

**CITY OF BALTIMORE
COUNCIL BILL 06-0456
(Resolution)**

Introduced by: The Council President
At the request of: The Administration (Department of Finance)
Introduced and read first time: June 12, 2006
Assigned to: Taxation and Finance Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Planning Commission, Department of Housing and Community Development, Baltimore Development Corporation, Department of Finance, Department of Transportation, Board of Estimates

A RESOLUTION ENTITLED

1 A RESOLUTION OF THE MAYOR AND CITY COUNCIL concerning

2 **Maryland Department of Transportation –**
3 **County Transportation Revenue Bonds – Series 200__**

4 FOR the purpose of authorizing the Mayor and City Council of Baltimore to enter into an
5 agreement with the Maryland Department of Transportation in connection with the
6 participation by the City in the proceeds derived from the sale of certain bonds, to be known
7 as Department of Transportation of Maryland - County Transportation Revenue Bonds,
8 Series 200__ and to be issued pursuant to State Transportation Article, Title 3, Subtitle 5;
9 authorizing the City to take any other action that may be necessary and proper to secure the
10 share to which it is entitled of the proceeds derived from the sale of these bonds; and
11 providing for a special effective date.

12 **Recitals**

13 State Transportation Article, Title 3, Subtitle 5 (the "Enabling Law") authorizes the
14 Maryland Department of Transportation (the "Department") to issue its bonds and to provide
15 the Mayor and City Council of Baltimore (the "City") with funds to finance the City's share
16 of the cost of certain transportation facilities, subject to the condition that the City enter into
17 an appropriate agreement with the Department to secure the payment of the City's
18 proportionate share of the principal of and interest on the bonds.

19 The City has notified the Department of its desire to participate in the proceeds of the series
20 of bonds to be issued by the Department in the fiscal year beginning July 1, 2006, to the
21 extent of \$30,000,000.

22 The Department has submitted to the City a proposed agreement to comply with the
23 requirements of the Enabling Law. A copy of that proposed agreement is attached to and
24 made a part of this Resolution.

25 **SECTION 1. BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE**, That the
26 Mayor and City Council authorizes and approves the proposed agreement for participation
27 between the Maryland Department of Transportation and the Mayor and City Council of
28 Baltimore (the "Participation Agreement"), in substantially the form attached to this Resolution,

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 for the participation by the Mayor and City Council, to the extent of \$30,000,000, in the
2 proceeds of a bond issue to be known as Department of Transportation of Maryland - County
3 Transportation Revenue Bonds, as part of a financing program for certain transportation facilities
4 under State Transportation Article, Title 3, Subtitle 5, with the proceeds to be used to finance
5 (including reimbursement for) the City's share of the cost of certain transportation facilities (as
6 defined in State Transportation Article § 3-101), and to pay the City's share of all the necessary
7 expenses of preparing, printing, executing, issuing, delivering, and selling the bonds (including,
8 but not limited to, professional fees).

9 **SECTION 2. AND BE IT FURTHER RESOLVED,** That the Board of Finance may approve, by
10 resolution, the final terms and provisions of the Participation Agreement so long as the
11 Participation Agreement is substantially similar to the form attached to this Resolution, and that,
12 when executed by the Mayor or the Director of Finance, the agreement constitutes a binding
13 contract between the Maryland Department of Transportation and the Mayor and City Council of
14 Baltimore, in accordance with its terms.

15 **SECTION 3. AND BE IT FURTHER RESOLVED,** That the Mayor and the Director of Finance are
16 authorized to take any other action that might be necessary and proper to secure for the City its
17 share of the bond issue, in accordance with State Transportation Article, Title 3, Subtitle 5.

18 **SECTION 4. AND BE IT FURTHER RESOLVED,** That the provisions of this Resolution are
19 severable, and if any provision, sentence, clause, section, or part of this Resolution is held
20 illegal, invalid, or unconstitutional or inapplicable to any person or circumstances, that illegality,
21 invalidity, unconstitutionality, or inapplicability does not affect or impair any of the remaining
22 provisions, sentences, clauses, sections, or parts of this Resolution or its application to other
23 persons or circumstances. It is the intent of the Mayor and City Council that this Resolution
24 would have been adopted even if the illegal, invalid, or unconstitutional provision, sentence,
25 clause, section, or part had not been included in this Resolution, and even if the person or
26 circumstances to which this Resolution or any part of it is inapplicable had been specifically
27 exempted from this Resolution.

