

THE MAYOR AND COUNCIL OF ROCKVILLE

Ordinance No. 18-20

AN ORDINANCE of The Mayor and Council of Rockville to authorize, pursuant to the authority of Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended, Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Rockville, as amended, the issuance and sale, upon its full faith and credit, of two series of its serial maturity general obligation, fully registered bonds, one series in an aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000) to be designated as "The Mayor and Council of Rockville General Obligation Bonds, Series 2020B" and one series in an aggregate principal amount not to exceed Twenty-Six Million Dollars (\$26,000,000) to be designated as "The Mayor and Council of Rockville General Obligation Taxable Refunding Bonds, Series 2020C"; said bonds to be issued and sold for the public purpose of (i) refunding certain outstanding maturities of the General Obligation Bonds, Series 2011B, the General Obligation Bonds, Series 2013A and General Obligation Bonds, Series 2014B of the City of Rockville, as more fully set forth in Exhibit A attached hereto; (ii) financing and refinancing all or a portion of the costs of or related to certain Water Fund projects and Sewer Fund projects, all as more fully set forth in Exhibit B attached hereto; and (iii) paying the costs incurred by the City in connection with the issuance, sale and delivery of said bonds; prescribing the form and tenor of such bonds and determining other matters relating to the issuance and sale thereof; determining that the best interests of the City will be served by selling said bonds at a public (competitive) sale; determining all other details in connection with said sale; providing for the disbursement of the proceeds of said bonds; providing for the levy and collection of all *ad valorem* taxes necessary to provide for the payment of the interest on, and the principal of, said bonds as they become due, such taxes to be levied upon all property subject to assessment for unlimited municipal taxation within the corporate limits of the City of Rockville; providing that the proceeds of the Series 2020B Bonds, or any moneys which may be deemed to be proceeds, will not be used in a manner which would cause said bonds to be arbitrage bonds and making certain other covenants to assure the exclusion of interest on said General Obligation Bonds, Series 2020B from gross income for federal income tax purposes; appointing a paying agent and registrar for said bonds; and generally providing for the issuance, sale and delivery of all said bonds.

RECITALS

For convenience of reference, The Mayor and Council of Rockville, a municipal corporation of the State of Maryland, is hereinafter referred to as the "City."

The authority for the powers herein exercised is contained in Article VII, Section 11 of the Charter of the City of Rockville (hereinafter sometimes referred to as the "Charter"), in Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended (the "City Enabling Act"), and in Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as amended (the "Refunding Act"), such authority being hereinafter sometimes referred to collectively as the "Enabling Act."

The City Enabling Act and the Charter enable the City to issue bonds for the purpose of financing and refinancing the costs of capital projects. The Refunding Act and the Charter enable the City to issue bonds for the purpose of refunding any of its outstanding bonds.

The City finds it to be in the public interest to borrow money to (i) refund some or all of the maturities of the bonds of the City listed on Exhibit A attached hereto, (ii) financing and refinancing all or a portion of the costs of the projects listed on Exhibit B attached hereto; and (iii) pay the costs incurred by the City in connection with the issuance, sale and delivery of said bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF ROCKVILLE, that:

Section 1: Acting pursuant to the authority of the Enabling Act, the City hereby determines that (A) the net proceeds from the sale of its General Obligation Bonds, Series 2020B, authorized to be issued and sold by this Ordinance (the "2020 New Money Bonds"), shall be used and applied to (i) financing and refinancing all or a portion of the costs of the projects listed on Exhibit B attached hereto, and (iii) pay the costs incurred by the City in connection with the issuance, sale and delivery of the 2020 New Money Bonds, and (B) the net proceeds from the sale of its General Obligation Taxable Refunding Bonds, Series 2020C, authorized to be issued and sold by this Ordinance (the "2020 Refunding Bonds" and, together with the 2020 New Money Bonds, the "2020 Bonds"), shall be used and applied to (i) refund some or all of the maturities of the bonds of the City listed on Exhibit A attached hereto, and (ii) pay the costs incurred by the City in connection with the issuance, sale and delivery of the 2020 Refunding Bonds. The City Manager of the City is hereby authorized and directed to determine to refund some, all or none of the bonds listed on Exhibit A, in order to further the best interests of the City.

Section 2: It is hereby determined that the City shall borrow money and incur indebtedness for the purposes set forth in this Ordinance. To evidence such borrowing and indebtedness and acting pursuant to the authority of the Enabling Act, the City shall issue

and sell, upon its full faith and credit, two series of its serial maturity general obligation, fully registered bonds, said issues of bonds to be known as "The Mayor and Council of Rockville General Obligation Bonds, Series 2020B" in an aggregate principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000) and "The Mayor and Council of Rockville General Obligation Taxable Refunding Bonds, Series 2020C" in an aggregate principal amount not to exceed Twenty-Six Million Dollars (\$26,000,000), respectively. The City Manager of the City is hereby authorized and directed to determine the aggregate principal amount and the principal amount per maturity of the 2020 Bonds to be issued in order to further the best interests of the City.

Section 3: The 2020 Bonds shall all be dated as of the date of their issuance, shall be in the denominations of \$5,000 or any integral multiple thereof, shall be numbered from one (1) consecutively upwards in the order of their maturities and each such number shall be prefixed by the letter "R." The Bond Registrar (hereinafter designated) may make such additional provision for numbering, including additional prefixes and suffixes, as it may deem appropriate. The 2020 Bonds shall mature on June 1 in such years and in such principal amounts as the City Manager shall determine in order to further the best interests of the City.

Section 4: (A) The 2020 Bonds maturing on or before June 1, 2030, shall not be subject to redemption prior to their respective maturities. The 2020 Bonds maturing on or after June 1, 2031 shall be subject to redemption prior to their respective maturities at the option of the City on or after June 1, 2030, either as a whole or in part at any time, in such order of maturity and within any maturity in such amount as directed by the City, at par plus accrual interest.

(B) If less than all of the 2020 Bonds of any one maturity are called for redemption, the particular 2020 Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its sole discretion may determine.

When less than all of a 2020 Bond in a denomination in excess of \$5,000 shall be so redeemed, then, upon the surrender of such 2020 Bond, there shall be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such 2020 Bond, at the option of such owner, registered 2020 Bonds in any of the authorized denominations, the aggregate face amount of such 2020 Bonds not to exceed the unredeemed balance of the registered 2020 Bond so surrendered, and to bear the same interest rate and to mature on the same date as said unredeemed balance.

If, in accordance with the foregoing options, the City elects to redeem all outstanding 2020 Bonds, or less than all, it will give a redemption notice by letter mailed first class, postage prepaid, to the registered owners of the 2020 Bonds to be redeemed at least thirty (30) days and not more than sixty (60) days prior to the redemption date, at the addresses of such owners appearing on the registration books kept by the Bond Registrar;

provided, however, that the failure to mail any such notice or any defect in the notice so mailed or the mailing thereof shall not affect the validity of any redemption proceedings. Such notice shall state for all 2020 Bonds being redeemed: maturity date, certificate numbers, redemption date, redemption price, whether the 2020 Bonds are being redeemed in whole or in part and shall also state that on the redemption date the interest on the 2020 Bonds so called shall cease to accrue and the redemption price shall become due and payable and shall require that the 2020 Bonds so called be presented for redemption and payment at the principal corporate trust office of the Paying Agent.

The City may also provide such further notices and take such further actions as it deems necessary in connection with such redemption, including any such notices or actions as are required by the Securities and Exchange Commission or by the Municipal Securities Rulemaking Board.

