THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO CHANGE, COMPLETION OR AMENDMENT WITHOUT NOTICE. These obligations may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these obligations in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 17, 2026

NEW ISSUE BOOK-ENTRY-ONLY

DLA Piper LLP (US), Bond Counsel, is of the opinion that, under existing statutes, regulations and decisions: (i) the Bonds (as defined in "SUMMARY OF OFFERING AND SYNOPSIS OF STATISTICAL DATA" herein) will be valid and legally binding general obligations of The City of Frederick (the "City") to the payment of which the full faith and credit of the City will be pledged; (ii) the principal of and interest on the Bonds will be exempt from State of Maryland and local taxes, but no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon; (iii) assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes and is not an item of specific tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond counsel expresses no opinion with respect to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

$35,450,000*
THE CITY OF FREDERICK, MARYLAND
General Obligation Bonds

PUBLIC IMPROVEMENTS BONDS OF 2026

Dated: Date of Delivery **Due: December 1, as shown on inside cover**

Bond Ratings	Fitch Ratings: AAA Moody's Investors Service, Inc.: Aaa S&P Global Ratings: AA+
Redemption	The Bonds maturing on or after December 1, 2037 are redeemable prior to their maturities in whole or in part at the option of the City at any time on or after December 1, 2036 at par plus accrued interest to the date fixed for redemption.
Security	General obligations of The City of Frederick, Maryland
Purpose	The proceeds of the sale of the Bonds will be applied for the purpose of financing costs of certain governmental facilities. See "APPLICATION OF PROCEEDS" herein.
Interest Payment Dates	June 1 and December 1, beginning June 1, 2027
Closing/Settlement	On or about December 17, 2026
Denominations	$5,000 and integral multiples thereof
Book-Entry Only Form	The Depository Trust Company, New York, NY
Registrar/Paying Agent	Manufacturers and Traders Trust Company, Baltimore, MD/Buffalo, NY
Bond Counsel	DLA Piper LLP (US), Baltimore, MD
Financial Advisor	Davenport & Company LLC, Towson, MD
Issuer Contact	Chief Financial Officer, 301-600-2513

FOR MATURITY SCHEDULES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS, SEE INSIDE FRONT

The Bonds are offered for delivery when, as and if issued, and subject to the approving opinions of DLA Piper LLP (US), Baltimore, Maryland, Bond Counsel, and certain other conditions. It is expected that the Bonds in definitive form will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about December 17, 2026.

*Preliminary, subject to change.

$35,450,000*
PUBLIC IMPROVEMENTS BONDS OF 2026

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

Maturing December 1	Principal Amount*	Interest Rate**	Price or Yield**	CUSIP	Maturing December 1	Principal Amount*	Interest Rate**	Price or Yield**	CUSIP
2027	$1,060,000				2037	$1,745,000			
2028	1,115,000				2038	1,830,000			
2029	1,170,000				2039	1,930,000			
2030	1,230,000				2040	2,025,000			
2031	1,290,000				2041	2,130,000			
2032	1,355,000				2042	2,240,000			
2033	1,430,000				2043	2,355,000			
2034	1,500,000				2044	2,475,000			
2035	1,580,000				2045	2,600,000			
2036	1,655,000				2046	2,735,000			

*Preliminary, subject to change.

**The interest rates shown above are the interest rates payable by the City resulting from the successful bid for the Bonds on December 3, 2026. The successful bidder for the Bonds has furnished to the City the prices or yields shown above. Other information concerning the terms of reoffering of the Bonds, if any, should be obtained from the successful bidder therefor and not from the City. See "SALE AT COMPETITIVE BIDDING."

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The City has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP® numbers reflected herein.

THE CITY OF FREDERICK, MARYLAND

Elected Officials

MAYOR
Michael C. O'Connor

City Council
César Díaz, President
Katherine J. Nash, Vice President
Derek T. Shackelford, At-Large
Libby L. Taylor, At-Large
Peter V. Brehm, District 3
Joseph A. Adkins, District 4
Sarah M. Hempel Irani, District 5

Appointed Officials
Chief Administrative Officer — M. Katherine Barkdoll, CPA
Chief Operating Officer — Zachary J. Kershner
Chief Financial Officer — Richard R. Roark, CPA
Chief Technology Officer — Matthew B. Bowman
City Attorney — Rachel S. Gray, Esquire
Chief of Police — Kevin M. Meyer
Director of Economic Development — Richard G. Griffin, AICP, CEcD
Director of Planning — Gabrielle M. Collard
Director of Public Works — Tracy A. Coleman, PE
Director of Parks and Recreation — Robert H. Smith, Jr.
Director of Housing and Human Services — Stuart P. Campbell
Director of Finance — Patricia A. Slimmer
Director of Human Resources — Karen M. Paulson
Director of Government Affairs — Allen W. Etzler

BOND COUNSEL
DLA Piper LLP (US)
Baltimore, Maryland

FINANCIAL ADVISOR
Davenport & Company LLC
Towson, Maryland

AUDITOR
Brown Schultz Sherian & Fritz
Frederick, Maryland

REGISTRAR AND PAYING AGENT
Manufacturers and Traders Trust Company
Baltimore, Maryland/Buffalo, New York

No dealer, broker, sales representative or other person has been authorized by the City or the successful bidder for the Bonds to give any information or to make any representations with respect to the City or its general obligation bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds.

All quotations from the summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of facts. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City since the respective dates as of which information is given herein.

The information set forth herein has been obtained from the City and other sources that are deemed to be reliable. The information from sources other than the City is not guaranteed as to accuracy or completeness nor should it be construed as representations of the City or a successful bidder for the Bonds.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements". In this respect, the words "estimate," "anticipate," "expect," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the City's financial results could cause actual results to differ materially from those stated in the forward-looking statements. These statements are limited to estimates for other post-employment benefit requirements; assessed and market value of real estate that is determined by the State of Maryland; and current and future budgetary estimates prepared by the City.

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SUMMARY OF OFFERING AND SYNOPSIS OF STATISTICAL DATA

THE OFFERING

Issuer

The City of Frederick, Maryland.

Bonds

$35,450,000* Public Improvements Bonds of 2026, dated the date of delivery, due December 1, 2027-2046 (the "Bonds").

Interest Payment Dates

June 1, 2027, and semiannually thereafter on December 1 and June 1.

Redemption of Bonds

The Bonds maturing on or after December 1, 2037 are subject to redemption prior to their maturities at the option of the City on or after December 1, 2036, in whole or in part at any time, in any order of maturities at the option of the City, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption.

Tax Matters

In the opinion of Bond Counsel, under existing statutes, regulations and decisions: (i) the Bonds will be valid and legally binding general obligations of the City to the payment of which the full faith and credit of the City will be pledged; (ii) the principal of and interest on the Bonds will be exempt from State of Maryland and local taxes, but no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon; and (iii) assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes and is not an item of specific tax preference for purposes of the federal alternative minimum tax imposed on individuals. *Bond counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond counsel expresses no opinion with respect to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.*

Payment Record

The City has not defaulted on the payment of the principal of or interest on any of its bonds.

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*Preliminary, subject to change.

STATISTICAL DATA
(as of June 30, 2026 unless otherwise noted)

Estimated 2025 population from U.S. Census	92,059
Assessed value of all taxable property (Fiscal Year 2026)	$12,779,876,017
Ratio of assessed value of estimated market value	95.1%
City tax rate per $100 of assessed value (Fiscal Year 2026)	Real Property $0.7055 Personal Property $1.55
2026 amount of City Tax Levy (as of June 30, 2026)	$90,887,845
Percentage of 2026 levy collected in year of levy	98.1%

Source: The City of Frederick, Department of Finance.

THE FOREGOING INFORMATION IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

OFFICIAL STATEMENT

$35,450,000*
THE CITY OF FREDERICK, MARYLAND
General Obligation Bonds
PUBLIC IMPROVEMENTS BONDS OF 2026

INTRODUCTION

General

The purpose of this Official Statement, including the cover page and appendices, is to provide information for prospective purchasers and others who may become holders of any of the $35,450,000* Public Improvements Bonds of 2026 (the "Bonds"), issued by The City of Frederick, Maryland (the "City" or "Frederick").

All estimates and assumptions herein have been based upon information believed to be reliable and correct; however, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representation of facts. Figures herein relating to tax collections, assessed value of property, and the financial position of the City have been taken from official records of the City.

The material and information contained in this Official Statement has been provided by the City and the execution and distribution of this Official Statement has been authorized by the City.

The City

The City was founded in 1745 and incorporated in 1817. The City is one of the most historic cities in Maryland and is the county seat as well as the business, financial, health care and cultural center of Frederick County, Maryland (the "County"). The City is in a strategic location for progress, situated in the center of the State and at the western point of Maryland's "golden triangle," with Interstates 70 and 270 providing rapid overland access to the nation's capital and the port city of Baltimore. The City is served by railroads, bus lines and an airport.

According to the 2010 Census, the population of the City was 65,239. According to the 2020 Census, the population was 78,171, an increase of approximately 19.8% over the previous ten years. The U.S. Census estimates the City's 2025 population to be 92,059. Frederick's citizens live within an area of approximately 23 square miles. The City is entirely within the boundaries of Frederick County, Maryland, and taxable property within the City is subject to certain County taxes.

The City is governed by a Mayor and seven Council Members (see "CITY GOVERNMENT, ADMINISTRATION AND PERSONNEL" herein). The City is authorized to issue debt, subject to certain indebtedness limitations, for the purpose of financing its capital projects and to incur certain other indebtedness (see "CERTAIN DEBT INFORMATION" herein).

The executive offices of the City are located at City Hall, 101 North Court Street, Frederick, Maryland 21701. The City's central telephone number is (301) 600-1380. The City's internet address is www.cityoffrederickmd.gov.

*Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The City expects that the proceeds of the Bonds and other amounts will be used as follows:

Sources of Funds:	
Par Amount of Bonds	$
Premium on Bonds	
Total Sources of Funds	$
Uses of Funds:	
Project Fund Deposit	$
Costs of Issuance	
Underwriters' Discount	
Additional Proceeds	
Total Uses of Funds	$

APPLICATION OF PROCEEDS

The proceeds of the sale of the Bonds will be applied for the public purposes of (a) financing or refinancing the costs associated with certain governmental facilities and projects, water and sewer facilities and projects, stormwater projects, and related architectural, financial, legal, planning and engineering expenses and (b) paying all expenses incurred in the issuance of the Bonds, which expenses include underwriters' discount, costs of document production and reproduction and financial advisory and counsel fees and expenses.

THE BONDS

General

The Bonds will initially be maintained under a book-entry only system; beneficial owners shall have no right to receive physical delivery of certificates representing their interest in the Bonds. The Bonds will be dated the date of delivery. The Bonds will be issued in the aggregate principal amount and will mature, subject to their prior redemption, on December 1 in serial installments in the principal amounts and in the years set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable at the interest rates set forth on the inside front cover of this Official Statement semiannually on June 1 and December 1 of each year, commencing June 1, 2027 until maturity. Manufacturers and Traders Trust Company will act as bond registrar and paying agent for the Bonds (the "Registrar" and "Paying Agent").