28 **SECTION 5. AND BE IT FURTHER RESOLVED,** That this Resolution takes effect on the date it
29 is enacted.

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**DEPARTMENT OF TRANSPORTATION OF MARYLAND
COUNTY TRANSPORTATION REVENUE BONDS
SERIES 200__**

PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT is made as of this _____ day of _____, 200__, by and between the DEPARTMENT OF TRANSPORTATION OF MARYLAND (the "Department") and the MAYOR AND CITY COUNCIL OF BALTIMORE (the "Participant").

INTRODUCTION

Subtitle 5 of Title 3 of the Transportation Article of the Annotated Code of Maryland (enacted by Chapter 539 of the Laws of Maryland of 1993) (the "Act") authorizes the Department to issue County Transportation Revenue Bonds to finance the Participant's (and other counties') share of the cost of certain Transportation Facilities, as defined in Section 3-101 of the Act. County Transportation Revenue Bonds issued under Subtitle 5 are obligations of the Participant and the other participating counties and are not obligations of the State of Maryland or the Department.

The Department has prepared and distributed to the Participant and other subdivisions of the State information concerning participation in the proceeds of the Bonds (as defined below). In response, the Participant submitted to the Department a request that the Department issue Bonds to fund certain Transportation Facilities described in that request for which the Participant has responsibility (the "Transportation Facilities"). The Department has approved that request.

As required by Section 3-517 of Subtitle 5, the Department and the Participant have entered into this Participation Agreement to describe the source and nature of the revenues the Participant will pledge to repay the Bonds and to set forth the other relevant terms and conditions of the bond issue. The Participant has duly adopted an ordinance or resolution authorizing the execution and delivery of this Participation Agreement and has complied fully with the provisions of the Act, including, without limitation, Section 3-516 of that subtitle.

The Department proposes to issue and sell its Department of Transportation - County Transportation Revenue Bonds, Series 200__ (the "Bonds") in an aggregate principal amount of up to \$30,000,000, which will be sufficient, together with any other funds available therefor, for the purpose of paying (1) the Participant's share of the cost of the Transportation Facilities, (2) the cost of the issuance of the Bonds, and (3) the Participant's share of the Department's cost of administering the program established under the Act to the extent that such costs are attributable to this issue of the Bonds. The Bonds will be issued pursuant to the Act.

AGREEMENTS

In consideration of the premises and in accordance with applicable law, the parties hereto agree as follows:

1. The Bonds. Subject to the terms and conditions in this Section 1, as soon as practicable after the date hereof, the Department will sell the Bonds. The Bonds shall be dated as of a date to be determined by the Department, shall bear interest payable semi-annually accruing from the date of the Bonds, shall mature not later than 15 years after the date of their issue, shall bear interest at the rate or rates agreed upon by the purchasers of (or, in the case of a public sale,

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1 designated by the successful bidder for) the Bonds and accepted by the Secretary of
2 Transportation of Maryland, and may be subject to prior redemption by the Department in the
3 circumstances and at prices specified by it prior to the issuance thereof and subject to the
4 provisions of this Participation Agreement. The obligation of the Department to issue any of the
5 Bonds is subject to its absolute discretion to determine when and under what conditions the
6 Bonds shall be issued, the form and contents thereof and of any official statement issued with
7 respect thereto. The Department may, in its absolute discretion, determine not to issue and sell
8 the Bonds.

9 2. Use of Proceeds. In the event that the Bonds are issued, then promptly after settlement
10 therefor and delivery thereof, the Department will cause the proceeds to be applied as follows:

11 (a) There shall first be deducted from the proceeds and paid to the Department an amount
12 to reimburse the Department for: (1) all expenses incurred by the Department in connection with
13 effecting the issuance of the Bonds, including, but not limited to, expenses of printing,
14 advertising, delivery, and financial, administrative and legal fees; and (2) the Department's costs
15 of administering the program established under the Act to the extent that such costs are
16 attributable to this issue of Bonds.