From and after the date fixed for redemption, if due notice has been given as herein provided, and the funds sufficient for payment of the redemption price and accrued interest shall be available therefor on such date, the 2020 Bonds so designated for redemption shall cease to bear interest. Upon presentation and surrender in compliance with said notices, the 2020 Bonds so called for redemption shall be paid by the Paying Agent (hereinafter designated) at the redemption price plus any accrued interest. If not so paid on presentation thereof, said 2020 Bonds so called shall continue to bear interest at the rates expressed therein until paid. All 2020 Bonds redeemed and paid hereunder will be canceled.

Section 5: All of the 2020 Bonds authorized by this Ordinance shall bear interest at such interest rate or rates as shall be approved by the City Manager upon receipt of competitive bids for the 2020 Bonds. Each 2020 Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated upon an interest payment date, in which event it shall bear interest from such interest payment date, or unless authenticated prior to the first interest payment date, in which event it shall bear interest from the date of the 2020 Bonds; provided, however, that if at the time of authentication of any 2020 Bond interest is in default, such 2020 Bond shall bear interest from the date to which interest has been paid. The interest on all 2020 Bonds shall be paid semi-annually on June 1 and December 1, beginning June 1, 2021, of each year in which any 2020 Bonds may be outstanding, and shall be computed on a 360-day year, 30-day month basis.

All 2020 Bonds shall be executed in the name of the City and on its behalf by the Mayor of Rockville. Such signature of the Mayor of Rockville may be manually affixed or may be imprinted on such 2020 Bonds by facsimile; either a facsimile or an original of the corporate seal of Rockville shall also be imprinted thereon, attested by the manual or facsimile signature of the City Clerk/Director of Council Operations.

There shall accompany each 2020 Bond the text of the approving legal opinion of Venable LLP, Bond Counsel, with respect to such 2020 Bond.

In the event any official whose signature shall appear on such 2020 Bonds shall cease to be such official prior to the delivery of the 2020 Bonds, or in the event any such official whose signature shall appear on the 2020 Bonds shall have become such after the date of issue thereof, the 2020 Bonds shall nevertheless be valid and legally binding obligations of the City in accordance with their terms.

Notwithstanding any other provision of this Ordinance, it is intended that the 2020 Bonds will be issued as "book-entry only" securities. The City will issue one bond for each maturity of the 2020 Bonds in the name of Cede & Co., nominee for The Depository Trust Company ("DTC"), and beneficial ownership of the 2020 Bonds will be evidenced by book entries maintained by DTC. The City Manager of the City is hereby authorized and directed to take whatever actions are necessary or advisable to facilitate the issuance of the 2020 Bonds as book-entry only securities.

All 2020 Bonds shall be issued as fully registered bonds without coupons in denominations of \$5,000 each or any integral multiples thereof, and shall be registered in the name or names of the owner or owners thereof, on books kept for such purpose at the principal office of the Bond Registrar. Payment of the principal of and interest on the 2020 Bonds shall be made to the persons in whose names such 2020 Bonds are registered on the registration books maintained by the Bond Registrar as the registered owners thereof, such principal to be payable at the principal Office of the Paying Agent upon presentation and surrender of such 2020 Bonds as the same become due and payable, and such interest to be payable by check mailed by the Paying Agent on the date such interest is payable to the persons in whose names the 2020 Bonds are registered as of the close of business on the fifteenth day of the immediately preceding month (the "Regular Record Date") at such registered owner's address as it appears on the registration books maintained by the Bond Registrar.

The City is hereby designated as the Bond Registrar and as the Paying Agent for the 2020 Bonds, subject to further action by the City.

Any interest on any 2020 Bond which is payable but not punctually paid or duly provided for ("Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date and such Defaulted Interest may be paid by the City, at its election in each case, as provided in paragraph (1) or (2) below:

(1) The City may elect to make payment of any Defaulted Interest on the 2020 Bonds to the persons in whose names such 2020 Bonds are registered at the close of business on a record date for the payment of such Defaulted Interest (the "Special Record Date"), which shall be fixed in the following manner. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on the 2020

Bonds and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the City shall deposit or cause to be deposited with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as provided in this paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name of the City, shall cause notice of the payment date for such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner as of a date not less than ten (10) days prior to such Special Record Date at such owner's address as it appears in the registration books maintained by the Bond Registrar. The Paying Agent may, in its discretion, in the name of the City, cause a similar notice to be published at least once in a newspaper of general circulation in each of Baltimore, Maryland and the Borough of Manhattan, New York, New York but such publication shall not be a condition precedent to the establishment of such Special Record Date Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid on the date fixed for such payment to the registered owners of the 2020 Bonds as of the close of business on the Special Record Date.

(2) The City may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the 2020 Bonds may be listed, and upon such notice as may be required by such exchange, if, after notice given by the City to the Paying Agent of the proposed payment pursuant to this paragraph, such payment shall be deemed practicable, and approved in writing, by the Paying Agent.

Except as provided hereinafter or in ordinances or resolutions of The Mayor and Council of Rockville adopted prior to the issuance and delivery of the 2020 Bonds, all 2020 Bonds shall be substantially in the following form, with appropriate insertions as therein indicated, which form and all of the covenants therein contained are hereby adopted by the City as and for the form of obligation to be incurred by the City, and said covenants and conditions are hereby made binding upon the City, including the promise to pay therein contained:

[FORM OF 2020 NEW MONEY BOND]

No. R--

\$ _____

UNITED STATES OF AMERICA
STATE OF MARYLAND
THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND
General Obligation Bond, Series 2020B

Interest Rate

Per Annum

Maturity Date

Date of Original Issue

CUSIP

June 1, 20__ __, 2020

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT

DOLLARS

THE MAYOR AND COUNCIL OF ROCKVILLE (the "City"), a municipal corporation created and existing under the laws of the State of Maryland, hereby acknowledges itself indebted, and, for value received, promises to pay to the Registered Owner shown above or registered assigns or legal representatives on the Maturity Date shown above (unless this bond shall be redeemable, shall have been called for prior redemption and payment of the redemption price made or provided for), the Principal Amount shown above or so much thereof as shall not have been paid upon prior redemption in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts upon presentation and surrender of this bond on the date such principal is payable or if such date is not a Business Day (hereinafter defined) then on the next succeeding Business Day at the principal office of the City, Rockville, Maryland (the "Paying Agent"), and to pay to the registered owner hereof by check or draft, mailed to such registered owner at such owner's address as it appears on said registration books (the "Bond Register") maintained by the City (the "Bond Registrar") interest on said principal amount at the Interest Rate shown above (computed on a 360-day year, 30-day month basis) until payment of such principal amount, or until the prior redemption hereof, such interest being payable semi-annually on June 1 and December 1, beginning June 1, 2021, to the person in whose name this bond is registered on the Bond Register as of the close of business on the regular record date, which shall be the fifteenth day of the month immediately preceding each interest payment date (the "Regular Record Date") and shall be made by check mailed by the Paying Agent on the interest payment date to such person's address as it appears on the Bond Register. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered as of the close of business on a date fixed by the Paying Agent for the payment of such defaulted interest (the "Special Record Date"), notice of such payment date and the Special Record Date therefor being given by letter mailed first class, postage

prepaid, to the registered owner hereof not less than ten (10) days prior to such Special Record Date at the address of such owner as it appears on the Bond Register, or may be paid at any time in any other lawful manner not inconsistent with the requirement of any securities exchange on which the bonds of this series may be listed and upon such notice as may be required by such exchange. Interest will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Date of Original Issue shown above.

“Business Day” means a day other than a Saturday, Sunday or a day on which the City is authorized or obligated by law or required by executive order to remain closed.