The Bonds will be valid and legally binding general obligations of the City for the payment of which its full faith and credit and unlimited taxing power will be irrevocably pledged. (See "THE BONDS – Sources of Payment" herein).

Authorization

The Bonds are issued pursuant to the authority of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (the "Enabling Act"), Article VII, Section 13 and Article XI, Section 2 of the Charter of The City of Frederick, as amended (the "Charter"), and by virtue of due proceedings had and taken by the City, particularly an Ordinance introduced on October 15, 2026 and approved on November 5, 2026 (the "Ordinance").

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Redemption

The Bonds maturing on or after December 1, 2037 are redeemable prior to their maturities in whole or in part at the option of the City at any time on or after December 1, 2036 at a redemption price equal to the principal amount of Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

If less than all of the Bonds of any maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot by the Registrar in such manner as, in its discretion, it shall determine, except that so long as The Depository Trust Company ("DTC") or its nominee is the sole registered owner of the Bonds, the particular Bond or portion to be redeemed shall be selected by lot by DTC, in such manner as DTC shall determine.

When less than all of a Bond in a denomination in excess of $5,000 shall be so redeemed, then, upon 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, Bonds in any of the authorized denominations, the aggregate face amount of which 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 of the outstanding Bonds, or less than all, it will give notice of its intention to redeem by letter mailed first class, postage prepaid, at least thirty (30) days prior to the redemption date, to the registered owners of such Bonds at such address(es) appearing on the registration books maintained by the Registrar and Paying Agent (the "Bond Register"); and the City shall publish such notice of redemption at least once not less than thirty (30) days prior to the date fixed for redemption in a financial journal or daily newspaper of general circulation in the Borough of Manhattan, New York, New York or, at the election of the City, through the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board; provided, however, that the failure to mail or publish any such notice or any defect in such notice or in the mailing or publishing thereof shall not affect the validity of the redemption proceedings relating to the Bonds.

The notice of redemption shall state whether the Bonds are to be redeemed in whole or in part and, if in part, the maturities and numbers of the Bonds to be redeemed, shall state the redemption date and redemption price or prices, shall state that the interest on the Bonds so called shall cease to accrue on the date fixed for redemption, and shall require that the Bonds so called be presented for redemption and payment at the principal corporate trust office of the Paying Agent. From and after the date fixed for redemption, if notice has been duly and properly given as herein provided and if funds sufficient for payment of the redemption price and accrued interest shall be available therefore on such date, the Bonds so called for redemption shall become due and payable at the redemption price or prices provided for redemption of such Bonds on such date, interest on such Bonds shall cease to accrue and the registered owners of the Bonds so called for redemption shall have no rights in respect thereof except to receive payment of the redemption price plus accrued interest to the date fixed for redemption.

Upon presentation and surrender for redemption in compliance with the redemption notice, the Bonds to be redeemed shall be paid by the Paying Agent at the redemption price. If not so paid upon presentation thereof, the Bonds designated for redemption shall continue to bear interest at the rates stated therein until paid.

Form and Denominations

The Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. Except as provided in an ordinance or resolution of the City adopted prior to the issuance and delivery of the Bonds, the Bonds will initially be maintained under a book-entry system. Beneficial Owners shall have no right to receive physical possession of the Bonds, and payment of the principal of, redemption premium, if any, and interest on the Bonds will be made as described below under "BOOK-ENTRY ONLY SYSTEM — The Depository Trust Company." Manufacturers and Traders Trust Company will act as Registrar and Paying Agent for the Bonds.

The principal of each Bond or so much thereof as shall not have been paid upon prior redemption shall be paid upon presentation and surrender of such Bond on the date such principal is due and payable, or if such date is not a Business Day (hereinafter defined) then on the next succeeding Business Day, at the principal corporate trust office of the Bond Registrar and Paying Agent.

The interest payable on each Bond, which shall be punctually paid or duly provided for on any interest payment date, will be paid semiannually on the first day of June and December in each year, beginning on June 1, 2027, to the registered owner in whose name such Bond is registered in the Bond Register as of the close of business on the regular record date, which shall be the fifteenth day (15th) of the month immediately preceding each regular interest payment date (the "Regular Record Date"). Payment of the interest on each Bond shall be by electronic funds transfer or by check or draft mailed to such registered owner's address as it appears on the Bond Register. Notwithstanding the foregoing, so long as the Bonds are registered in book-entry form, the principal of, redemption premium, if any, and interest on the Bonds shall be payable in accordance with DTC's payment procedures or the procedures of any successor depository for the Bonds. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date, and may be paid to the person in whose name such Bond is registered as of the close of business on a date to be fixed by the Paying Agent for the payment of such defaulted interest (the "Special Record Date"), notice of which is given to the registered owner at the address of the registered owner appearing on the Bond Register, not more than fifteen (15) and not less than ten (10) days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed and upon such notice as may be required by such exchange. Each 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 Bonds; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

"Business Day" means a day other than a Saturday, Sunday or day on which banking institutions under the laws of the state governing the Paying Agent are authorized or obligated by law or required by executive order to remain closed.

All payments of the principal of, redemption price of, and interest on, the Bonds shall be in such coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, subject to the provision for payment of interest by check or draft, as set forth above.

The Bonds will be transferable only upon the Bond Register, kept at the principal corporate trust office of the Bond Registrar, by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of the Bonds together with a written instrument of transfer in the form attached to such Bond and satisfactory to the Registrar duly executed by the registered owner or its duly authorized attorney, and thereupon, within a reasonable time, the City 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 each Bond surrendered or the unredeemed portion thereof, and maturing on the same date and bearing interest at the same rate. 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 Registrar. The City shall not be required to issue, transfer or exchange any Bond during the period beginning fifteen (15) 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 City may deem and treat the person in whose name each Bond is registered as the absolute owner for the purpose of receiving payment of or on account of the principal or redemption price and interest due on such Bond, and for all other purposes.

Sources of Payment

The Ordinance provides that the full faith and credit and unlimited taxing power of the City are irrevocably pledged to the prompt payment of the principal of and interest on the Bonds as and when they mature and become payable. The Ordinance further provides, and the City in the Ordinance has covenanted, that there shall be appropriated in each fiscal year that any Bond is outstanding and unpaid or until a sufficient fund has been accumulated and irrevocably set aside for the purpose, an amount sufficient to meet the debt service on such Bond coming due in such fiscal year, and that there shall be levied *ad valorem* taxes upon all property within the corporate limits of the City subject to assessment for City taxes, in rate and amount sufficient in each such year, together with other funds which the City has appropriated for such purposes, to fund such appropriations and to provide, to the extent necessary, for the payment, when due, of the principal of and interest on the portion of each Bond maturing in each such fiscal year, and that, 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 levied in the subsequent fiscal year to make up any deficiency.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company

General. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through Participants (as defined in this Official Statement) as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "APPENDIX D – DTC and the Book-Entry-Only System."

Payments Made to DTC. While the Bonds are subject to the book-entry system, the principal and interest with respect to a Bond will be paid by the Paying Agent to DTC, which in turn is obligated to remit such payment to its Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in "APPENDIX D – DTC and the Book-Entry-Only System."

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). See "BOOK-ENTRY ONLY SYSTEM – Termination of Book-Entry Only System" below.

Book-Entry Only System – Miscellaneous

The information in "APPENDIX D – DTC and the Book-Entry-Only System" has been obtained by the City from DTC. The City takes no responsibility for the accuracy or completeness thereof. Neither the City, the Registrar nor the Paying Agent will have any responsibility or obligations to DTC, Participants or the persons for whom they act as nominees with respect to the payments to or in the providing of notice to the Direct Participants, or the Indirect Participants, or Beneficial Owners. The City cannot and does not give any assurance that Participants or others will distribute principal and interest payments paid to DTC or its nominees, as the registered owner, or any redemption or other notices to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Termination of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued, the Bonds will be delivered by DTC to the Registrar and the Bonds will be exchanged for Bonds registered in the names of the Participants or the Beneficial Owners identified to the Registrar. In such event, certain provisions of the Bonds pertaining to ownership of the Bonds will be applicable to the registered owners of the Bonds as described below. The City may designate another entity as Registrar and Paying Agent upon thirty (30) days written notice to the registered owners of the Bonds at their addresses specified in the Bond Register.

The Bonds in full certificated form will be fully registered Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. Bonds will be transferable only upon the Bond Register, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Registrar and duly executed by the registered owner or a duly authorized attorney. The City may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

Transfer of Bonds

Unless the Bonds are held by DTC, the Bonds may be transferred or exchanged at the principal corporate trust office of the Registrar. Upon any such transfer or exchange, the City shall execute and the Registrar shall authenticate and deliver a new registered Bond or Bonds without coupons of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee, or other governmental charge, shipping charges, and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer. The City shall not be required to issue, transfer or exchange any Bond during the period beginning fifteen (15) 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.

CITY GOVERNMENT, ADMINISTRATION AND PERSONNEL

General

The City is governed by a Mayor and a seven-member City Council, who are elected by district with two at large members, on a partisan basis every four years and who act as its legislative body.

The City provides a full range of municipal services including police protection, planning and engineering, code enforcement, maintenance of streets and other infrastructure, traffic control, waste collection and disposal, recreation and parks, water and sewer, parking, airport, storm water, golf and rental operation facilities. Fire protection and emergency medical services, health services, public assistance, public education and a bus system are provided by other governmental units.

Under the Charter, the Mayor is the chief executive and chief administrative officer of the City as well as the direct supervisor of all department heads of the City government. The mayoralty is a full-time office. The Mayor is responsible for the supervision of the financial administration of the City government and the preparation, in consultation with the Chief Administrative Officer and all other department heads, of the annual City budget for submission to the Mayor and City Council. The City Council has the power to review and amend the Mayor's budget, but the insertion of new items or the increase or decrease of expenditures must be accompanied by an appropriate equivalent increase or decrease of anticipated revenues.

Mayor, City Council and City Officials

Michael C. O'Connor, Mayor, was born in Frederick. He graduated from Saint John's at Prospect Hall High School (now Saint John's Catholic Prep) in 1984, and Saint Bonaventure University, with a double major in history and mass communication, in 1988. Mr. O'Connor spent nearly 20 years in local media as a reporter, news director, talk show host, producer, and moderator. Prior to becoming Mayor in 2017, Mr. O'Connor served as the business manager at Saint Katharine Drexel Roman Catholic Congregation in Frederick. He also spent nine years as an adjunct faculty member at Frederick Community College. Mr. O'Connor was first elected to the Board of Alderman in 2009 and re-elected in 2013. He is a member of the Community Action Agency and Tourism Council Boards, the Maryland Municipal League Board of Directors and Legislative Committee (MML President 2024-2025), the National League of Cities Human Development Committee, and the Metropolitan Washington Council of Governments Board of Directors. In the community, Mr. O'Connor has been a volunteer with various organizations including the Frederick County Workforce Development Board, Friends of Catholic Education, Saint Katharine Drexel, Saint John's Catholic Prep, Frederick Jaycees, Knights of Columbus, and Aspire Frederick.