17 (b) The use of any premium received on the bonds as a result of the sale is subject to the
18 discretion of the participant. The premium may offset debt service, may reduce par value, or
19 may be applied to the cost of the Transportation Facilities.

20 (c) The balance of the proceeds shall be used by the Department to pay the Participant's
21 share of the costs of the Transportation Facilities. The Department shall retain the Participant's
22 share of the net proceeds of the Bonds and remit to the Director of Finance or other designated
23 Fiscal Officer of the Participant amounts in reimbursement for payments made by the Participant
24 to contractors or other third parties for the Transportation Facilities approved by the Department.
25 The Department expects to remit payment to the Participant within 30 days after the Department
26 has received a reimbursement request, together with written verification satisfactory to the
27 Department that the Participant has paid the contractor or other third party for the work. The
28 Department may require an audit, at the Participant's expense, of the Participant's records to
29 verify the expenditures of Bond proceeds.

30 3. Reimbursement Schedule. To enable the Department to comply with provisions in the
31 Internal Revenue Code restricting the investment of Bond proceeds, the Participant shall, on or
32 before the date of sale of the Bonds, provide the Department with a projected schedule of
33 reimbursement requests in a form satisfactory to the Department. The term and nature of the
34 investment of the bond proceeds will be based on the reimbursement schedules so submitted.

35 4. Bonds Are Obligation of the Participant. The Participant acknowledges and agrees that
36 the Bonds are solely and exclusively the obligations of the Participant. Neither the State of
37 Maryland nor the Department is obligated to pay the principal of or interest on the Bonds.
38 Neither the faith and credit nor the taxing power of the State of Maryland or the Department is
39 pledged to the payment of the principal of or the interest on the Bonds.

40 5. Payment of the Bonds and Pledge of Highway User Revenues. The Participant hereby
41 covenants and agrees that it will pay the debt service due and payable on the Bonds so long as
42 the Bonds are outstanding. Specifically, the Participant hereby pledges its share of Highway
43 User Revenues under Subtitle 4 of Title 8 of the Transportation Article to the payment of the
44 Bonds. The Participant further authorizes the State Comptroller and the State Treasurer to

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1 withhold the Participant's share of Highway User Revenues and to pay the amount of such
2 moneys necessary to pay debt service on the Bonds to the Department or to any trustee or other
3 person designated for that purpose by the Department. In the event that the Participant's share of
4 Highway User Revenues is inadequate to provide for the payment of any installment of debt
5 service due on the Bonds at any time, the Participant hereby covenants and agrees that it will pay
6 any amount due from other revenues of the Participant lawfully available for such purpose. The
7 Participant hereby acknowledges and agrees that the Department may pledge or assign all or a
8 portion of the Department's rights under this Participation Agreement to guarantee repayment of
9 the bonds.

10 6. Sinking Fund. To provide for the payment of the Bonds, the Department may establish a
11 separate account designated "County Transportation Revenue Bonds, Series 200__ Sinking
12 Fund," or other appropriate designation (the "Sinking Fund"), to which will be credited any
13 accrued interest received upon settlement for the Bonds. In the Department's discretion, the
14 Sinking Fund may be held and maintained by the State Comptroller or by a trustee or other
15 person designated by the Department. Pursuant to the Participant's authorization granted under
16 this Agreement, the Department will cause the State Comptroller to credit and transfer to the
17 Sinking Fund the amounts withheld by him from distribution to the Participant as provided
18 below.