The full faith and credit and unlimited taxing power of the City are irrevocably 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 the principal of this bond and the interest thereon, at the dates and in the manner mentioned herein, according to the true intent and meaning thereof.

This bond is one of a duly authorized issue of general obligation bonds of the City designated “General Obligation Bonds, Series 2020B” aggregating _____ Million _____ Dollars (\$_____,000) in principal amount, which are in denominations of \$5,000 or any integral multiple thereof and mature serially in installments on June 1 in each of the years 20__ to 20__ inclusive, and bear interest per annum, as follows:

<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
-----------------------------------	-----------------------------------	--------------------------------	-----------------------------------	-----------------------------------	--------------------------------

The bonds are numbered from one consecutively upwards prefixed by the letter “R” and are of like tenor and effect except as to maturity, number, interest rate, denomination and redemption provisions, and are issued pursuant to and in full conformity with the provisions of Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Rockville, as amended, and by virtue of due proceedings had and taken by The Mayor and Council of Rockville, particularly an Ordinance introduced on September 14, 2020 and adopted on September 14, 2020 (the “Ordinance”).

The bonds maturing on or before June 1, 2030 are not subject to redemption prior to their respective maturities. The bonds maturing on or after June 1, 2031 are subject to redemption prior to their respective maturities at the option of the City on or after June 1, 2030, either as a whole or in part at any time, in such order of maturity and within any maturity in such amount as directed by the City, without premium, plus interest accrued to the date fixed for redemption.

If less than all of the bonds of any one maturity of this issue shall be called for redemption, the particular bonds or Portion thereof to be redeemed from such maturity shall be selected by lot by the Bond Registrar in such manner as, in its discretion, it shall determine.

When less than all of a bond in a denomination in excess of \$5,000 shall be so redeemed, then, upon the surrender of such bond, there shall be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such bond, at the option of such owner, registered bonds in any of the authorized denominations, the aggregate face amount of such bonds not to exceed the unredeemed balance of the registered bond so surrendered, and to bear the same interest rate and to mature on the same date as said unredeemed balance.

If, in accordance with the foregoing option, the City elects to redeem all outstanding bonds, or less than all, it will give a redemption notice by letter mailed first class, postage prepaid, to the registered owners of such bonds at least thirty (30) days and not more than sixty (60) days prior to the redemption date, at the addresses of such owners appearing on the registration books kept by the Bond Registrar; provided, however, that the failure to mail such notice or any defect in the notice so mailed, or in the mailing thereof shall not affect the validity of the redemption proceedings. Such notice shall state the maturity date, certificate numbers, redemption date, redemption price, whether the bonds are being redeemed in whole or in part and the name and address of the Paying Agent and shall also state that on the redemption date the interest on the bonds so called shall cease to accrue and the redemption price shall become due and payable and shall require that the bonds so called be presented for redemption and payment at the principal office of that Paying Agent. From and after the date fixed for redemption, if due notice by publication is given as herein provided, and the funds sufficient for payment of the redemption price and accrued interest shall be available therefor on such date, the bonds so designated for redemption shall cease to bear interest. Upon presentation and surrender in compliance with said notices, the bonds so called for redemption shall be paid by the Paying Agent at the redemption price plus any accrued interest. If not so paid on presentation thereof, said bonds so called shall continue to bear interest at the rates expressed therein until paid. All bonds redeemed and paid hereunder will be canceled.

This bond is transferable only upon the registration books kept at the principal office of the Bond Registrar, by the registered owner hereof in person, or by his or her attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in the form attached hereto and satisfactory to the Bond Registrar duly executed by the registered owner or his or her duly authorized attorney, and thereupon, within a reasonable time, the Bond Registrar shall issue in the name of the transferee a new registered bond or bonds of any authorized denominations in aggregate principal amount equal to the principal amount of this bond or the unredeemed portion hereof, and maturing on the same date and bearing interest at the same rate, and the new bond or bonds shall be delivered to the transferee only after payment of any tax or

governmental charge required to be paid with respect to, and any shipping expenses or insurance relating to, such transfer and only after due authentication thereof by an authorized officer of the Bond Registrar. The Bond Registrar shall not be required to issue, transfer or exchange any bond during the period beginning fifteen days before any selection of bonds to be redeemed and ending on the day of publication and mailing of the notice of redemption or to transfer or exchange any bond called or being called for redemption in whole or in part. The Bond Registrar may deem and treat the person 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 or redemption price hereof and interest due hereon and for all other purposes.

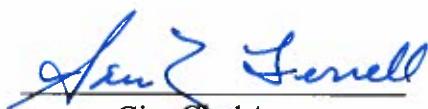
It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland, the Charter of the City (the "Charter") and the Ordinance to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the issue of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by said Constitution or statutes or Charter, and that due provision has been made for the levy and collection of an ad valorem tax or taxes upon all legally assessable property within the corporate limits of the City in rate and amount sufficient to provide for the payment, when due, of the principal of and interest on this bond.

This bond shall not be valid or become obligatory for any purpose, until this bond shall have been authenticated by an authorized officer of the Bond Registrar.

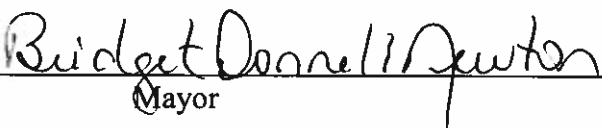
IN WITNESS WHEREOF, this bond has been executed by the manual or facsimile signature of the Mayor of the City, an original or facsimile of the corporate seal of the City has been imprinted hereon, attested by the manual or facsimile signature of the City Clerk/Director of Council Operations as of the __ day of ___, 2020.

ATTEST:

THE MAYOR AND COUNCIL OF ROCKVILLE



City Clerk/
Director of Council Operations

By: 
Mayor

CERTIFICATION OF AUTHENTICATION

The undersigned hereby certifies that this bond is one of the registered bonds without coupons of The Mayor and Council of Rockville.

By: _____
[Authorized Officer of
Bond Registrar]

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and does hereby constitute and appoint _____ to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

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

[FORM OF 2020 REFUNDING BOND]

No. R--

\$ _____

UNITED STATES OF AMERICA
STATE OF MARYLAND
THE MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND
General Obligation Taxable Refunding Bond, Series 2020C

Interest Rate

Per Annum

Maturity Date

Date of Original Issue

CUSIP

June 1, 20__ __, 2020

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT

DOLLARS

THE MAYOR AND COUNCIL OF ROCKVILLE (the "City"), a municipal corporation created and existing under the laws of the State of Maryland, hereby acknowledges itself indebted, and, for value received, promises to pay to the Registered Owner shown above or registered assigns or legal representatives on the Maturity Date

shown above (unless this bond shall be redeemable, shall have been called for prior redemption and payment of the redemption price made or provided for), the Principal Amount shown above or so much thereof as shall not have been paid upon prior redemption in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts upon presentation and surrender of this bond on the date such principal is payable or if such date is not a Business Day (hereinafter defined) then on the next succeeding Business Day at the principal office of the City, Rockville, Maryland (the "Paying Agent"), and to pay to the registered owner hereof by check or draft, mailed to such registered owner at such owner's address as it appears on said registration books (the "Bond Register") maintained by the City (the "Bond Registrar") interest on said principal amount at the Interest Rate shown above (computed on a 360-day year, 30-day month basis) until payment of such principal amount, or until the prior redemption hereof, such interest being payable semi-annually on June 1 and December 1, beginning June 1, 2021, to the person in whose name this bond is registered on the Bond Register as of the close of business on the regular record date, which shall be the fifteenth day of the month immediately preceding each interest payment date (the "Regular Record Date") and shall be made by check mailed by the Paying Agent on the interest payment date to such person's address as it appears on the Bond Register. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered as of the close of business on a date fixed by the Paying Agent for the payment of such defaulted interest (the "Special Record Date"), notice of such payment date and the Special Record Date therefor being given by letter mailed first class, postage prepaid, to the registered owner hereof not less than ten (10) days prior to such Special Record Date at the address of such owner as it appears on the Bond Register, or may be paid at any time in any other lawful manner not inconsistent with the requirement of any securities exchange on which the bonds of this series may be listed and upon such notice as may be required by such exchange. Interest will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Date of Original Issue shown above.