César Díaz, Council President, District 2, was elected to the Frederick City Council in 2025 and was subsequently chosen by his colleagues to serve as Council President. An information technology professional, Mr. Díaz has worked with government agencies, international companies, and nonprofit organizations throughout his career. As the first Latino elected to the Frederick City Council, Mr. Díaz is a member of the Democratic Socialists of America, the RISE Coalition of Western Maryland, and the Unitarian Universalist Congregation of Frederick. He is committed to serving the community through collaboration, civic engagement, and responsive local government.

Katherine J. Nash, Council Vice President, District 1, is a graduate of Hood College and has worked in the private sector, local and state government, and the nonprofit community. First elected to the Frederick City Council in 2021 and re-elected in 2025, she currently serves as Council Vice President after being selected by her colleagues. Ms. Nash is especially committed to preserving Frederick's unique character while celebrating the diversity that strengthens the community.

Dr. Derek T. Shackelford, Council Member, At-Large, was elected to the Frederick City Council in 2025 to represent residents citywide. Dr. Shackelford brings a background in ministry, nonprofit leadership, and community service to the City Council. He is committed to transparent government, meaningful public engagement, and working collaboratively to address the City's priorities.

Libby L. Taylor, Council Member, At-Large, was elected to the Frederick City Council in 2025 to represent residents throughout the City of Frederick. Ms. Taylor has a long history of community involvement and public service and is committed to fostering an inclusive community, supporting responsible growth, and ensuring City government remains accessible, transparent, and responsive to residents.

Peter V. Brehm, Council Member, District 3, was elected to the Frederick City Council in 2025 to represent District 3. Mr. Brehm has been actively involved in the Frederick community through civic and neighborhood organizations. He is committed to fiscal responsibility, public safety, thoughtful growth, and preserving the high quality of life enjoyed by Frederick residents.

Joseph A. Adkins, Council Member, District 4**,** was appointed to the Frederick City Council in 2026 to represent District 4. Prior to joining the City Council, Mr. Adkins served the City of Frederick for many years in leadership roles within the Planning Department, including as Deputy Director of Planning. His decades of municipal planning experience provide valuable expertise in land use, development, and community planning, and he is committed to thoughtful decision-making and responsive public service.

Sarah M. Hempel Irani, Council Member, District 5**,** was elected to the Frederick City Council in 2025 to represent District 5. Ms. Hempel Irani is active in the Frederick community and is committed to strengthening neighborhoods, supporting the arts and cultural community, promoting sustainability, and advancing policies that improve quality of life for all residents.

M. Katherine Barkdoll, CPA, Chief Administrative Officer, holds a B.S. degree in accounting from Frostburg State University, Frostburg, Maryland. She is a Certified Public Accountant licensed in the State of Maryland. Prior to joining the City in 2009, Ms. Barkdoll worked as Finance Director for the YMCA of Frederick County. She is a member of the Maryland Association of Certified Public Accountants, the Maryland Government Finance Officers Association, and the Government Finance Officers Association of the United States and Canada. Ms. Barkdoll is very active in the community and is a member of the Key City Rotary.

Zachary J. Kershner, P.E., Chief Operating Officer, joined the City in 2006 and in January 2014 was appointed to the position of Director of Public Works and promoted to Chief Operating Officer in 2026. Prior to joining the City, Mr. Kershner worked in both the public and private sectors in the field of civil engineering. His professional experience includes design work related to land development, plan review and permitting, and capital project management. Mr. Kershner graduated from the Virginia Polytechnic Institute and State University (Virginia Tech) in 1998 with a B.S. degree in mining and minerals engineering and a business minor. He is licensed as a Professional Engineer in the states of Virginia and Maryland.

Richard R. Roark, CPA, Chief Financial Officer, holds a B.S. degree in accounting from the University of Maryland, College Park, Maryland. He is a Certified Public Accountant licensed in the State of Maryland. Prior to joining the City in 2026, Mr. Roark worked in financial leadership roles for multiple organizations most recently as the CFO at Metron Aviation, Inc. He is a member of the American Institute of Certified Public Accountants.

Matthew B. Bowman, Chief Technology Officer, was appointed in June 2026. He earned a B.S. degree from Salisbury University, Salisbury, Maryland, graduating in 2002. Before serving as Chief Technology Officer, Matthew Bowman led the City's Information Technology team for 15 years as the Manager of Information Technology. Throughout his tenure, he has overseen and driven numerous technology initiatives with a focus on public and staff-facing applications, improving infrastructure, and enhancing cybersecurity.

Rachel S. Gray, Esquire, City Attorney, holds a B.A. degree in psychology and environmental studies from Indiana University (Bloomington, IN), as well as a Juris Doctor and a Master of Studies in environmental law (cum laude), both from Vermont Law School. She served the City of Frederick as an assistant city attorney for 21 years prior to being appointed city attorney in December 2022. She is a member of the Maryland State Bar Association, the Maryland Municipal Lawyers Association, and the International Municipal Lawyers Association.

Chief Kevin M. Meyer, Chief of Police, was appointed in August 2026. He holds a Master of Business Administration degree and is a graduate of the Northwestern University School of Police Staff and Command. Chief Meyer served with the Frederick Police Department for nearly two decades, holding leadership positions in patrol, narcotics investigations, training, and support services. Throughout his career, he has emphasized officer development, community engagement, and data-driven policing strategies that enhance public safety and accountability.

Richard G. Griffin, AICP, CEcD, Director of Economic Development, has served in this capacity since 2002. An urban planner and economic developer with 26 years of experience, Mr. Griffin has worked at the city, county, and regional level in Maryland, Virginia, South Carolina and Washington State. In addition to overseeing the Department of Economic Development, Mr. Griffin is responsible for the strategic and fiscal management of the Frederick Municipal Airport, Downtown Frederick Parking System, and the Weinberg Center for the Arts. He is a US Army veteran having served in the Armored Cavalry in Germany and NC Army National Guard. Mr. Griffin holds degrees from Western Carolina University and Clemson University.

Gabrielle M. Collard, AICP, Director of Planning, holds a Master of Community Planning degree from the University of Maryland. Prior to joining the City of Frederick, Ms. Collard worked in the Frederick County Planning Department. During her tenure with the City, she has served in a variety of planning leadership roles before being appointed Director of Planning. Ms. Collard is a certified member of the American Institute of Certified Planners and has more than 20 years of experience in land use planning, development review, historic preservation, and community planning.

Tracy A. Coleman, P.E., Director of Public Works for Engineering and Operations, joined the City in 2014. Prior to joining the City, Ms. Coleman worked in the private sector in the field of civil engineering. She has more than 32 years of professional experience as a civil engineer in work related to site development and infrastructure design, the development of infrastructure assessment studies used to prepare Capital Improvement Programs, plan review and project permitting, and construction administration. In addition, Ms. Coleman retired as a lieutenant colonel after 27 years in the United States Army Reserve. She was commissioned as an engineer officer in 1991. During her service, she completed two separate yearlong deployments to Iraq and Afghanistan. Ms. Coleman graduated from Bucknell University with a B.S. in Civil Engineering and holds a Professional Engineering License in the State of Maryland.

Robert H. Smith Jr., Director of Parks and Recreation, was appointed to the position in November 2015. He possesses 32 years of parks and recreation experience of which 30 have been spent with the City of Frederick as a Recreation Supervisor, Deputy Director and Director. He has been responsible for implementing and managing all aspects of parks and recreation operations and programming; including program and park development, staffing, training and budgeting. He is a recognized member of the community and has been active in various organizations for youth sports.

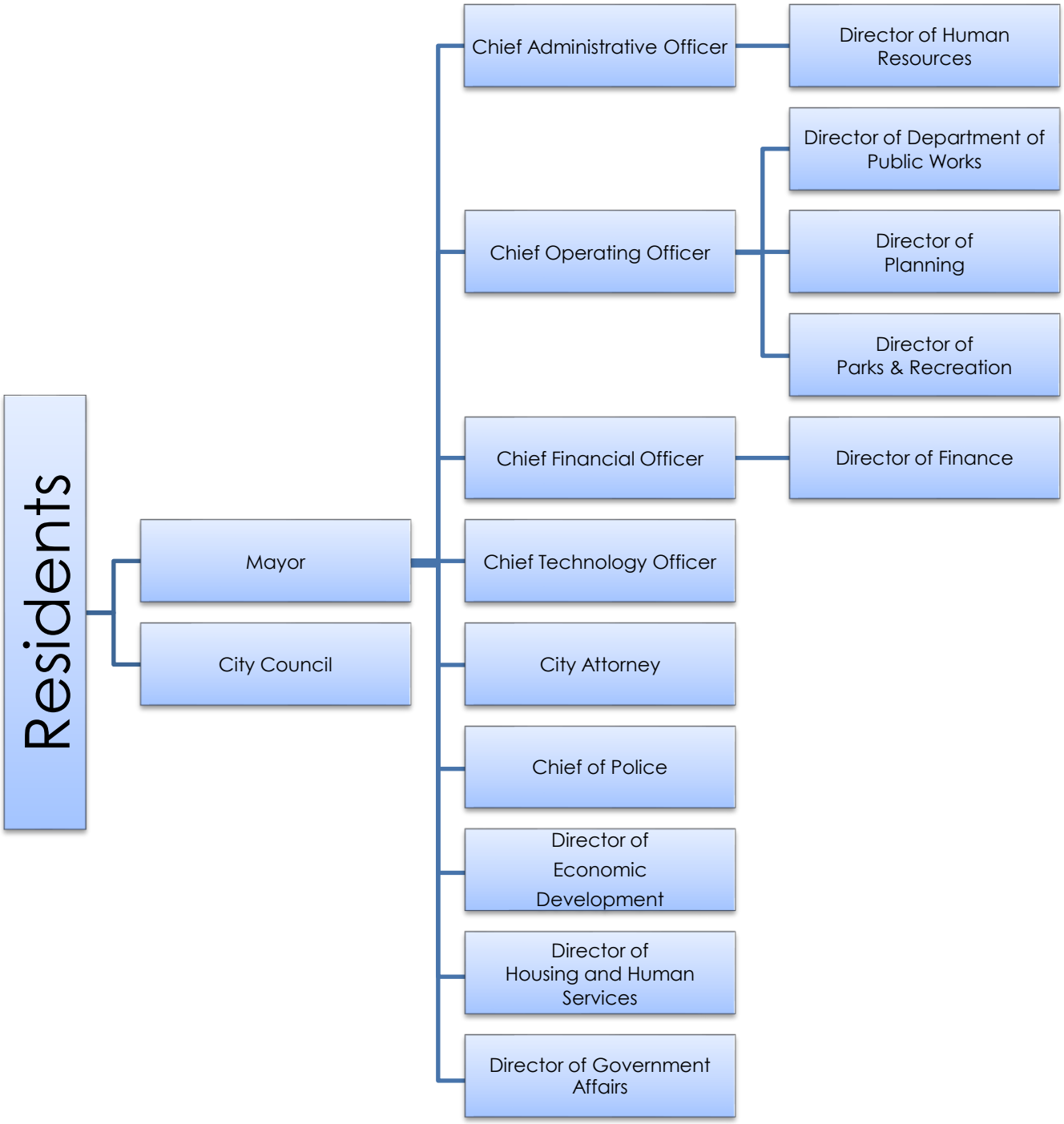
Stuart P. Campbell, Director of Housing and Human Services, holds a B.S. degree in Human Services from Springfield College and a Master of Science degree in Organizational Leadership from Norwich University. Prior to joining the City of Frederick, Mr. Campbell served in leadership roles with nonprofit organizations focused on housing, homelessness, and community services. Since joining the City, he has led initiatives to expand affordable housing, address homelessness, and strengthen the delivery of human services to Frederick residents. Mr. Campbell has more than 25 years of experience in housing, community development, and public service, and is committed to building strong partnerships that improve quality of life and expand opportunities throughout the community.

