30) days of notice and is diligently pursuing such cure, the City shall have an additional period to cure the same, not to exceed sixty (60) days, unless the Registered Owner of this bond agrees to an extended period. Notwithstanding the foregoing, the cure period for a monetary default shall be limited to one monetary default per consecutive twelve (12) month period.

This bond is the duly authorized bond of the City, issued in the original principal amount of \$ _____, dated the date of its delivery and designated "City of Salisbury Tax-Exempt Public Improvements Bond of 2026." This bond is issued pursuant to and in full conformity with the provisions of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland, as replaced, supplemented or amended, Sections SC7-45 and SC7-46 of the Charter of the City of Salisbury, as replaced, supplemented or amended, and by virtue of due proceedings had and taken by the Council of the City (the "Council"), particularly Ordinance No. 2979, which was passed by the Council on March 23, 2026, approved by the Mayor on March 25, 2026 and became effective on March 25, 2026 (the "Ordinance"), and Resolution No. _____, which was adopted by the Council on April __, 2026 and became effective on April __, 2026 (the "Resolution").

Subject to the provisions of Section 7(a) and 9(c) of the Resolution, this bond is transferable in whole only upon the books kept for that purpose at the office of the Director of Finance, by the Registered Owner hereof in person, or by his duly authorized attorney, upon surrender hereof, together with a written instrument of transfer in the form attached hereto and satisfactory to the Director of Finance and duly executed by the Registered Owner or his duly authorized attorney, and evidence satisfactory to the Director of Finance of compliance with Section 7(a) and 9(c) of the Resolution. Upon any such transfer or exchange, the City shall issue a new registered bond in denomination equal to the aggregate unpaid principal amount of the bond surrendered, and with the same final maturity date, principal payment dates and principal payment amounts and bearing interest at the same rate. In each case, the Director of Finance may require payment by the Registered Owner of this bond requesting transfer or exchange hereof of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such transfer or exchange, but otherwise no charge shall be made to the Registered Owner hereof for such transfer or exchange.

The City may deem and treat the party in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

The full faith and credit and unlimited taxing power of City of Salisbury are hereby pledged to the payment of the principal of and interest on this bond according to its terms, and the City does hereby covenant and agree to pay punctually the principal of and the interest on this bond, at the dates and in the manner mentioned herein, according to the true intent and meaning hereof.

This bond shall be governed by the laws of the State of Maryland, without giving effect to principles of conflicts-of-laws.

It is hereby certified and recited that each and every act, condition and thing required to exist, to be done, to have happened or 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 Ordinance and the Resolution, and that this bond, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of Maryland and that due provision has been made for the imposition of an annual ad valorem tax or taxes upon all the legally assessable property within the corporate limits of the City at a rate and in an amount sufficient to provide for the payment, when due, of the principal of and interest on this bond.

IN WITNESS WHEREOF, City of Salisbury has caused this bond to be executed in its name by the manual signature of the Mayor and its corporate seal to be affixed hereto, attested by the manual signature of the City Clerk, all as of the Original Issue Date set forth above.

(SEAL)

ATTEST:

CITY OF SALISBURY

By: _____
City Clerk

By: _____
Mayor

AMORTIZATION SCHEDULE FOR
CITY OF SALISBURY
TAX-EXEMPT PUBLIC IMPROVEMENTS BOND OF 2026

[See Attached]

Note: Final amortization schedule for the Bond to be attached to the executed Bond.

(Form of Instrument of Transfer)

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE OF ASSIGNEE)

the within bond and all rights thereunder and does hereby constitute and appoint _____

attorney to transfer the within bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signatures must be guaranteed by a
member firm of the New York Stock
Exchange or a commercial bank or trust
company.

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 whatsoever.