"Business Day" means a day other than a Saturday, Sunday or a day on which the City is authorized or obligated by law or required by executive order to remain closed.

The full faith and credit and unlimited taxing power of the City are irrevocably 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 the principal of this bond and the interest thereon, at the dates and in the manner mentioned herein, according to the true intent and meaning thereof.

This bond is one of a duly authorized issue of general obligation bonds of the City designated "General Obligation Taxable Refunding Bonds, Series 2020C" aggregating ____ Million ____ Hundred Thousand Dollars (\$____,____,000) in principal amount, which are in denominations of \$5,000 or any integral multiple thereof and mature serially in

installments on June 1 in each of the years 20__ to 20__ inclusive, and bear interest per annum, as follows:

<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
-----------------------------------	-----------------------------------	--------------------------------	-----------------------------------	-----------------------------------	--------------------------------

The bonds are numbered from one consecutively upwards prefixed by the letter “R” and are of like tenor and effect except as to maturity, number, interest rate, denomination and redemption provisions, and are issued pursuant to and in full conformity with the provisions of Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended, Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Rockville, as amended, and by virtue of due proceedings had and taken by The Mayor and Council of Rockville, particularly an Ordinance introduced on September 14, 2020 and adopted on September 14, 2020 (the “Ordinance”).

The bonds maturing on or before June 1, 2030 are not subject to redemption prior to their respective maturities. The bonds maturing on or after June 1, 2031 are subject to redemption prior to their respective maturities at the option of the City on or after June 1, 2030, either as a whole or in part at any time, in such order of maturity and within any maturity in such amount as directed by the City, without premium, plus interest accrued to the date fixed for redemption.

If less than all of the bonds of any one maturity of this issue shall be called for redemption, the particular bonds or Portion thereof to be redeemed from such maturity shall be selected by lot by the Bond Registrar in such manner as, in its discretion, it shall determine.

When less than all of a bond in a denomination in excess of \$5,000 shall be so redeemed, then, upon the surrender of such bond, there shall be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such bond, at the option of such owner, registered bonds in any of the authorized denominations, the aggregate face amount of such bonds not to exceed the unredeemed balance of the registered bond so surrendered, and to bear the same interest rate and to mature on the same date as said unredeemed balance.

If, in accordance with the foregoing option, the City elects to redeem all outstanding bonds, or less than all, it will give a redemption notice by letter mailed first class, postage prepaid, to the registered owners of such bonds at least thirty (30) days and not more than sixty (60) days prior to the redemption date, at the addresses of such owners appearing on the registration books kept by the Bond Registrar; provided, however, that the failure to mail such notice or any defect in the notice so mailed, or in the mailing

thereof shall not affect the validity of the redemption proceedings. Such notice shall state the maturity date, certificate numbers, redemption date, redemption price, whether the bonds are being redeemed in whole or in part and the name and address of the Paying Agent and shall also state that on the redemption date the interest on the bonds so called shall cease to accrue and the redemption price shall become due and payable and shall require that the bonds so called be presented for redemption and payment at the principal office of that Paying Agent. From and after the date fixed for redemption, if due notice by publication is given as herein provided, and the funds sufficient for payment of the redemption price and accrued interest shall be available therefor on such date, the bonds so designated for redemption shall cease to bear interest. Upon presentation and surrender in compliance with said notices, the bonds so called for redemption shall be paid by the Paying Agent at the redemption price plus any accrued interest. If not so paid on presentation thereof, said bonds so called shall continue to bear interest at the rates expressed therein until paid. All bonds redeemed and paid hereunder will be canceled.

This bond is transferable only upon the registration books kept at the principal office of the Bond Registrar, by the registered owner hereof in person, or by his or her attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in the form attached hereto and satisfactory to the Bond Registrar duly executed by the registered owner or his or her duly authorized attorney, and thereupon, within a reasonable time, the Bond Registrar shall issue in the name of the transferee a new registered bond or bonds of any authorized denominations in aggregate principal amount equal to the principal amount of this bond or the unredeemed portion hereof, and maturing on the same date and bearing interest at the same rate, and the new bond or bonds shall be delivered to the transferee only after payment of any tax or governmental charge required to be paid with respect to, and any shipping expenses or insurance relating to, such transfer and only after due authentication thereof by an authorized officer of the Bond Registrar. The Bond Registrar shall not be required to issue, transfer or exchange any bond during the period beginning fifteen days before any selection of bonds to be redeemed and ending on the day of publication and mailing of the notice of redemption or to transfer or exchange any bond called or being called for redemption in whole or in part. The Bond Registrar may deem and treat the person 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 or redemption price hereof and interest due hereon and for all other purposes.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland, the Charter of the City (the "Charter") and the Ordinance to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the issue of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by said Constitution or statutes or Charter, and that due provision has been made for the levy and collection of an ad valorem tax or taxes upon all legally assessable property within the corporate limits of the City in rate and amount

sufficient to provide for the payment, when due, of the principal of and interest on this bond.

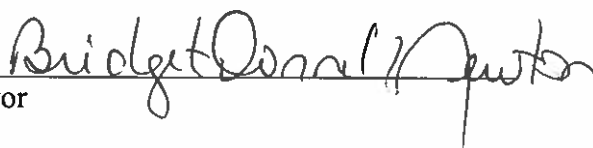
This bond shall not be valid or become obligatory for any purpose, until this bond shall have been authenticated by an authorized officer of the Bond Registrar.

IN WITNESS WHEREOF, this bond has been executed by the manual or facsimile signature of the Mayor of the City, an original or facsimile of the corporate seal of the City has been imprinted hereon, attested by the manual or facsimile signature of the City Clerk/Director of Council Operations as of the __ day of __, 2020.

ATTEST:

THE MAYOR AND COUNCIL OF ROCKVILLE


City Clerk/Director of
Council Operations

By: 
Mayor

CERTIFICATION OF AUTHENTICATION

The undersigned hereby certifies that this bond is one of the registered bonds without coupons of The Mayor and Council of Rockville.

By: _____

[Authorized Officer of
Bond Registrar]

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and does hereby constitute and appoint _____ to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

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

Section 6: The City Manager of the City shall be and is hereby authorized to make such changes in the forms of bond set forth in Section 5 of this Ordinance, as the City Manager shall deem necessary to carry into effect the purposes of this Ordinance or to Comply with recommendation of legal counsel; provided, however, that the City Manager shall make no change affecting the substance of the 2020 Bonds authorized by this Ordinance.

Section 7: It is hereby determined that it is in the best interests of the City to sell the 2020 Bonds at public (competitive) sale. The Notice of Sale with respect to the 2020 New Money Bonds shall be substantially in the form of Exhibit C attached hereto, subject to such changes, insertions and amendments as the City Manager deems necessary and approves, his publication of such notice in the preliminary official statement relating to the 2020 New Money Bonds to constitute conclusive evidence of such approval. The Notice of Sale with respect to the 2020 Refunding Bonds shall be substantially in the form of Exhibit D attached hereto, subject to such changes, insertions and amendments as the City Manager deems necessary and approves, his publication of such notice in the preliminary official statement relating to the 2020 Refunding Bonds to constitute conclusive evidence of such approval.