Patricia A. Slimmer, Director of Finance, was appointed in November 2022. Ms. Slimmer has a B.S. degree in business from Mount Saint Mary's University, Emmitsburg, Maryland. Prior to this appointment, she served as an Account Clerk, Accountant and Accounting Manager for the City. She is an active member of both the Maryland Government Financial Officers Association and the Government Finance Officers Association of the United States and Canada. Ms. Slimmer and her family are members of the Frederick County Farm Bureau and actively participate with state and local FFA and 4-H organizations.

Karen M. Paulson, SHRM-SCP, Director of Human Resources, holds a B.S. degree and a Master of Business Administration from Frostburg State University. Prior to joining the City of Frederick, Ms. Paulson held leadership positions in both the public and private sectors, specializing in human resources, organizational development, and employee relations. During her tenure with the City, she has led initiatives to strengthen recruitment and retention, modernize human resources operations, and advance the City's commitment to being an employer of choice. Ms. Paulson is a Senior Certified Professional through the Society for Human Resource Management, holds the Public Sector Human Resources Association Senior Certified Professional designation, and is a Professional in Human Resources.

Allen W. Etzler, Director of Government Affairs, was appointed in June 2026. In this role, he leads the City's Government Relations, Public Affairs, Arts & Culture, and City Clerk's Office, and coordinates the City's intergovernmental affairs, legislative strategy, and external partnerships. Prior to his appointment, Mr. Etzler served as Deputy Chief of Staff, Manager of Public Affairs, and Public Information Officer for the City. Mr. Etzler earned a B.A. in journalism from the University of Maryland, College Park. He also serves on the Board of Directors for Habitat for Humanity of Frederick County.

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Residents
Mayor
City Council
Chief Administrative Officer
Director of Human Resources
Chief Operating Officer
Director of Department of Public Works
Director of Planning
Director of Parks & Recreation
Chief Financial Officer
Director of Finance
Chief Technology Officer
City Attorney
Chief of Police
Director of Economic Development
Director of Housing and Human Services
Director of Government Affairs

Retirement and Pension Programs

The City provides pension and retirement benefits for substantially all full-time City employees through a group pension immediate participation guarantee contract with Aetna Life Insurance Company. Three pension plans are currently in existence. Full-time employees are eligible to participate in the City's pension plans. For more detailed information refer to Note 7 of "Notes to Financial Statements" in Appendix A to this Official Statement.

Accounting for Annual Vacation and Sick Leave

The value of annual vacation leave, which is limited to a maximum accumulation of 30 days per employee, earned but not taken by City employees and the value of compensatory time earned but not taken approximated $6,150,209 as of June 30, 2026. Annual sick leave is paid as a normal wage and salary benefit and is recorded when taken. Accumulation of sick leave is unlimited; however, there is no lump sum payment when an employee leaves City service. For more detailed information refer to Note 1 of "Notes to Financial Statements" in Appendix A to this Official Statement.

Other Post – Employment Benefits

The City provides other post-employment benefits ("OPEB") to eligible retirees who meet the applicable service and retirement requirements. Eligibility for these benefits varies by employee classification and date of hire. The City closed its retiree healthcare benefit program to newly hired non-sworn employees effective in 2012. Employees who were eligible under the provisions in effect prior to the closure, as well as eligible sworn personnel, may continue to qualify for benefits in accordance with the applicable plan provisions.

The City provides open access Group Health Insurance coverage for pre-Medicare retirees and their dependents. Retirees that are Medicare eligible are enrolled in a plan that coordinates benefits with Medicare. For more detailed information refer to Note 8 of "Notes to Financial Statements" in Appendix A to this Official Statement.

Labor Relations

The City, as of June 30, 2026, employed approximately 667 full-time permanent employees. The City has instituted a pay for performance system and has an elected Public Works and Administrative Employee Committee, which meets with City officials on a monthly basis. This Committee hears complaints, grievances and makes recommendations to the Mayor and City Council concerning such matters as personnel rules and regulations, working conditions, wages and fringe benefits, and various departmental procedures. This Committee is comprised of one elected representative from each Public Works and Administrative Department. This Committee has been in existence since 1971 and has worked very well for the City and employees.

Substantially all of the City police officers are members of the Fraternal Order of Police ("FOP"). On June 20, 2024, the Mayor and City Council approved a new agreement with the FOP for the period July 1, 2024 through June 30, 2027. The negotiations for the new contract have not started yet. However, the City anticipates new negotiations to begin in the next few weeks.

The City, since being incorporated on January 14, 1817, has not experienced a work stoppage due to labor relations disputes and considers its relationships with all employees to be satisfactory.

Leases and Other Contracts

The City is a party to various leases and contracts for goods and services pertinent to the normal course of business and, in addition, is a party to numerous other contracts with engineers, architects, and contractors, relating to capital projects, major maintenance projects, and the City's annual audit. Appropriations have been provided by ordinance with respect to all of these contractual obligations for the current fiscal year.

Basis of Accounting

The City's accounting records for general government operations are maintained on a modified accrual basis with the exception of the Proprietary and Fiduciary Fund types, which are maintained on the accrual basis. Under the accrual basis, revenues are recognized when earned and expenses are recorded when liabilities are incurred. Under the modified accrual basis, revenues are reported as received in cash unless susceptible to accrual. "Susceptible to accrual" means that the amount is both measurable and available to the City but has not been received by the City as of June 30. Expenditures are recorded when the service or goods are received and the liabilities are incurred.

Budget

The budget represents a complete financial plan for the City and reflects the projection of all receipts and disbursements from all sources, including all revenues, all expenditures, and the surplus or deficit in all funds of the City government.

Budget Procedures

The compilation of the City's budget is the responsibility of the Chief Administrative Officer and the Manager of Budget. Prior to January 1 in each year, the Mayor requests all departments to submit their proposed operating requests for the fiscal year commencing the following July 1. The proposed operating budget is prepared by the Mayor and Department of Budget. On or before April 1, the proposed operating and capital improvements budgets, together with comparative and supporting data, are presented to the City Council. Also on or before April 1, the City Council approves the place and time of at least two meetings where both budgets will be considered and at which any interested person may be heard concerning the budgets. Prior to June 20, the budgets are legally enacted through the passage of a budget ordinance. If the City Council fails to enact the budget ordinance, then the Mayor's budgets, as proposed, are deemed to have been adopted by the City Council. After passage of the budget ordinance, the Mayor may approve the transfer of funds within a department; however, any transfers required between departments must be approved by the City Council.

Budget Control

Budgetary control is maintained at the sub function level by the encumbrance of estimated purchase amounts initiated by requisition. Purchase orders which result in an overrun of line object balances are not released to vendors until transfers are made within the department or additional appropriations are approved by the Mayor and City Council. Encumbrances at June 30 are reported as reservations of fund balances since they do not constitute expenditures.

CITY REVENUES AND EXPENDITURES

General

The City's principal source of revenue is property taxes which comprised approximately 56.7% of total governmental fund type revenues in fiscal year 2025. The second and third major sources of total revenues in fiscal year 2025 are intergovernmental revenues which accounted for 14.2% of total governmental fund type revenues and income taxes which accounted for 11.4% of total governmental fund type revenues.

In accordance with the general practice of governmental units, the City records its transactions under various funds. The largest, the General Fund, is that from which all general costs of City government are paid and to which taxes and other revenues not specifically directed by law to be recorded in special funds are recorded. In addition to the General Fund, several special funds receive revenues from particular sources for specific purposes, all as prescribed by law. For example, water and sewer operations are recorded in a manner similar to a private business enterprise and therefore are not included in the above calculations.

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The following table indicates the City's General Fund revenues and expenditures for the five most recent audited fiscal years.

General Fund
Summary of Revenues and Expenditures

	2025	2024	2023	2022	2021
REVENUES:					
Taxes	$ 104,258,866	$ 93,680,246	$ 85,055,217	$ 80,305,003	$ 75,135,341
Licenses and permits	5,645,611	4,819,442	3,876,037	4,814,986	3,640,237
Intergovernmental	12,971,199	11,449,137	12,939,482	9,198,852	11,744,718
Charges for services	2,769,077	3,076,472	2,623,539	2,790,012	2,686,039
Fines and forfeitures	1,802,078	1,725,620	2,314,018	2,152,167	1,846,490
Miscellaneous	7,548,270	8,225,756	5,390,052	2,500,447	4,009,986
Total Revenues	$ 134,995,101	$ 122,976,673	$ 112,198,345	$ 101,761,467	$ 99,062,811
EXPENDITURES:					
Current:					
General government	$ 26,113,370	$ 19,589,199	$ 15,902,547	$ 14,148,208	$ 14,513,386
Public safety	51,379,144	46,865,432	41,053,199	38,229,525	38,510,280
Public works	18,286,621	17,320,610	15,242,620	14,226,979	14,665,614
Recreation and parks	10,305,773	8,879,079	7,401,996	6,265,724	5,798,609
Community development	1,864,816	1,120,823	1,017,748	1,013,812	985,747
Economic opportunity	5,484,282	6,745,197	7,671,027	6,352,612	4,595,914
Debt service	7,298,771	6,487,166	7,869,561	8,093,996	8,139,046
Total expenditures	$ 120,732,777	$ 107,007,506	$ 96,158,698	$ 88,330,856	$ 87,208,596
Excess (deficiency) of revenues over expenditures	$ 14,262,324	$ 15,969,167	$ 16,039,647	$ 13,430,611	$ 11,854,215
OTHER FINANCING SOURCES (USES):					
Capital asset dispositions	$ 235,622	$ 37,240	$ 82,404	$ 42,270	$ 71,062
Operating transfers in	2,552,000	2,565,000	2,563,000	2,513,071	2,550,955
Lease and SBITA Liabilities Issued	139,075	-	-	-	-
Debt premium	-	-	-	-	-
Insurance reimbursements	-	20,460	10,528	55,577	3,023
Operating transfers out	(13,747,932)	(9,806,315)	(13,164,416)	(11,456,598)	(5,451,457)
Total other financing sources (uses)	$ (10,821,235)	$ (7,183,615)	$ (10,508,484)	$ (8,845,680)	$ (2,826,417)
Excess (deficiency) of revenues and other sources over expenditures and other uses — budgetary basis	$ 3,441,089	$ 8,785,552	$ 5,531,163	$ 4,584,931	$ 9,027,798
Budgetary fund balance, July 1	63,787,411	55,001,859	49,470,696	44,885,765	35,857,967
Budgetary fund balance, June 30	$ 67,228,500	$ 63,787,411	$ 55,001,859	$ 49,470,696	$ 44,885,765

Source: The City of Frederick, Department of Finance.