19 The Comptroller shall withhold, during each fiscal year, from Highway User Revenues
20 allocated to, or held for the credit of, the Participant under Subtitle 4 of Title 8 of the
21 Transportation Article, an amount which is at least equal to the Participant's debt service payable
22 on the Bonds by the Department in the current fiscal year and in the next succeeding fiscal year
23 (the "Participant's Debt Service Requirement"). All funds so allocated to, or held for the credit
24 of, the Participant shall be so withheld until an amount that is at least equal to the Participant's
25 Debt Service Requirement shall have been accumulated. In each fiscal year (or in the discretion
26 of the Department, in the six-month period immediately preceding the beginning thereof) the
27 Comptroller shall withhold from the funds allocated to, or held for the credit of, the Participant,
28 the amount necessary to maintain in the Sinking Fund an amount which is at least equal to the
29 Participant's Debt Service Requirement. Participant's share of interest and gain, if any, realized
30 on investments in the Sinking Fund (unless required to be rebated to the United States) shall be
31 credited to the Participant's Debt Service Requirement.

32 All payments on account of debt service payable on the Bonds by the Department shall be
33 made from the Sinking Fund. The Department or its designee shall keep accurate records of the
34 total deposits and disbursements credited and charged to the Sinking Fund, and of the deposits
35 and disbursements made on behalf of the Participant.

36 In the event deposits to the Sinking Fund shall be continuously made as herein provided, the
37 authority to withhold hereby conferred on the Comptroller shall terminate not later than the end
38 of the fiscal year next preceding the fiscal year of the final maturity of the Bonds.

39 The Department shall have the right from time to time, in its discretion, to invest any and all
40 monies credited to the Sinking Fund in accordance with applicable State law. Any profit
41 realized from such investment shall be credited to the Sinking Fund and any loss resulting from
42 such investment shall be charged to the Sinking Fund.

43 The Participant shall be entitled to reimbursement of any balance (after payment of all costs
44 and fees in connection therewith) remaining in the Sinking Fund, after all of the Bonds shall
45 have matured and been paid, or provision made for such payment.

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1 In the event the Participant shall elect to pay debt service, as set forth above, from the
2 proceeds of taxes to be levied by it directly or other revenues, the Participant shall notify the
3 Department and the Comptroller, in writing, not later than the first day of January in the calendar
4 year in which the Participant proposes to make such payments and, upon receipt of such notice,
5 the Comptroller shall not withhold in accordance with this Section 6 any of the Highway User
6 Revenues allocated to, or held for the credit of, the Participant after the first day of July in such
7 year, unless and until the Comptroller shall receive further written notice from the Participant so
8 to withhold, or unless and until the Comptroller shall receive written notice from the Department
9 that the Participant has failed to make the necessary deposit into the Sinking Fund, at the times
10 and in the amounts necessary to maintain it.

11 7. Termination and Redemption. The Participant may prepay and terminate its obligations
12 under this Agreement upon at least 30 days' written notice to the Department (or such fewer
13 number of days as shall be acceptable to the Department) and payment to the Department of the
14 prepayment price set forth below, together with an amount to reimburse the Department for any
15 costs or expenses it incurs in connection with such prepayment (including, without limitation,
16 any fees of Bond Counsel, Financial Advisor, Verification Agent or other advisor to the
17 Department). The prepayment price shall be an amount determined by the Department to be
18 equal to: (A) the sum of (i) the Participant's principal amount of the Bonds, (ii) interest accrued
19 and to accrue on such principal amount until the date on which Bonds in an amount equal to the
20 Participant's principal amount of the Bonds are redeemed or retired, calculated at the rate or rates
21 of interest borne by such Bonds, (iii) redemption premiums, if any, payable upon the redemption
22 of the Bonds, and (iv) any amounts to be rebated to the United States in connection with interest
23 earned on the Bonds, less (B) the amount accumulated in the Sinking Fund.

24 The prepayment price shall be deemed to be paid within the meaning of this section upon
25 deposit with the Department of either (1) cash or cash equivalents sufficient to cover such
26 prepayment price without investment or (2) Government Obligations (as defined in the State
27 Finance and Procurement Article 6- 222 of the Annotated Code of Maryland) maturing as to
28 principal and interest on such dates and in such amounts as shall be sufficient without
29 reinvestment to pay the principal amount of the Bonds to be redeemed or retired, together with
30 the interest accrued and to accrue on such Bonds to the date of such redemption or retirement
31 and any redemption premiums payable upon the redemption of such bonds.