The 2020 Bonds will be suitably prepared and duly executed and delivered to the respective entity(ies) submitting the winning bids for the 2020 Bonds (the "Purchasers") in accordance with the conditions of delivery as set forth in this Ordinance as soon as practicable, upon due notice and at the expense of the City, at such place as may be agreed upon between the Purchasers of the 2020 Bonds and the City, upon payment in Federal or other immediately available funds of the respective purchase prices of the 2020 Bonds.

The 2020 Bonds and their issuance and sale shall be exempt from the provisions of Sections 19-205 and 19-206 of the Local Government Article of the Annotated Code of Maryland, as amended.

Section 8: The City Manager is hereby authorized to prepare and distribute the Preliminary Official Statement with respect to the 2020 Bonds, to deem such Preliminary Official Statement to be "final" as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), to execute and deliver a Continuing Disclosure Agreement pursuant to the Rule, and to take such further action and to execute such other documents as are necessary or desirable in connection with the issuance of the 2020 Bonds.

Section 9: Pursuant to Section 11(f) of Article VII of the Charter of the City of Rockville, Davenport & Company LLC is hereby recognized and appointed as the Financial Advisor to the City in connection with the issuance of the 2020 Bonds.

Section 10: (a) The City shall apply such amount of the proceeds of the 2020 Refunding Bonds as shall be deemed necessary by the Chief Financial Officer to the payment in full of the bonds of the City to be refunded with the proceeds of the 2020 Bonds pursuant to the terms hereof (the "Refunded Bonds"). The City Manager is authorized to cause the City to enter into one or more escrow deposit agreements with a bank or trust company located within or without the State of Maryland and selected by the City Manager and deposit such proceeds thereunder if, in the City Manager's judgment, doing so shall further the best interests of the City. Such amounts shall be invested upon the direction of the Chief Financial Officer, pending their application in accordance with the provisions hereof.

(b) The City shall apply such amount of the proceeds of the 2020 New Money Bonds as shall be deemed necessary by the Chief Financial Officer to the financing and refinancing of all or a portion of the costs of the projects listed on Exhibit B. Such amounts shall be invested upon the direction of the Chief Financial Officer, pending their application in accordance with the provisions hereof.

(c) The Chief Financial Officer shall apply proceeds of each series of the 2020 Bonds to the payment of the costs of issuance thereof. Such amounts shall be invested upon the direction of the Chief Financial Officer, pending their application in accordance with the provisions hereof.

(d) The Refunded Bonds shall be called for redemption on the earliest call date for such Bonds that is reasonably practical, as determined by the Chief Financial Officer in his discretion.

The Chief Financial Officer shall give notice of redemption of the Refunded Bonds, signed in the name of the City and identifying the Refunded Bonds being called and designating the redemption date and the redemption price to be paid. Such notice of redemption shall be published, filed and mailed as provided in the respective ordinances of the City authorizing the issuance of the Refunded Bonds; but failure so to publish or file or mail any such notice shall not affect the validity of the proceedings for such redemption.

Notice having been given in the manner and under the conditions hereinabove provided, the Refunded Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided in the respective ordinance authorizing the issuance of the Refunded Bonds called for redemption, for the redemption of such Refunded Bonds on such date, and from and after the date of redemption so designated (unless default shall be made in the payment of the Refunded Bonds called for redemption) interest on such Refunded Bonds so called for

redemption shall cease to accrue and the interest coupons (if any) appertaining to such Bonds which mature after the redemption date shall become void.

Section 11: For the purpose of paying the principal of and interest on the 2020 Bonds authorized to be issued by this Ordinance, the City shall levy or cause to be levied, and there is hereby levied, in each and every fiscal year in which any of the 2020 Bonds are outstanding, an *ad valorem* tax or taxes upon all of the legally assessable property within the corporate limits of the City in rate and amount sufficient to provide for the payment, when due, of the principal of all of the 2020 Bonds maturing in each such fiscal year and of all of the interest on the 2020 Bonds coming due in each such fiscal year, and, in the event the proceeds from the taxes so levied in each such fiscal year shall prove inadequate for the above purposes, additional taxes shall be, and are hereby, levied in the subsequent fiscal year to make up any deficiency. It is the intent of this Ordinance that the rate of said *ad valorem* taxes shall be so computed in each fiscal year that the proceeds of such *ad valorem* taxes, together with any other funds then lawfully available for the purpose, shall provide sufficient funds to meet said maturing principal of and interest on all of the 2020 Bonds.

The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the payment to maturity of the principal of and interest on the 2020 Bonds authorized by this Ordinance as and when the same respectively mature 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 2020 Bonds hereby authorized to be issued. The City hereby solemnly covenants and agrees with each registered owner (from time to time) of the 2020 Bonds to levy and collect the taxes hereinabove described and to take any other action that may be appropriate from time to time during the period that any of the 2020 Bonds remain outstanding and unpaid to provide the funds necessary to make principal and interest payments thereon.

Section 12: (a) The City intends to issue the 2020 Refunding Bonds with the expectation that the interest thereon will be taxable for federal income tax purposes.

(b) The City intends to issue the 2020 New Money Bonds with the expectation that the interest thereon will be excludable from the gross income of the holders thereof for federal income tax purposes. The City Manager and the Chief Financial Officer shall be the officers of the City responsible for the issuance of the 2020 New Money Bonds within the meaning of the Arbitrage Regulations (defined herein). The City Manager and the Chief Financial Officer shall also be the officers of the City responsible for the execution and delivery (on the date of the issuance of the 2020 New Money Bonds) of a certificate of the City (the "Tax and Section 148 Certificate") which complies with the requirements of Section 148 of the Internal Revenue Code of 1986 ("Section 148"), and the applicable regulations thereunder (the "Arbitrage Regulations"), and such officers 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 2020 New Money Bonds on the date of the issuance of the 2020 New Money Bonds.

(c) The City 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 2020 New Money Bonds or of any moneys, securities or other obligations to the credit of any account of the City which may be deemed to be proceeds of the 2020 New Money Bonds pursuant to Section 148 or the Arbitrage Regulations (collectively, the "Bond Proceeds"). The City covenants and agrees with the registered owners of the 2020 New Money Bonds that the facts, estimates and circumstances set forth in the Tax and Section 148 Certificate will be based on the City's reasonable expectations on the date of issuance of the 2020 Bonds and will be, to the best of the certifying officers' knowledge, true and correct as of that date.

(d) The City covenants and agrees with the registered owners of the 2020 New Money Bonds 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 2020 New Money Bonds to be "arbitrage bonds" within the meaning of Section 148 and the Arbitrage Regulations. The City further covenants that it will comply with Section 148 of the Internal Revenue Code of 1986 (or any successor provision thereto) and the regulations thereunder which are applicable to the 2020 New Money Bonds on the date of issuance of the 2020 New Money Bonds and which may subsequently lawfully be made applicable to the 2020 New Money Bonds.

(e) The City further covenants that it shall make such use of the proceeds of the 2020 New Money 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 2020 New Money Bonds. All officers, employees and agents of the City 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 2020 New Money Bonds, as may be necessary or appropriate from time to time to comply with, or to evidence the City's compliance with, the covenants set forth in this Section.

Section 13: This Ordinance shall take effect from and after the date of final passage.

THE FOREGOING ORDINANCE was introduced at a meeting of the Mayor and Council of Rockville held on September 14, 2020, and, its title having been included on the published agenda for the meeting of September 14, 2020, and all other requirements of law for published notice or hearing having been complied with, was finally passed by the Mayor and Council of Rockville on September 14, 2020.