The City anticipates ending fiscal year 2026 with a projected $5 million draw on reserves for planned one-time capital spending. While the City had originally budgeted to utilize $20.5 million in reserves to support one-time capital spending, revenues are projected to be 4% over the budgeted amounts, while expenditures are anticipated to be 94% of the budgeted amounts due to conservative budgeting.

The City of Frederick, Maryland
General Fund

	Budget Fiscal Year 2025	Actual Fiscal Year 2025	Budget Fiscal Year 2026	Budget Fiscal Year 2027
REVENUES:				
Taxes	$ 101,130,457	$ 104,258,866	$ 110,549,685	$ 116,773,583
Licenses and permits	3,664,470	5,645,611	3,594,470	4,044,470
Intergovernmental	15,220,631	12,971,199	11,832,114	10,793,002
Charges for services	3,544,560	2,769,077	3,591,560	3,114,360
Fines and forfeitures	3,478,050	1,802,078	2,568,637	2,889,693
Miscellaneous / Other Financing Sources	2,354,313	7,548,270	2,149,805	4,787,365
Total revenues	$ 129,392,481	$ 134,995,101	$ 134,286,271	$ 142,402,473
EXPENDITURES:				
Current:				
General government	$ 29,423,373	$ 26,113,370	$ 27,659,751	$ 30,201,676
Public safety	54,119,077	51,379,144	57,645,760	61,879,004
Public works	22,820,449	18,286,621	24,716,412	24,228,994
Recreation and parks	11,320,613	10,305,773	12,262,250	13,015,881
Community development	2,423,411	1,864,816	1,965,423	2,113,987
Economic opportunity	8,447,272	5,484,282	8,163,832	8,227,281
Miscellaneous	186,006	-	131,872	600,000
Debt service	7,303,293	7,298,771	7,254,017	7,509,848
Total expenditures	$ 136,043,494	$ 120,732,777	$ 139,799,317	$ 147,776,671
Excess (deficiency) of revenues over expenditures	$ (6,651,013)	$ 14,262,324	$ (5,513,046)	$ (5,374,198)
OTHER FINANCING SOURCES (USES):				
Capital asset dispositions	$ 8,500	$ 235,622	$ 3,500	$ 3,500
Lease and SBITA Liabilities Issued	-	139,075	-	
Operating transfers in	2,565,000	2,552,000	2,565,000	2,565,000
Insurance reimbursements	-	-	5,000	5,000
Operating transfers out	(13,847,932)	(13,747,932)	(17,524,403)	(18,967,697)
Total other financing sources (uses)	$ (11,274,432)	$ (10,821,235)	$ (14,950,903)	$ (16,394,197)
Excess (deficiency) of revenues and other sources over expenditures and other uses — budgetary basis	$ (17,925,445)	$ 3,441,089	$ (20,463,949)	$ (21,768,395)
Budgetary fund balance, July 1	63,787,411	63,787,411	67,228,500	62,188,933
Budgetary fund balance, June 30	$ 45,861,966	$ 67,228,500	$ 46,764,551	$ 40,420,538

Source: The City of Frederick, Department of Finance.

The budget for fiscal year 2027 projects 5.6% growth in tax revenue due to increases in real property assessments and personal income tax revenues. Historically, the City has budgeted to use fund balance for one-time costs including capital projects and equipment purchases. However, due to the conservative nature of budget estimates, fund balance typically has not been needed when actual results are finalized.

Allocation of Tax Revenues

General property taxes, the City's largest source of tax revenues, were 82.22% of total tax revenues in fiscal year 2025. For fiscal year 2025, income tax and other business tax revenues comprised approximately 17.41% of total tax revenues. The following table presents the City's audited General Fund tax revenues by source for each of the five most recent fiscal years.

Tax Revenues by Source

	2025	2024	2023	2022	2021
General Property Taxes (1) ….....	$ 85,724,178	$ 77,278,257	$ 69,588,148	$ 66,016,823	$ 63,144,173
Payment in Lieu of Taxes ….....	388,026	233,292	183,178	131,344	124,729
Income Taxes ….....	17,210,192	15,207,708	14,417,930	13,307,107	11,497,407
Other Taxes ….....	936,470	960,989	865,961	849,729	369,032
Total Taxes ….....	$ 104,258,866	$ 93,680,246	$ 85,055,217	$ 80,305,003	$ 75,135,341

Notes: (1) Includes additions and abatements and interest and discount on taxes.
Source: City of Frederick, Department of Finance.

General Property Taxes

The assessment of all real and tangible personal property for purposes of property taxation by the City is the sole responsibility of the State Department of Assessments and Taxation, an independent State agency.

In 1979, the State inaugurated a triennial assessment system under which all real property in the State is physically inspected and its estimated full market value determined once every three years. If an inspected property has increased in market value since its last inspection, the increase is phased into the determination of assessed valuation over the ensuing three years by increasing the property's "market value" subject to taxation in three equal annual increments. Should the estimated market valuation decrease, the assessed valuation of the property is immediately adjusted in full.

Tangible personal property is assessed by the Maryland State Department of Assessments and Taxation in accordance with State law. The City has established a personal property tax rate of $1.55 per $100 of assessed value. However, the City provides a 100% exemption from municipal personal property taxation for most business personal property, with the exception of property owned by railroads and public utilities. Accordingly, while the City maintains a personal property tax rate, the tax is generally imposed only on taxable personal property of railroads and public utilities.

The Maryland Truth in Taxation Act, Chapter 80 of the Laws of Maryland of 2000, mandates that real property be assessed at 100% of its estimated market value for the purpose of determining State and County real property taxes. These changes became effective October 1, 2000 and apply to fiscal years beginning July 1, 2001.

The following table sets forth the assessed value of all taxable property in the City for each of its five most recent fiscal years and City, County and State tax rates applicable in each of those years according to the Maryland Truth in Taxation Act. Assessed value of tax-exempt organizations, cemeteries, disabled veterans and the blind are not included in the table. Under applicable law, there are no limits on the rates of property taxes which may be charged by the City and Frederick County.

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Assessed Values, Tax Rates and Tax Levies
(as of June 30)

	2026*	2025	2024	2023	2022
Assessable Base:					
Real Property	$ 12,676,922,825	$ 11,584,398,706	$10,387,480,021	$ 9,357,713,925	$ 8,820,122,342
Personal Property	102,953,192	95,603,162	100,413,201	111,518,427	122,069,065
Total	$ 12,779,876,017	$ 11,680,001,868	$10,487,893,222	$ 9,469,232,352	$ 8,942,191,407
Per $100 Assessed Value:					
City Tax Rate – Real Property	$ 0.7055	$ 0.7305	$ 0.7305	$ 0.7305	$ 0.7305
City Tax Rate – Personal Property	1.55	1.55	1.55	1.55	1.55
County Tax Rate (1)(2)	1.0079	1.0077	0.9552	0.9487	0.9505
State Tax Rate (2)	0.1120	0.1120	0.1120	0.1120	0.1120

*Unaudited.
Notes: (1) Inclusive of fire district tax, when applicable.
(2) County and State do not levy taxes on personal property.
Source: The City of Frederick, Department of Finance.

The City's real property tax rate for fiscal year 2026 was $0.7055 per $100 of assessed value. The Frederick County tax rate for fiscal year 2026 was $1.0079 per $100 of assessed value. The State tax rate for fiscal year 2026 was $0.112 per $100 of assessed value. The real property tax rate for fiscal year 2027 is $0.7055 per $100 of assessed value with an estimated real property assessment of $13,683,497,390. The County tax rate for fiscal year 2027 is $1.0125 per $100 of assessed value. The State tax rate for fiscal year 2027 is $0.112 per $100 of assessed value.

City taxes are due and payable as of July 1 of each year. A discount of 1% is allowed if paid in the month of July. If paid in the month of August, a 0.5% discount is allowed. Beginning October 1, an interest penalty of 1.0% per month on taxes due is charged for each month or fraction thereof until such taxes are paid. Delinquent taxes are collected by tax sales conducted by Frederick County. Historically, Frederick County has conducted tax sales on an annual basis.

The City does not levy taxes in excess of actual requirements to provide a margin against delinquencies. Uncollectible taxes are charged off as they are identified.

The following table sets forth certain pertinent information with respect to the City's audited tax levies and tax collections for each of its five most recent fiscal years.

Property Tax Levies and Collections

Fiscal Years	Total Tax Levy(1)	Current Year's Taxes Collected in Year of Levy(1)	%	Collected and Abated	%
2026	$90,887,845	$89,199,480	98.1%	$89,199,480	98.1%
2025	85,976,697	85,794,153	99.8%	85,794,153	99.8%
2024	77,531,408	77,470,132	99.9%	77,511,675	100.0%
2023	70,019,667	69,881,731	99.8%	69,975,909	99.9%
2022	66,252,168	66,130,138	99.8%	66,130,138	99.8%

Notes: (1) Represents original tax levy, less real property tax credits for civic associations, elderly and disabled taxpayers, and other adjustments.
Source: The City of Frederick, Department of Finance.

Real and Business Personal Property

The amount of real and personal property taxes levied by the City in the five most recent fiscal years and the ratio of that amount to the total property taxes levied by the City during the five most recent fiscal years are shown in the following table.

Fiscal Years	Total Tax Levy(1)	Real Property Tax	%	Railroad and Public Utility Personal Property Tax	%	Business Personal Property Tax	%
2026….....	$90,887,845	$89,435,691	98.40%	$1,452,154	1.60%	$0	0.00%
2025.....	85,976,697	84,624,033	98.43%	1,352,664	1.57%	0	0.00%
2024.....	77,531,408	75,880,542	97.87%	1,364,407	1.76%	286,459	0.37%
2023.....	70,019,667	68,358,100	97.63%	1,370,980	1.96%	290,587	0.42%
2022.....	66,252,168	64,430,994	97.25%	1,306,551	1.97%	514,623	0.78%

Notes: (1) Represents original tax levy, less real property tax credits for civic associations, elderly and disabled taxpayers, and other adjustments.
Source: The City of Frederick, Department of Finance.

Schedule of Principal Taxpayers

The following tables set forth the City's largest taxpayers of real property taxes and the assessed value of their real property, the amount of tax billed as of June 30, 2026 and the percentage of total assessed value.

Taxpayer	Assessed Value	Amount of Tax	Percentage of Total Assessed Value
Real Property Tax:			
ASTRAZENECA PHARMACEUTICALS	$ 133,659,500	$ 942,968	1.04%
RIV 402 LLC	108,418,700	764,894	0.84%
HOMEWOOD AT FREDERICK MD INC	65,875,833	464,754	0.51%
100 ALESSANDRA LLC	60,154,100	424,387	0.47%
RACHUBA PROSPECT HALL LLC	55,616,500	392,374	0.43%
CANTERBURY STATION LLC	53,377,867	376,581	0.42%
HOMEWOOD RETIREMENT CENTERS OF	49,204,500	347,138	0.38%
TC FCC OWNER III LLC	47,863,200	337,675	0.37%
FPC EAST CHURCH LLC	47,599,300	335,813	0.37%
LPF CLEMSON CORNER LLC	41,674,800	294,016	0.32%
	$ 663,444,300	$ 4,680,600	5.16%

Source: The City of Frederick, Department of Finance.