32 Prior to any defeasance by the Participant becoming effective under this section there shall
33 have been delivered to the Department an opinion, certification or verification report from a
34 nationally recognized firm reasonably acceptable to the Department stating that any deposit of
35 cash or of Government Obligations made pursuant to this section is sufficient to defease the
36 Participant's portion of the Bonds in accordance with the terms hereof.

37 Prepayments shall be applied to the redemption of a proportionate share of each maturity of
38 the Bonds on the earliest practicable redemption date following receipt by the Department of the
39 prepayment price.

40 8. Other Covenants and Representations by the Participant. The Participant further
41 covenants and represents as follows:

42 (a) there are no liens upon, or pledges of, the Participant's share of Highway User
43 Revenues allocated to, or held for the credit of, the Participant under Subtitle 4 of Title 8 of the
44 Transportation Article prior or superior to the withholding for the purposes of this Participation
45 Agreement, which impair or interfere with the withholdings;

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1 (b) the Participant will not pledge any such revenues nor create or permit the creation of
2 any liens thereon prior, superior, or equal to the commitments made by it hereunder, subject to
3 the provisions of Section 9 of this Agreement, and will not do or suffer to be done any act or
4 thing which will impair or interfere with the security of the Bonds or which will impair or
5 interfere with its ability or the ability of the Department, the Comptroller and the Treasurer, or
6 any trustee to perform in accordance with this Participation Agreement;

7 (c) the Participant has complied fully with the Act, including, without limitation, the
8 requirements of Section 3-516 of the Act;

9 (d) the Participant will comply fully with Subtitle 4 of Title 8 of the Transportation
10 Article, as amended from time to time, including the requirement that the Participant certify to
11 the State Highway Administration that it will use Highway User Revenues in compliance with
12 all applicable laws; and

13 (e) by the issuance of the Bonds by the Department, no debt limit or referendum
14 requirements will be exceeded or violated and the Participant's involvement in such bond issue
15 will not require approval by its qualified voters.

16 9. Pledge of Net Highway User Revenues for Other Borrowings of Participant.

17 (a) It is expressly understood by both parties to this Agreement that the covenants and
18 representations made by the Participant herein with respect to pledges of Highway User
19 Revenues shall not preclude the Participant from having made or making temporary borrowings
20 through the issuance of Highway User Revenue anticipation notes, or any other debt issuance,
21 the payment of which is secured by the net amount of Highway User Revenues distributed to the
22 Participant after withholding by the Department and the State Comptroller of the annual
23 Participant's Bonds Debt Service Requirement and the Participant's obligations under any other
24 participation agreements with the Department relating to County Transportation Bonds or
25 County Transportation Revenue Bonds.

26 (b) It is also expressly understood by both parties to this Agreement that the covenants
27 and representations made by the Participant herein with respect to pledges of Highway User
28 Revenues shall not preclude the Participant from having made or making borrowings through the
29 issuance of its Stormwater Special Revenue Bond (West Branch Moores Run Stormwater
30 Project), Series 2004 (issued in the original amount of \$6,881,961 to the Maryland Water
31 Quality Financing Administration), or any other debt issuance, the payment of which is (i)
32 secured by the net amount of Highway User Revenues distributed to the Participant after
33 withholding by the Department and the State Comptroller of the annual Participant's Bonds Debt
34 Service Requirement and the Participant's obligations under any other participation agreements
35 with the Department relating to County Transportation Bonds or County Transportation Revenue
36 Bonds or (ii) subject to annual appropriation by the Participant.

37 10. Agreements for Benefit of Bondholders; Bonds Are Parity Bonds. It is hereby agreed
38 that the provisions of this Participation Agreement shall and are intended to be for the benefit
39 and security of the bona fide holders from time to time of the Bonds and that the covenants
40 therein and herein contained shall be enforceable by such holders to the same extent as though
41 they were parties to this Participation Agreement. The Participant's allocation of Highway User
42 Revenues will be applied proportionately to pay debt service on the Bonds and on all series of
43 County Transportation Bonds and County Transportation Revenue Bonds issued under Subtitle 3

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1 or Subtitle 5 of Title 3 of the Transportation Article in which the Participant participated or will
2 participate in the future.