City Clerk/Director of Council Operations

Exhibit A

REFUNDED BONDS

Series 2011B Bonds:

Maturity Date	Par Amount
06/01/2022	\$495,000
06/01/2023	490,000
06/01/2024	490,000
06/01/2025	490,000
06/01/2026	490,000
06/01/2027	490,000
06/01/2028	490,000
06/01/2029	490,000
06/01/2030	490,000
06/01/2031	485,000
06/01/2032	485,000
Total:	\$5,385,000

Series 2013A Bonds:

Maturity Date	Par Amount
06/01/2023	\$800,000
06/01/2024	800,000
06/01/2025	800,000
06/01/2026	800,000
06/01/2027	800,000
06/01/2028	800,000
06/01/2029	795,000
06/01/2030	795,000
06/01/2031	795,000
06/01/2032	790,000
06/01/2033	790,000
06/01/2034	790,000
Total:	\$9,555,000

Series 2014B Bonds:

Maturity Date	Par Amount
06/01/2023	\$965,000
06/01/2024	965,000
06/01/2025	965,000
06/01/2026	465,000
06/01/2027	460,000
06/01/2028	460,000
06/01/2029	460,000
06/01/2030	460,000
06/01/2031	460,000
06/01/2032	460,000
06/01/2033	455,000
06/01/2034	455,000
06/01/2035	455,000
Total:	\$7,485,000

Exhibit B

List of Projects

Description	Program Area	Debt Amount	Maturity
Water Fund Projects			
Commercial Water Meter Replacements	Utilities	967,000	20 Years
Water Main Rehabilitation and Improvements	Utilities	3,802,000	20 Years
Water Treatment Plant Electrical, Roof & HVAC	Utilities	<u>7,806,000</u>	20 Years
Total Water Fund Projects		<u>\$12,575,000</u>	
Sewer Fund Projects			
Blue Plains Wastewater Treatment	Utilities	\$ <u>8,803,000</u>	20 Years
Total Sewer Fund Projects		<u>\$ 8,803,000</u>	
Total Project Needs		<u>\$21,378,000</u>	

Exhibit C

TERMS OF OFFERING

\$19,220,000⁽¹⁾

**General Obligation Bonds, Series 2020B
Mayor and Council of Rockville, Maryland**

NOTICE IS HEREBY GIVEN that the Series 2020B Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Electronic proposals for the Series 2020B Bonds will be received by the Chief Financial Officer of the City through the PARITY[®] system on Tuesday, September 22, 2020, until 10:30 A.M., Eastern Time. Consideration for award of the Series 2020B Bonds will be by the City Manager on the same day.

SUBMISSION OF PROPOSALS

The Issuer will assume no liability for the inability of the bidder to reach the Issuer prior to the time of sale specified above. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the Issuer to purchase the Series 2020B Bonds.

Electronic Bids must be submitted through PARITY[®] for purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all Bids submitted to PARITY[®]. Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic Bid in a timely manner and in compliance with the requirements of the Terms of Offering. Neither the Issuer, its agents, nor PARITY[®] shall have any duty or obligation to provide or ensure electronic access to any qualified prospective bidder, and neither the Issuer, its agents nor PARITY[®] shall be responsible for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by PARITY[®]. The Issuer is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Series 2020B Bonds, and PARITY[®] is not an agent of the Issuer.

If any provisions of this Official Terms of Offering conflict with information provided by PARITY[®], this Terms of Offering shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®], 1359 Broadway, 2nd Floor, New York City, New York 10018, Customer Support, (212) 849-5021.

DETAILS OF THE SERIES 2020B BONDS

The Series 2020B Bonds will be dated October 6, 2020, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2021. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Series 2020B Bonds will be issued pursuant to the authority of Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Rockville, as amended, and in accordance with an ordinance enacted by the Issuer on September 14, 2020.

⁽¹⁾ Preliminary, subject to change.

The Series 2020B Bonds will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>
2021	\$965,000	2031	960,000
2022	965,000	2032	960,000
2023	965,000	2033	960,000
2024	965,000	2034	960,000
2025	960,000	2035	960,000
2026	960,000	2036	960,000
2027	960,000	2037	960,000
2028	960,000	2038	960,000
2029	960,000	2039	960,000
2030	960,000	2040	960,000

⁽¹⁾ Preliminary, subject to change.

TERM BOND OPTION

Proposals for the Series 2020B Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds, provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond. All term bonds shall be subject to mandatory sinking fund redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above, at a price of par plus accrued interest to the date of redemption.

ADJUSTMENTS TO PRINCIPAL AMOUNTS AFTER DETERMINATION OF BEST PROPOSAL

Following the receipt of the bids, the Issuer reserves the right to adjust the principal amount after receipt of bids, and the maximum issue size will not exceed \$24,000,000. If the issue structure is adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e. the percentage resulting from dividing (i) the aggregate difference between the offering price of the Series 2020B Bonds to the public and the price to be paid to the Issuer (excluding accrued interest), by (ii) the principal amount of the Series 2020B Bonds) remains constant.

BOOK ENTRY SYSTEM

The Series 2020B Bonds will be issued by means of a book entry system with no physical distribution of Series 2020B Bonds made to the public. The Series 2020B Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Series 2020B Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Series 2020B Bonds. Individual purchases of the Series 2020B Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2020B Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer

of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Series 2020B Bonds, will be required to deposit the Series 2020B Bonds with DTC.

REGISTRAR

The Issuer will act as Registrar and Paying Agent and shall be subject to applicable SEC regulations.

OPTIONAL REDEMPTION

The Series 2020B Bonds maturing in the years June 1, 2031 and thereafter are subject to prior redemption on June 1, 2030 at a price of par plus accrued interest to the date of redemption.

SECURITY AND PURPOSE

The Series 2020B Bonds will be general obligations of the Issuer for which the Issuer will pledge its full faith and credit and unlimited taxing powers. The proceeds will be used to finance water, sewer, and capital projects and to pay the costs of issuing the Series 2020B Bonds.

TYPE OF PROPOSALS

Proposals shall be for not less than \$19,220,000 (Par) on the total principal amount of the Series 2020B Bonds. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the Issuer. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the Issuer scheduled for award of the Series 2020B Bonds is adjourned, recessed, or continued to another date without award of the Series 2020B Bonds having been made.

Rates must be in integral multiples of 1/8 or 1/20 of 1%, one rate per maturity. Series 2020B Bonds of the same maturity shall bear a single rate from the date of the Series 2020B Bonds to the date of maturity. Bidders may not specify (1) any interest rate for any Bonds which exceeds the interest rate stated in such bid for any other Bonds by more than 3.00%, (2) any interest rate that exceeds 5%, or (3) a zero rate of interest. A bid for the purchase of the Bonds at a price of less than 100% of par, or a bid for the Bonds that specifies split or supplemental interest rates, will not be considered. The City will also not consider and will reject any bid for the purchase of less than all of the Bonds. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

A good faith deposit (the "Deposit") is required in connection with the sale and bid for the Bonds. The Deposit may be provided in the form of a federal funds wire transfer in the amount of \$192,200 to be submitted to the City by the successful bidder not later than 3:00 p.m. local time (the "Deposit Deadline") on the date of sale. The award to the apparent successful bidder is contingent upon receipt of the Deposit, and the Series 2020B Bonds will not be awarded to such bidder until the City has confirmation of receipt of the Deposit. The Deposit of the successful bidder will be retained by the City to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds thereof will be retained as and for full liquidated damages.