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Income Taxes

The State imposes an income tax on the adjusted gross income of individuals for federal income tax purposes, subject to certain adjustments. Effective January 1, 2016, the personal State income tax rate is graduated up to 5.75%

Each county and Baltimore City is authorized to levy a local income tax at the rate of at least 1.0%, but not more than 3.3% of a taxpayer's taxable income.

Frederick County currently levies a local income tax pursuant to State law. Effective January 1, 2024 with passage of Ordinance 23-05-005 the County's income tax rates for single filers, married individuals filing separately, and dependent filers, are 2.25% for taxpayers with Maryland taxable income between $1 and $25,000 (inclusive); 2.75% for taxpayers with Maryland taxable income between $25,001 and $50,000 (inclusive); 2.96% for taxpayers with Maryland taxable income between $50,001 and $150,000 (inclusive); and 3.20% for taxpayers with Maryland taxable income of $150,001 or more. For joint filers, heads of household, and qualified surviving spouses, the County's income tax rates are 2.25% for taxpayers with Maryland taxable income between $1 and $25,000 (inclusive); 2.75% for taxpayers with Maryland taxable income between $25,001 and $100,000 (inclusive); 2.96% for taxpayers with Maryland taxable income between $100,001 and $250,000 (inclusive); and 3.20% for taxpayers with Maryland taxable income of $250,001 or more.

The City's share of personal income taxes for fiscal 2025 was $17,210,192. The City estimates personal income tax revenue to be $17,911,179 in fiscal year 2026.

Overlapping Tax Rate

Taxable property in the City is subject to certain Frederick County taxes. For fiscal year 2026, the County and State tax rates for the City were $1.0079 and $0.1120, respectively, per $100 of assessed value.

Local and State-Shared Taxes

The City levies an amusement and admission tax for certain activities. In fiscal year 2025, amusement and admission charges received by the City totaled $608,269. The City estimates amusement and admission tax will be $767,829 in fiscal year 2026.

State and Federal Assistance

During fiscal year 2025, the City received approximately $24,251,803 in State and Federal assistance. Included in this amount are $4,328,614 for police services; $4,217,411 for street maintenance; $5,159,851 for housing and human services; $546,480 for the Frederick Municipal Airport; $7,961,107 for capital projects; and $2,038,340 for other projects and programs.

The fiscal year 2026 budget includes approximately $27,285,697 in State and Federal assistance. This includes $12,171,371 in funding for capital projects, representing the largest portion of State and Federal assistance budgeted for the year. Recurring and programmatic support includes $4,851,691 for street maintenance; $4,334,843 for housing and human services; $2,327,870 for police services; and $1,756,500 for the Frederick Municipal Airport. An additional $1,843,422 is budgeted for other projects and programs.

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CERTAIN DEBT INFORMATION

Legal Debt Margin and Debt Summary

The City's authority to issue long-term bonds pursuant to Article VII, Section 13 and Article XI, Section 2 of the Charter is limited to 3% of the total assessed value of all taxable property in the City. Bonds issued for the purpose of financing and paying for the construction, operation, maintenance and repair of the water supply and treatment facilities and the sewage collection and treatment facilities are not included for the purpose of calculating the legal debt margin.

Statement of Outstanding Debt

The following tables set forth the City's total debt and debt as adjusted to reflect the issuance of the Bonds. The other enterprise debt is comprised of loans from the State of Maryland.

Schedule of Debt Service Requirements
As of June 30, 2026

Fiscal Year	General Long-Term Bonds		Enterprise Fund Bonds		Other Enterprise Long-Term Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2027	$ 5,581,000	$ 1,921,468	$ 10,159,000	$ 2,475,833	$ 2,476,408	$ 208,140	$ 22,821,849
2028	5,407,000	1,696,293	6,113,000	2,013,408	2,497,618	186,930	17,914,249
2029	5,548,000	1,499,083	6,292,000	1,792,873	2,519,010	165,537	17,816,503
2030	2,505,000	1,295,683	4,120,000	1,574,073	2,540,587	143,961	12,179,304
2031	2,568,000	1,186,033	4,227,000	1,411,361	2,562,349	122,199	12,076,942
2032	2,626,000	1,073,533	4,338,999	1,244,349	2,584,298	100,250	11,967,429
2033	2,691,000	964,798	4,459,000	1,080,064	2,550,135	78,113	11,823,110
2034	2,759,000	859,714	4,586,000	917,736	1,595,864	56,236	10,774,550
2035	2,262,000	750,214	2,438,000	749,761	1,610,120	41,979	7,852,074
2036	2,322,000	655,323	2,493,000	650,165	1,538,536	27,595	7,686,619
2037	2,044,000	556,904	2,026,000	547,133	1,530,071	13,771	6,717,879
2038	2,105,000	465,095	2,090,000	456,343	-	-	5,116,438
2039	2,173,000	369,545	2,157,000	361,793	-	-	5,061,338
2040	1,479,000	291,340	1,446,000	284,760	-	-	3,501,100
2041	1,540,000	230,960	1,505,000	225,740	-	-	3,501,700
2042	1,603,000	168,100	1,567,000	164,300	-	-	3,502,400
2043	1,666,000	102,720	1,629,000	100,380	-	-	3,498,100
2044	1,735,000	34,700	1,695,000	33,900	-	-	3,498,600
Total	$ 48,614,000	$ 14,121,506	$ 63,340,999	$ 16,083,972	$ 24,004,996	$ 1,144,711	$ 167,310,184

Totals may not add due to rounding.
Source: The City of Frederick, Department of Finance.

Schedule of Debt Service Requirements
as adjusted to reflect the issuance of the Bonds
As of June 30, 2026

Fiscal Year		Public Improvements Bonds of 2026*		Adjusted Total
as of June 30	Total Debt Service (2)	Principal	Interest (1)	Debt Service (2)
2027	$22,821,849	$0	$807,472	$23,629,321
2028	17,914,249	1,060,000	1,746,000	20,720,249
2029	17,816,503	1,115,000	1,691,625	20,623,128
2030	12,179,304	1,170,000	1,634,500	14,983,804
2031	12,076,942	1,230,000	1,574,500	14,881,442
2032	11,967,429	1,290,000	1,511,500	14,768,929
2033	11,823,110	1,355,000	1,445,375	14,623,485
2034	10,774,550	1,430,000	1,375,750	13,580,300
2035	7,852,074	1,500,000	1,302,500	10,654,574
2036	7,686,619	1,580,000	1,225,500	10,492,119
2037	6,717,879	1,655,000	1,144,625	9,517,504
2038	5,116,438	1,745,000	1,059,625	7,921,063
2039	5,061,338	1,830,000	970,250	7,861,588
2040	3,501,100	1,930,000	876,250	6,307,350
2041	3,501,700	2,025,000	777,375	6,304,075
2042	3,502,400	2,130,000	673,500	6,305,900
2043	3,498,100	2,240,000	564,250	6,302,350
2044	3,498,600	2,355,000	449,375	6,302,975
2045	0	2,475,000	328,625	2,803,625
2046	0	2,600,000	201,750	2,801,750
2047	0	2,735,000	68,375	2,803,375
Total	**$167,310,184**	**$35,450,000**	**$21,428,722**	**$224,188,906**

*Preliminary, subject to change.
(1) Interest rates estimated at 5.000%.
(2) Totals may not add due to rounding.
Source: Davenport & Company LLC and City of Frederick.

The following table represents the computation of legal debt margin of the City as of June 30, 2026.

Legal Debt Margin (1)

Assessed valuations	$	12,779,876,017
Debt limit (3% of assessed value per the Charter)		383,396,281
Outstanding debt applicable to debt limit (2)		
Total bonded debt		111,954,999
Other debt		24,004,996
		135,959,995
Less: Water and sewer debt		71,180,995
Total amount of debt applicable to debt limit		64,779,000
Legal debt margin	$	318,617,281

(1) Does not include Bonds offered herein.
(2) This amount does not include outstanding aggregate principal amount of bonds which Article VII, Section 13(b) of the Charter permits to be excluded in calculating the debt limit.
Source: The City of Frederick, Department of Finance.

The following table presents the City's bonded indebtedness as a percentage of assessed value and of estimated market value for each of its five most recent fiscal years.

Bonded Debt
To Assessed Value and to Estimated Market Value
(Does Not Include the Bonds Offered Hereby)

Fiscal Year	Assessed Value	Estimated Market Value	Bonded Debt	Debt to Assessed Value %	Debt to Estimated Market Value %
2026	$12,779,876,017	$13,438,355,433	$111,954,999	0.88%	0.83%
2025	11,680,001,868	11,839,340,471	138,558,567	1.19	1.17
2024	10,487,893,222	10,952,535,357	155,492,294	1.48	1.42
2023	9,469,232,352	9,901,155,863	119,527,901	1.26	1.21
2022	8,942,191,407	9,380,687,118	135,861,417	1.52	1.45

Source: The City of Frederick, Department of Finance.

The following table presents the City's annual debt service expenditures as a percentage of General Fund revenues for each of its five most recent fiscal years.

Ratio of General Fund Annual Debt Service Expenditures
To General Fund Revenues
(Does Not Include the Bonds Offered Hereby)

Fiscal Year	General Fund Revenues	Annual Debt Service Expenditures	Ratio
2026 (1)….....	$ 139,339,192	$ 7,246,638	5.20%
2025….....	134,995,096	7,295,913	5.40%
2024….....	122,759,329	6,272,879	5.11%
2023….....	112,198,345	7,858,761	7.00%
2022….....	101,761,467	8,081,829	7.94%

(1) Unaudited Fiscal Year 2026.
Note: Annual debt service expenditure figures are net of professional expenses.
Source: The City of Frederick, Department of Finance.

Short-Term Debt

The City's short-term borrowing authority is currently limited by Article VII, Section 14 of the Charter to $1,000,000 at any time outstanding.

Overlapping Debt

Property located in the City is subject to taxation by Frederick County to pay for services provided to residents of the City by the County. As of June 30, 2025, the net general obligation debt of the County was $814,654,435. The amount of County debt applicable to the City is $191,606,723, which is 23.52% of the County's net general obligation debt.

During fiscal year 2025, the assessed value of real property in the City was approximately 23.52% of the assessed value of all taxable County real property. Under applicable Maryland law, Frederick County may not impose taxes upon the residents of any incorporated municipality for services which that municipality provides for its residents. For the fiscal year ending June 30, 2025, the County tax rate within the City was $1.0077 per $100 of assessed value.

Future Plans to Issue City Debt

The City has no plans to issue additional debt, other than this issue, during calendar year 2026.

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Capital Improvement Program

The following table sets forth the different classes of capital projects and the amounts that have been approved in the Capital Improvement Program for the four fiscal years indicated.