3 11. Validity. It is hereby agreed that the parties hereto will take all action within their
4 respective delegated powers to assure the legal validity of this Participation Agreement and of
5 the Bonds and that, in the event further legislation by the General Assembly of Maryland should
6 at any time be deemed necessary to assure such validity, they will use their best efforts to obtain
7 the passage of such legislation.

8 12. Approval. This Participation Agreement shall become effective when duly authorized
9 and executed by both parties hereto.

10 13. Rebate Fund. The Department may cause to be created on the books of the State
11 Treasurer's Office a Rebate Fund, the complete designation of which shall be "Department of
12 Transportation - County Transportation Revenue Bonds, Series 200__, Rebate Fund." The
13 Rebate Fund shall be held by the State Treasurer or a trustee or other person designated for that
14 purpose by the Department. To the extent that the Department determines, upon the advice of
15 bond counsel, that it is necessary or desirable in order to assure and maintain the exemption from
16 federal income taxation of interest on the Bonds that certain interest earnings on amounts held in
17 connection with the issuance of the Bonds be rebated to the United States, the State Treasurer (or
18 other holder of the Fund) shall, upon the written direction of an authorized officer of the
19 Department, transfer from any fund or account created in connection with the Bonds to the
20 Rebate Fund the amount specified in such written direction, which amount shall be determined in
21 consultation with bond counsel. Amounts on deposit in the Rebate Fund from time to time
22 required to be rebated to the United States shall be applied by the State Treasurer (or other
23 holder of the fund) to the payment of such rebates and shall not be charged with the payment of
24 principal or interest on the Bonds. If the Department determines, upon the advice of bond
25 counsel, that any amounts on deposit in the Rebate Fund are not required for the payment of such
26 rebates, the State Treasurer (or other holder of the fund) may pay over or transfer such amount
27 (as the case may be) to the Sinking Fund or otherwise as the Department directs.

28 14. Ordinance or Resolution. The execution of this Agreement has been duly authorized by
29 an ordinance or resolution, which has been duly adopted by the Participant and is in full force
30 and effect.

31 15. Relating to Federal Tax. The Participant covenants that it shall comply with the
32 provisions of the Internal Revenue Code of 1986 (as amended to the effective date of this
33 Agreement and regulations promulgated thereunder), including, without limitation, compliance
34 with the provisions regarding the timing of the expenditure of the proceeds of the Bonds, the use
35 of such proceeds, the restriction of investment yields, the filing of information with the Internal
36 Revenue Service, and the rebate of certain earnings resulting from the investment of the
37 proceeds of the Bonds. The Participant further covenants that it shall make such use of its share
38 of the proceeds of the Bonds, regulate the investment of such proceeds, and take, or refrain from
39 taking, such other and further actions as may be required of it by the Department from time to
40 time, to the extent deemed necessary or appropriate by bond counsel to the Department, so as to
41 maintain the exemption from Federal income taxation of interest on the Bonds.

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1 16. Relating to Arbitrage, Private Activity Bond, and Reimbursement Restrictions.

2 (a) As of the date hereof, the Participant reasonably expects the following with respect to
3 the proceeds from sale of the Participant's share of the issue including costs of issuance ("sale
4 proceeds"):

5 1. within six months after the date of issue of the Bonds, the Participant will incur
6 binding obligations to expend, with respect to the Transportation Facilities to be financed with
7 the proceeds of the Bonds, an amount at least equal to five percent (5%) of the sale proceeds of
8 the Bonds:

9 2. after incurring the binding obligation described in this Section, completion of
10 the Transportation Facilities and expenditure of the sales proceeds of the Bonds will proceed
11 with due diligence.

12 3. one hundred percent (100%) of the sale proceeds will be expended on the
13 Transportation Facilities within three (3) years after the date of issue of the Bonds.

14 4. none of the Transportation Facilities financed with the proceeds of the Bonds
15 will be sold or otherwise disposed of, in whole or in part, prior to the last maturity of the Bonds.