The City shall distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Deposit Deadline. If the Deposit is not received by the Deposit Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the City in its discretion without any financial liability of the City to the successful bidder or any limitation whatsoever on

the City's right to sell the Bonds to a different purchaser upon such terms and conditions as the City shall deem appropriate.

AWARD

The Series 2020B Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The Issuer's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The Issuer will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2020B Bonds, (ii) reject all proposals without cause, and, (iii) reject any proposal which the Issuer determines to have failed to comply with the terms herein.

As a condition to the award of the Series 2020B Bonds, the successful bidder shall be required to assist the Issuer in establishing the issue price of the Series 2020B Bonds and shall execute and deliver to the Issuer at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2020B Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series 2020B Bonds) will apply to the initial sale of the Series 2020B Bonds (the "Competitive Sale Requirements") because:

- a. the Issuer is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- b. all bidders shall have an equal opportunity to bid;
- c. the Issuer anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- d. the Issuer anticipates awarding the sale of the Series 2020B Bonds to the bidder who submits a firm offer to purchase the Series 2020B Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series 2020B Bonds, as specified in the bid.

In the event that all of the Competitive Sale Requirements are not satisfied, the Issuer shall so advise the winning bidder. The Issuer will not require bidders to comply with the "hold-the-offering price rule," and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Series 2020B Bonds as the issue price of that maturity, though the winning bidder, in consultation with the Issuer, may elect to apply the "hold-the-offering price rule" (as described below). Bids will not be subject to cancellation in the event the Competitive Sale Requirements are not satisfied. Unless a bidder intends to apply the "hold-the-offering price rule" (as described below), bidders should prepare their bids on the assumption that all of the maturities of the Series 2020B Bonds will be subject to the 10% Test (as described below). The winning bidder must notify the Issuer of its intention to apply either the "hold-the-price rule" or the 10% Test at or prior to the time the Series 2020B Bonds are awarded.

If the winning bidder does not request that the “hold-the-offering price rule” apply to determine the issue price of the Series 2020B Bonds, the following two paragraphs shall apply:

- a. The Issuer shall treat the first price at which 10% of a maturity of the Series 2020B Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the Issuer if any maturity of the Series 2020B Bonds satisfies the 10% Test as of the date and time of the award of the Series 2020B Bonds; and
- b. Until the 10% Test has been satisfied as to each maturity of the Series 2020B Bonds, the winning bidder agrees to promptly report to the Issuer the prices at which the unsold Series 2020B Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Series 2020B Bonds of that maturity, provided that, the winning bidder’s reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Issuer or bond counsel.

If the winning bidder does request that the “hold-the-offering price rule” apply to determine the issue price of the Series 2020B Bonds, then following three paragraphs shall apply:

- a. The winning bidder, in consultation with the Issuer, may determine to treat (i) pursuant to the 10% Test, the first price at which 10% of a maturity of the Series 2020B Bonds is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2020B Bonds as the issue price of that maturity (the “hold-the-offering price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the Issuer if any maturity of the Series 2020B Bonds satisfies the 10% Test as of the date and time of the award of the Series 2020B Bonds. The winning bidder shall promptly advise the Issuer, at or before the time of award of the Series 2020B Bonds, which maturities of the Series 2020B Bonds shall be subject to the 10% Test or shall be subject to the hold-the-offering price rule or both.
- b. By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Series 2020B Bonds to the public on or before the date of the award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) if the hold-the-offering-price rule applies, agree, on behalf of the underwriters participating in the purchase of the Series 2020B Bonds, that the underwriters will neither offer nor sell unsold Series 2020B Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:
 - i. the close of the fifth (5th) business day after the sale date; or
 - ii. the date on which the underwriters have sold at least 10% of that maturity of the Series 2020B Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the Issuer when the underwriters have sold 10% of that maturity of the Series 2020B Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

- c. The Issuer acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in

the event a selling group has been created in connection with the initial sale of the Series 2020B Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2020B Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020B Bonds.

By submitting a bid, each bidder confirms that:

- a. any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2020B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A)(i) to report the prices at which it sells to the public the unsold Series 2020B Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% Test has been satisfied as to the Series 2020B Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.
- b. any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2020B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2020B Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement, to (i) report the prices at which it sells to the public the unsold Series 2020B Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% Test has been satisfied as to the Series 2020B Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (ii) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

Sales of any Series 2020B Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of establishing issue price. Further, for purposes of this Notice of Sale:

- a. “public” means any person other than an underwriter or a related party,
- b. “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2020B Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2020B Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2020B Bonds to the public);
- c. a purchaser of any of the Series 2020B Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
- d. “sale date” means the date that the Series 2020B Bonds are awarded by the Issuer to the winning bidder.

CUSIP NUMBERS

CUSIP numbers for the Bonds will be applied for by the Financial Advisor, but the City will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Bonds.

SETTLEMENT

The Series 2020B Bonds will be delivered on or about October 6, 2020 without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Venable LLP of Baltimore, Maryland, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2020B Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Issuer or its designee. Except as compliance with the terms of payment for the Series 2020B Bonds shall have been made impossible by action of the Issuer, or its agents, the purchaser shall be liable to the Issuer for any loss suffered by the Issuer by reason of the purchaser's non-compliance with said terms for payment.

PRELIMINARY OFFICIAL STATEMENT; CONTINUING DISCLOSURE

The Issuer has deemed the Preliminary Official Statement dated September 15, 2020 to be final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain information permitted to be omitted by said Rule. The Issuer agrees to deliver to the successful bidder for its receipt no later than seven business days after the date of sale of the Series 2020B Bonds such quantities of the final official statement as the successful bidder shall request; provided, that the Issuer shall deliver up to 25 copies of such official statement without charge to the successful bidder.

The Issuer has made certain covenants for the benefit of the holders from time to time of the Series 2020B Bonds to provide certain continuing disclosure, in order to assist bidders for the Series 2020B Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. Such covenants are described in the Preliminary Official Statement dated September 15, 2020.

THE MAYOR AND COUNCIL OF ROCKVILLE

By: _____
Chief Financial Officer

This Form will be used if the Competitive Sale Rule applies.
MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND
GENERAL OBLIGATION BONDS, SERIES 2020B

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the Underwriter reasonably expected to offer the Bonds for sale to the Public at prices for each of the Maturities of the Bonds no higher than and yields for each of the Maturities of the Bonds no lower than those listed on Schedule A hereto (the "Expected Offering Prices") and those are the prices and yields used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm bid to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Underwriter or a related party to a Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale or exchange the Bonds. The Sale Date of the Bonds is _____, 2020.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Venable LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

_____,
as Underwriter

By: _____

Dated: _____, 2020

Name:
Title:

Attachments:

SCHEDULE A – Expected Offering Prices

SCHEDULE B – Copy of Underwriter's Bid

**MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND
GENERAL OBLIGATION BONDS, SERIES 2020B**

**SCHEDULE A TO ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES**

**MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND
GENERAL OBLIGATION BONDS, SERIES 2020B**

**SCHEDULE B TO ISSUE PRICE CERTIFICATE
COPY OF UNDERWRITER'S BID**

(attached)

This Form will be used if either the 10% Test or the Hold-the-Offering-Price Rule applies.