Project	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total
General Fund							
Facilities	$ 2,714,348	$ 4,400,000	$ 950,000	$ 200,000	$ 200,000	$ 200,000	$ 8,664,348
Roads	8,850,116	18,400,000	-	-	-	-	27,250,116
Roadside Infrastructure	11,295,655	15,500,000	7,000,000	7,000,000	7,000,000	1,000,000	48,795,655
Parks	3,388,065	825,000	550,000	550,000	550,000	550,000	6,413,065
Total	$ 26,248,184	$ 39,125,000	$ 8,500,000	$ 7,750,000	$ 7,750,000	$ 1,750,000	$ 91,123,184
Water and Sewer Fund							
Water	$ 10,269,017	$ 22,500,000	$ 6,600,000	$ 23,700,000	$ 24,400,000	$ 44,500,000	$ 131,969,017
Sewer	4,000,000	2,000,000	1,000,000	-	-	-	7,000,000
Total	$ 14,269,017	$ 24,500,000	$ 7,600,000	$ 23,700,000	$ 24,400,000	$ 44,500,000	$ 138,969,017
Other Funds							
Airport Fund	$ 900,000	$ -	$ -	$ -	$ -	$ -	$ 900,000
Parking Facilities Fund	5,750,000	500,000	250,000	-	-	-	6,500,000
Stormwater Fund	12,700,000	1,800,000	-	-	-	-	14,500,000
Total	$ 19,350,000	$ 2,300,000	$ 250,000	$ -	$ -	$ -	$ 21,900,000
Total	$ 59,867,201	$ 65,925,000	$ 16,350,000	$ 31,450,000	$ 32,150,000	$ 46,250,000	$ 251,992,201

Funding Source

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total
General Fund							
Debt Funding	$ 2,700,000	$ 24,215,000	$ 1,200,000	$ 1,200,000	$ 1,200,000	$ -	$ 30,515,000
Grants	5,259,067	4,800,000	4,800,000	4,800,000	3,200,000	-	22,859,067
Other	1,255,516	635,000	-	-	-	-	1,890,516
Pay-go	17,033,601	9,475,000	2,500,000	1,750,000	3,350,000	1,750,000	35,858,601
Total	$ 26,248,184	$ 39,125,000	$ 8,500,000	$ 7,750,000	$ 7,750,000	$ 1,750,000	$ 91,123,184
Water and Sewer Fund							
Debt Funding	$ 8,700,000	$ 22,500,000	$ 6,600,000	$ 23,700,000	$ 24,400,000	$ 44,500,000	$ 130,400,000
Pay-go	5,569,017	2,000,000	1,000,000	-	-	-	8,569,017
Total	$ 14,269,017	$ 24,500,000	$ 7,600,000	$ 23,700,000	$ 24,400,000	$ 44,500,000	$ 138,969,017
Other Funds							
Debt Funding	$ 11,500,000	$ 1,800,000	$ -	$ -	$ -	$ -	$ 13,300,000
Grants	5,743,750	-	-	-	-	-	5,743,750
Other	350,000	-	-	-	-	-	350,000
Pay-go	1,756,250	500,000	250,000	-	-	-	2,506,250
Total	$ 19,350,000	$ 2,300,000	$ 250,000	$ -	$ -	$ -	$ 21,900,000
Total Funding							
Debt Funding	$ 22,900,000	$ 48,515,000	$ 7,800,000	$ 24,900,000	$ 25,600,000	$ 44,500,000	$ 174,215,000
Grants	11,002,817	4,800,000	4,800,000	4,800,000	3,200,000	-	28,602,817
Other	1,605,516	635,000	-	-	-	-	2,240,516
Pay-go	24,358,868	11,975,000	3,750,000	1,750,000	3,350,000	1,750,000	46,933,868
Total	$ 59,867,201	$ 65,925,000	$ 16,350,000	$ 31,450,000	$ 32,150,000	$ 46,250,000	$ 251,992,201

Source: The City of Frederick, Department of Finance.

The City has consistently utilized a plan of "pay-as-you-go" capital financing. The following table shows the monies allocated under the "pay-as-you-go" Capital Financing Plan for all City operating funds for the five most recent fiscal years and an estimate for fiscal year 2026:

Fiscal Year	Pay-As-You-Go Amount
2026*	$ 21,839,207
2025	15,331,250
2024	13,912,200
2023	16,825,677
2022	9,211,913
2021	4,402,819

*Unaudited.
Source: City of Frederick, Department of Finance.

CERTAIN SERVICES AND RESPONSIBILITIES

Through its various departments and offices (see "CITY GOVERNMENT, ADMINISTRATION AND PERSONNEL" herein), the City is responsible for supplying the following services:

Water Supply and Sewerage

The City owns its water system and related pumping stations. The maximum use is 10.8 million gallons per day. With approximately 330 miles of water mains and 179 miles of sewer lines, the City provides metered water service to approximately 23,527 metered account customers and sewer service to roughly 17,898 customers.

The City owns and operates the Gas House Pike Wastewater Treatment Plant ("WWTP") which has a rated effluent discharge of 8.0 million gallons per day ("MGD") and currently treats and discharges an annual average effluent flow of approximately 5.8 MGD. The Gas House Pike WWTP provides preliminary treatment, primary clarification, an activated sludge process for secondary biological nutrient removal, denitrification filters, effluent disinfection with UV, and final cascade post aeration. Final effluent from the facility is discharged to the Monocacy River, with a portion of the treated effluent used for irrigation of an adjacent golf course from March 1 through November 30. A combination of primary sludge and thickened secondary sludge is anaerobically digested, dewatered, and disposed of off-site, via contract services for land application.

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The following table indicates the City's Water and Sewer Fund revenues and expenses for the five most recent audited fiscal years.

Water and Sewer Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets

Operating Revenues:	2025	2024	2023	2022	2021
Charges for Services	$ 37,508,166	$ 35,759,113	$ 32,805,051	$ 30,762,003	$ 32,030,158
Licenses and permits	795,045	781,200	647,680	918,776	660,285
Fines and forfeitures	212,682	149,006	88,299	89,578	74,387
Miscellaneous	232,610	183,745	131,928	52,892	58,738
Total Revenues	$ 38,748,503	$ 36,873,064	$ 33,672,958	$ 31,823,249	$ 32,823,568
Operating Expenses:					
Finance	$ 666,041	$ 522,611	$ 489,767	$ 324,352	$ 462,859
Plumbing inspection	100,817	382,690	231,407	307,517	364,341
Water service	6,642,645	2,815,616	3,706,144	3,124,454	2,510,479
Water chemicals	550,516	400,640	436,260	310,423	294,403
Water treatment	6,393,724	7,432,460	5,967,629	6,691,350	7,253,402
Sewage collection/disposal	5,160,390	5,978,980	6,013,329	4,043,357	3,893,732
Sewage maintenance/house connections	1,186,785	569,192	905,738	542,200	1,036,452
Inflow and infiltration	140,821	269,859	195,768	336,135	401,054
Plant maintenance	2,213,583	1,351,068	1,564,629	1,058,729	1,059,952
Depreciation	9,271,092	9,064,012	7,131,940	7,070,591	6,727,588
Total Expenditures	$ 32,326,414	$ 28,787,128	$ 26,642,611	$ 23,809,108	$ 24,004,262
Operating income (loss)	$ 6,422,089	$ 8,085,936	$ 7,030,347	$ 8,014,141	$ 8,819,306
Nonoperating revenues/(expenses)					
Intergovernmental	$ -	$ 190,000	$ -	$ 252,472	$ 579,891
Interest income	2,452,383	2,169,012	971,616	60,749	181,708
Gain on disposal of capital assets	-	-	40,054	23,275	-
Other nonoperating revenues	808,357	297,977	302,314	282,214	253,512
Debt premium amortization	870,223	843,451	816,679	816,679	272,249
Interest expenses	(2,510,614)	(2,576,842)	(2,610,542)	(2,931,811)	(3,244,444)
Other nonoperating expenses	(451,750)	(550,495)	(457,632)	(474,250)	(478,610)
Total nonoperating revenues/expenses	$ 1,168,599	$ 373,103	$ (937,511)	$ (1,970,672)	$ (2,435,694)
Income/(loss) before contributions and transfers	$ 7,590,688	$ 8,459,039	$ 6,092,836	$ 6,043,469	$ 6,383,612
Capital Contributions	11,429,787	10,127,762	13,304,339	13,403,623	7,062,669
Transfers in	-	-	5,149	-	-
Transfers out	(2,150,000)	(2,150,000)	(2,150,000)	(2,150,000)	(2,150,000)
Change in net assets	$ 16,870,475	$ 16,436,801	$ 17,252,324	$ 17,297,092	$ 11,296,281
Total net assets - beginning	169,884,491	153,447,690	136,195,366	118,898,274	-
Total net assets - ending	$ 186,754,966	$ 169,884,491	$ 153,447,690	$ 136,195,366	$ 11,296,281

Source: City of Frederick Finance Department.

Police Department

Police protection is provided by the City Police Department, which includes the Chief of Police, 157 sworn officers, and 55.81 full-time equivalent civilian personnel. The approved operating budget for fiscal year 2027 is approximately $54,608,844.

Planning and Zoning

The Planning Department provides various services to the residents and businesses of the City related to the physical development of the City. The Department is responsible for land use planning, zoning administration, development review, historic preservation, as well as other urban development activities. The Department also provides staff support to the Planning Commission, Zoning Board of Appeals, Water and Sewer Service Committee and the Historic Preservation Commission. A major responsibility of the Planning Department is to prepare and maintain the City's Comprehensive Plan. The City's 2020 Comprehensive Plan was adopted April 15, 2021. The more short-term or maintenance responsibilities of the Department include preparation of State reports, assessing rezoning petitions, updating the City's land development regulations, and producing neighborhood plans. The Department is also tasked with reviewing proposed subdivisions, site plans and building permit applications to ensure compliance with the City's Comprehensive Plan, Land Management Code, and several other local regulations.

Engineering

The Engineering Department strives to protect the public safety, health and welfare of the citizens of Frederick by providing professional, technical expertise. The Department of Engineering is composed of the following sections/divisions: Land Development and Construction, Utilities Planning, Surveying and Mapping, Traffic and Building Department. The Engineering Department provides numerous engineering related services to the residents, businesses and industries of the City ranging from development review to infrastructure planning. The Engineering Department also supports the Planning Department in the role of reviewing and approving all land development servicing proposals.

Code Enforcement

Code Enforcement, in concert with the Mayor and City Council, works diligently to improve the quality of life in the City through the proactive enforcement of laws and codes, such as the Property Maintenance Code, Livability Code, Frederick City Code, and the Land Management Code. Paramount to its mission is its goal of making the City a desirable place to live and work as well as a memorable place for tourists to visit.

Roadways

There are approximately 330 miles of roadway in the City. The City has 21 employees that are assigned to the roadway department for maintenance tasks, including street cleaning, the emptying of street-mounted trash cans, pothole repair, and sidewalk maintenance. The approved operating budget for fiscal year 2027 is $5,301,843.

Refuse Collection and Disposal

The City provides a refuse collection service for residential properties located within the City limits. The landfill operation is owned by the County with shared use by all County citizens. The City has 24.2 employees that collect refuse from residential properties once a week. $6,530,221 is appropriated in the fiscal year 2027 operating budget for refuse collection and disposal.