16 (b) Not more than five percent (5%) of the Participant's share of the sale proceeds of the
17 Bonds will be used directly or indirectly to make or finance loans.

18 (c) On the basis of the reasonable expectations of the Participant, the proceeds of the
19 Bonds paid to the Participant will not be used in a manner that would cause the Bonds to be
20 either "arbitrage bonds" under Section 148 of the Internal Revenue Code, as amended, and the
21 Arbitrage Regulations or "Private Activity Bonds" under Section 141 of the Internal Revenue
22 Code, as amended. To the best of the knowledge and belief of the undersigned, there are no other
23 facts, estimates or circumstances, which would materially change the foregoing conclusion.

24 (d) For purposes of this Section 16, the term "Arbitrage Regulations" means Treasury
25 Regulations §§ 1.148-1 through 1.148-10.

26 (e) The Participant shall comply fully with Treasury Regulation § 1.150-2, concerning
27 the use of Bond proceeds for reimbursement of prior expenditures.

28 (f) Prior to sale of the Bonds, the Participant agrees to execute and deliver to the
29 Department a certificate or other documentation satisfactory to the Department confirming the
30 matters contained in this Section 16.

31 17. Fiscal Officer of Participant. The Participant represents that it will designate the Fiscal
32 Officer of Participant that is authorized by law to receive and hold custody of all monies due and
33 payable to the Participant under this Agreement and to certify as provided in Sections 8(d) and
34 16 hereof. Any payments hereunder shall be deemed to have been made to the Participant if
35 made to the designated Fiscal Officer of Participant.

36 18. Rules of Construction.

37 (a) Unless otherwise specified, the words "hereof", "herein", "hereunder", "hereto",
38 "thereof", "therein", "thereunder", "thereto" and other words of similar import, when used in this

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1 Agreement, refer to this Agreement, and when used in each of the other documents, refer to each
2 of the other documents in their entireties.

3 (b) The term "agree" and "agreements" are intended to include and mean "covenant" and
4 "covenants."

5 (c) The headings of the Articles, Sections and other subsections of each document are
6 provided only for convenience of reference and shall not be considered in any way in construing
7 the contents of any of the documents or any part thereof.

8 (d) All references made in the neuter, masculine or feminine gender shall be deemed to
9 have been made in all such genders; and in the singular or plural number shall be deemed to have
10 been made, respectively, in the plural or singular number as well.

11 19. Notices. Any notice or other instrument authorized or required to be given pursuant to
12 this Participation Agreement shall be sent by telex or other telecommunication device capable of
13 creating a written record and shall be delivered personally or sent by registered or certified mail,
14 postage prepaid, addressed as follows (or to such other address as may be designated by written
15 notice given hereunder):

16	In the case of the Department:	In the case of the Participant:
17	Director, Office of Finance	Director of Finance
18	Maryland Department of Transportation	Department of Finance
19	7201 Corporate Center Drive	452 City Hall
20	P.O. Box 548	100 Holliday Street
21	Hanover, Maryland 21076	Baltimore, Maryland 21202

22 (with a copy to):
23 Department of Law
24 City Hall, Room 144
25 Chief, Real Estate/Corp. Division
26 Baltimore, MD 21202

27 20. Maryland Law. This Participation Agreement shall be governed by and construed in
28 accordance with the laws of the State of Maryland.

29 (signatures on following page)

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1 IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the day and
2 year first above written.

3 WITNESS: DEPARTMENT OF TRANSPORTATION OF MARYLAND

4 _____ By _____
5 _____

6 APPROVED AS TO FORM AND LEGAL SUFFICIENCY
7 THIS ____ DAY OF _____, 200__.

8 By _____
9 _____ Assistant Attorney General

10 WITNESS: MAYOR AND CITY COUNCIL OF BALTIMORE

11 _____ By _____
12 _____

13 APPROVED AS TO FORM AND LEGAL SUFFICIENCY
14 THIS ____ DAY OF _____, 200__.

15 By _____
16 _____ Chief Solicitor