**MAYOR AND COUNCIL OF ROCKVILLE, MARYLAND
GENERAL OBLIGATION BONDS, SERIES 2020B**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at a price that is no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Underwriter or a related party to a Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale or exchange the Bonds. The Sale Date of the Bonds is _____, 2020.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Venable LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

_____,
as Underwriter

By: _____

Name:

Title:

Dated: _____, 2020

Exhibit D

TERMS OF OFFERING

\$23,895,000⁽¹⁾

**General Obligation Refunding Bonds, Taxable Series 2020C
Mayor and Council of Rockville, Maryland**

NOTICE IS HEREBY GIVEN that the Series 2020C Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Electronic proposals for the Series 2020C Bonds will be received by the Chief Financial Officer of the City through the PARITY[®] system on Tuesday, September 22, 2020, until 10:45 A.M., Eastern Time. Consideration for award of the Series 2020C Bonds will be by the City Manager on the same day.

SUBMISSION OF PROPOSALS

The Issuer will assume no liability for the inability of the bidder to reach the Issuer prior to the time of sale specified above. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the Issuer to purchase the Series 2020C Bonds.

Electronic Bids must be submitted through PARITY[®] for purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all Bids submitted to PARITY[®]. Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic Bid in a timely manner and in compliance with the requirements of the Terms of Offering. Neither the Issuer, its agents, nor PARITY[®] shall have any duty or obligation to provide or ensure electronic access to any qualified prospective bidder, and neither the Issuer, its agents nor PARITY[®] shall be responsible for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by PARITY[®]. The Issuer is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Series 2020C Bonds, and PARITY[®] is not an agent of the Issuer.

If any provisions of this Official Terms of Offering conflict with information provided by PARITY[®], this Terms of Offering shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®], 1359 Broadway, 2nd Floor, New York City, New York 10018, Customer Support, (212) 849-5021.

DETAILS OF THE SERIES 2020C BONDS

The Series 2020C Bonds will be dated October 6, 2020, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2021. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Series 2020C Bonds will be issued pursuant to the authority of Subtitle 3 of Title 19 of the Local Government Article of the Annotated Code of Maryland, as amended, Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as amended, and Article VII, Section 11 of the Charter of the City of Rockville, as amended, and in accordance with an ordinance enacted by the Issuer on September 14, 2020.

⁽¹⁾ Preliminary, subject to change.

The Series 2020C Bonds will mature June 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>
2021	\$445,000	2029	\$1,765,000
2022	820,000	2030	1,730,000
2023	2,570,000	2031	1,695,000
2024	2,495,000	2032	1,660,000
2025	2,440,000	2033	1,185,000
2026	1,875,000	2034	1,165,000
2027	1,835,000	2035	415,000
2028	1,800,000		

⁽¹⁾ Preliminary, subject to change.

TERM BOND OPTION

Proposals for the Series 2020C Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds, provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond. All term bonds shall be subject to mandatory sinking fund redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above, at a price of par plus accrued interest to the date of redemption.

ADJUSTMENTS TO PRINCIPAL AMOUNTS AFTER DETERMINATION OF BEST PROPOSAL

Following the receipt of the bids, the Issuer reserves the right to adjust the principal amount after receipt of bids, and the maximum issue size will not exceed \$26,000,000. If the issue structure is adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e. the percentage resulting from dividing (i) the aggregate difference between the offering price of the Series 2020C Bonds to the public and the price to be paid to the Issuer (excluding accrued interest), by (ii) the principal amount of the Series 2020C Bonds) remains constant.

BOOK ENTRY SYSTEM

The Series 2020C Bonds will be issued by means of a book entry system with no physical distribution of Series 2020C Bonds made to the public. The Series 2020C Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Series 2020C Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Series 2020C Bonds. Individual purchases of the Series 2020C Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2020C Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Series 2020C Bonds, will be required to deposit the Series 2020C Bonds with DTC.

REGISTRAR

The Issuer will act as Registrar and Paying Agent and shall be subject to applicable SEC regulations.

OPTIONAL REDEMPTION

The Series 2020C Bonds maturing in the years June 1, 2031 and thereafter are subject to prior redemption on June 1, 2030 at a price of par plus accrued interest to the date of redemption.

SECURITY AND PURPOSE

The Series 2020C Bonds will be general obligations of the Issuer for which the Issuer will pledge its full faith and credit and unlimited taxing powers. The 2020C Bonds will be issued to advance refund certain maturities of the Issuer's outstanding General Obligation Bonds, Series 2011B, dated November 8, 2011, General Obligation Refunding Bonds, Series 2013A, dated March 20, 2013 and General Obligation Bonds, Series 2014B, dated December 16, 2014, and to pay the costs of issuing the 2020C Bonds.

TYPE OF PROPOSALS

Proposals shall be for not less than \$23,895,000 (Par) on the total principal amount of the Series 2020C Bonds. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the Issuer. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the Issuer scheduled for award of the Series 2020C Bonds is adjourned, recessed, or continued to another date without award of the Series 2020C Bonds having been made.

Rates must be in integral multiples of 1/8, 1/20 or 1/100 of 1%, one rate per maturity. Series 2020C Bonds of the same maturity shall bear a single rate from the date of the Series 2020C Bonds to the date of maturity. Bidders may not specify (1) any interest rate for any Bonds which exceeds the interest rate stated in such bid for any other Bonds by more than 3.00%, (2) any interest rate that exceeds 5%, or (3) a zero rate of interest. A bid for the purchase of the Bonds at a price of less than 100% of par, or a bid for the Bonds that specifies split or supplemental interest rates, will not be considered. The City will also not consider and will reject any bid for the purchase of less than all of the Bonds. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

A good faith deposit (the "Deposit") is required in connection with the sale and bid for the Bonds. The Deposit may be provided in the form of a federal funds wire transfer in the amount of \$238,950 to be submitted to the City by the successful bidder not later than 3:00 p.m. local time (the "Deposit Deadline") on the date of sale. The award to the apparent successful bidder is contingent upon receipt of the Deposit, and the Series 2020C Bonds will not be awarded to such bidder until the City has confirmation of receipt of the Deposit. The Deposit of the successful bidder will be retained by the City to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds thereof will be retained as and for full liquidated damages.

The City shall distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Deposit Deadline. If the Deposit is not received by the Deposit Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the City in its discretion without any financial liability of the City to the successful bidder or any limitation whatsoever on the City's right to sell the Bonds to a different purchaser upon such terms and conditions as the City shall deem appropriate.

AWARD

The Series 2020C Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The Issuer's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The Issuer will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2020C Bonds, (ii) reject all proposals without

cause, and, (iii) reject any proposal which the Issuer determines to have failed to comply with the terms herein.

CUSIP NUMBERS

CUSIP numbers for the Bonds will be applied for by the Financial Advisor, but the City will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Bonds.

SETTLEMENT

The Series 2020C Bonds will be delivered on or about October 6, 2020 out cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Venable LLP of Baltimore, Maryland, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2020C Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Issuer or its designee. Except as compliance with the terms of payment for the Series 2020C Bonds shall have been made impossible by action of the Issuer, or its agents, the purchaser shall be liable to the Issuer for any loss suffered by the Issuer by reason of the purchaser's non-compliance with said terms for payment.

PRELIMINARY OFFICIAL STATEMENT; CONTINUING DISCLOSURE

The Issuer has deemed the Preliminary Official Statement dated September 15, 2020 to be final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain information permitted to be omitted by said Rule. The Issuer agrees to deliver to the successful bidder for its receipt no later than seven business days after the date of sale of the Series 2020C Bonds such quantities of the final official statement as the successful bidder shall request; provided, that the Issuer shall deliver up to 25 copies of such official statement without charge to the successful bidder.

The Issuer has made certain covenants for the benefit of the holders from time to time of the Series 2020C Bonds to provide certain continuing disclosure, in order to assist bidders for the Series 2020C Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. Such covenants are described in the Preliminary Official Statement dated September 15, 2020.

THE MAYOR AND COUNCIL OF ROCKVILLE

By: _____
Chief Financial Officer