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Recreation and Parks

The City has acquired and developed approximately 1,038 acres of public parkland with a variety of facilities. In addition, nearly 200 more acres, comprised of school property, privately owned land and City-maintained land are available for public use in varying degrees. The City currently has 79 parks of various sizes in different locations. The approved operating budget for fiscal year 2027 is approximately $12,561,960.

Municipal recreation facilities include the following:

Playgrounds	….....	44
Athletic Fields	….....	42
Basketball Courts	….....	27
Rental Pavilions	….....	26
Tennis Courts	….....	19
Fountains	….....	12
Pickleball Courts	….....	9
In-Line Rinks	….....	3
Dog Parks	….....	3
Skate Parks	….....	2

Public Transportation and Off-Street Parking

Frederick County provides public transportation for City residents. This service is substantially subsidized by the Federal Highway Administration and the Maryland Department of Transportation.

The City's off-street parking facilities are comprised of six municipal areas and five parking garages which house a combined total of 2,718 spaces. Additionally, the parking department is responsible for maintaining and collecting on approximately 829 metered parking spaces. These facilities are located in the core of the City's commercial and downtown residential district.

Airport

The Frederick Municipal Airport, which has been in operation since 1949, consists of 620 acres with two runways. The primary instrument runway is 5,819 feet, with the crosswind runway at 3,600 feet. Over 90,000 flights depart from or arrive at this facility annually, making the airport the third busiest airport in the State. Approximately $25 million in intergovernmental grant funds have been expended over the past five years at the airport, and it is anticipated another $10 million in grant funds will be spent over the next five years.

A seven-hangar corporate apron expansion is planned over the next five years which will enable $14 million in private investment and potential to double the number of commercial aviation businesses on the airport. Demand for the use of corporate aviation has been increasing accordingly with Frederick area business growth.

Municipal Golf Course

Clustered Spires Golf Course opened during fiscal year 1991. The course is comprised of 18 holes, two practice putting greens, a practice bunker, and a three-tiered grass driving range. In addition, Clustered Spires offers a full-service pro-shop along with a restaurant. This course is managed by the City and has been recognized as a top golf course in Frederick County 20 years running.

Storm Water

The City's Storm Water Department inspects and maintains the storm water collection system, along with four lift stations, and manages the City's Street Sweeping Program. The Storm Water Department is also tasked with inspecting all public and privately owned storm water management facilities.

Fire Protection

Fire protection for the City is provided by Frederick County utilizing volunteer fire fighters, supplemented by full-time paid personnel. The companies provide fire suppression and prevention services, as well as emergency medical services, to City residents.

SELECTED DEMOGRAPHIC AND ECONOMIC FACTORS

Population

During the past 70 years, the population of the City has nearly quadrupled as reflected in the following table.

	Frederick City	Frederick County	Maryland
1950	18,142	62,287	2,343,000
1960	21,744	71,980	3,101,390
1970	23,641	84,927	3,923,897
1980	28,086	114,792	4,193,378
1990	40,148	150,208	4,781,468
2000	52,767	195,277	5,296,486
2010	65,239	233,385	5,773,552
2020	78,171	271,717	6,177,224

Source: U.S. Department of Commerce, U.S. Census Bureau.

Income

The experience of personal income growth in Frederick County, the State and the United States is shown in the two following tables:

Frederick County, State of Maryland and United States
Average Per Capita Personal Income

Calendar Year	Frederick County	Percent Change from Previous Year	Maryland	Percent Change from Previous Year	U.S.	Percent Change from Previous Year
2024	$78,929	4.9%	$79,259	5.0%	$73,204	4.6%
2023	75,211	5.6	75,476	6.6	70,002	5.6
2022	71,200	1.8	70,781	2.2	66,298	2.5
2021	69,918	7.8	69,231	6.7	64,692	9.3
2020	64,822	4.8	64,868	5.1	59,151	6.4

Source: Regional Economic Information system. U.S. Bureau of Economic Analysis, Table CAINC1 and SAINC1 February 5, 2026 – new statistics for 2024; revised statistics for 2020 – 2023.

Frederick County and State of Maryland
Total Personal Income

	Personal Income ($000's)*		Percent Change from Previous Year	
Calendar Year	Frederick County	State of Maryland	Frederick County	State of Maryland
2024	$23,624,721	$496,413,907	6.8%	5.8%
2023	22,123,563	469,239,606	7.7	7.1
2022	20,528,227	438,306,389	4.6	2.5
2021	19,623,707	427,803,175	10.9	6.8
2020	17,682,538	400,749,976	6.8	5.3

Source: Regional Economic Information system. U.S. Bureau of Economic Analysis, Tables CAINC4 – February 5, 2026 and SAINC4 –- new statistics for 2024; revised statistics for 2020 – 2023.
*Note: Total personal income values are in thousands of dollars, not adjusted for inflation.

Construction Activity

The following table sets forth a 10-year summary of commercial and residential permits issued by the City and associated estimated construction costs.

	Commercial Construction		Residential Construction		
Years	Number of Permits	Estimated Construction Costs	Number of Permits	Estimated Construction Costs	Total Permit Fees Paid
2017	389	$118,717,643	1,627	$150,439,035	$1,351,118
2018	363	28,527,135	998	47,278,828	1,143,776
2019	564	73,593,621	1,462	105,142,853	1,436,336
2020	384	119,545,626	1,431	111,820,791	1,422,928
2021	449	100,102,506	2,685	247,714,519	2,780,629
2022	404	152,453,722	3,223	306,370,245	3,436,632
2023	417	117,917,573	2,810	244,966,717	2,810,366
2024	428	75,315,960	2,323	234,620,496	1,972,754
2025	484	268,961,763	1,809	141,805,463	1,944,009
2026	448	140,349,201	1,817	171,795,271	1,998,857

Source: Department of Permits and Code Management of the City of Frederick.

Employment

The following table indicates Frederick County's unemployment rate as compared with the other counties of the Maryland portion of the Washington MSA, the State and the United States for the last five calendar years.

Annual Average Unemployment Rate

	2025	2024	2023	2022	2021
Calvert County	3.5%	2.8%	2.0%	2.8%	4.2%
Charles County	4.2	3.3	2.3	3.0	5.1
City of Frederick	**3.1**	**4.9**	**6.4**	**3.1**	**4.9**
Frederick County	3.5	2.7	1.9	2.5	4.0
Montgomery County	3.7	2.8	1.9	2.6	4.8
Prince George's County	4.4	3.4	2.4	3.3	6.6
State of Maryland	4.0	3.2	2.2	3.0	5.2
United States[(1)]	4.3	4.1	3.6	3.6	5.3

Source: Maryland Department of Labor, Office of Workforce Information and Performance (OWIP), Local Area Unemployment Statistics (LAUS) - Workforce Information & Performance – Annual County Data.
(1) Bureau of Labor Statistics.

The number of persons living in the City of Frederick who were available for work and composed the work force totaled 47,398 in August 2026 and the total employment for this force was 45,761, resulting in an unemployment rate of 3.5% for this period. Certain comparative unemployment rates as of August 2026 are shown below.

Calvert County	3.5%
Charles County	4.6
City of Frederick	**3.5**
Frederick County	3.3
Montgomery County	3.5
Prince George's County	4.4
State of Maryland	3.9
United States	4.1

Source: "State of Maryland. Civilian Labor Force, Employment, and Unemployment by Place of Residence, Issued August 2026." Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information.
[(1)]U.S. Department of Labor, Bureau of Labor Statistics.

The following table provides information relating to the largest employers in and in close proximity to the City. These figures are representative only and do not include all of the diversified employment opportunities in the City.

Employer	Business Classification	FY 2025 Employment
Fort Detrick	Military, Bioscience, Communications	10,827
Frederick County Public Schools	Public Education	7,433
Frederick Health Hospital	Comprehensive Health Care	3,360
Frederick County Government	County Government	2,810
Ledios Biomedical Research	Medical Research	2,370
Frederick Community College	Two-Year Community College	1,369
City of Frederick Government	Municipal Government	977
AstraZeneca	Biotech Manufacturing	750
Aldi	Retail Supermarket/Distribution Center	698
Stulz ATS	HVAC Manufacturer	536
	Total:	31,130

Source: The City of Frederick Department of Economic Development, 2025.

Business, Employment and Labor

The following table provides statistics relating to the distribution of employment by employer classification.

Business and Employment Composition

Classification	Average Number of Reporting Units	Percent of Total		Annual Average Employment	Percent of Total	
Natural Resources and Mining	70	0.9	%	594	0.6	%
Construction	840	11.2		9,851	9.2	
Manufacturing	242	3.3		5,763	5.3	
Trade/Transportation/Utilities	1,146	15.4		19,523	18.3	
Information	208	2.8		1,124	1.1	
Financial Activities	636	8.6		4,668	4.4	
Professional and Business Services	1,859	25.0		15,120	14.1	
Education and Health Services	962	12.9		15,685	14.6	
Leisure and Hospitality	644	8.7		12,113	11.3	
Other Services	648	8.7		4,276	4.0	
Total – Private Sector	7,257	97.5		88,716	82.9	
Local Government	92	1.2		12,658	11.8	
State Government	12	0.2		1,051	1.0	
Federal Government	182	1.1		4,579	4.3	
Total	7,439	100.00	%	107,003	100.00	%

Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, "Employment and Payrolls, Annual Average, 2025.

RATINGS

Fitch Ratings, Moody's Investors Service, and S&P Global Ratings have given the Bonds the ratings indicated on the cover page of this Official Statement. An explanation of the significance of such ratings may be obtained from the rating agency furnishing them. The City furnished the rating agencies information contained in a preliminary form of this Official Statement and other materials and information. Generally, the rating agencies base their ratings on such material and information, and on their own investigations, studies and assumptions. It should be noted that such ratings may be changed at any time and that no assurance can be given that they will not be revised downward or withdrawn by any of the rating agencies if, in its judgment, circumstances should warrant such actions. Such circumstances may include, without limitation, changes in or unavailability of information relating to the City. Any such downward revision or withdrawal of any or all of such ratings could have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

Approval of Legal Proceedings

DLA Piper LLP (US), Baltimore, Maryland, is acting as Bond Counsel in connection with the issuance of the Bonds. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of the opinion substantially in the form set forth in Appendix C of this Official Statement.

TAX MATTERS

State of Maryland Taxation

Bond Counsel is of the opinion that, under existing law, the principal of and interest on the Bonds will be exempt from State of Maryland and local taxes. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Purchasers of the Bonds should consult their own tax advisors with respect to the tax status of the Bonds in jurisdictions other than Maryland.

Federal Income Taxation

Bond Counsel is of the opinion that, assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. Furthermore, interest on the Bonds is not a specific preference for purposes of the federal individual alternative minimum tax. Bond counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond counsel expresses no opinion with respect to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

In rendering its opinion with respect to the Bonds, Bond Counsel will rely, without independent investigation, on certifications provided by the City with respect to certain material facts within its knowledge relevant to the tax-exempt status of interest on the Bonds.

The Internal Revenue Code of 1986 (the "Code") imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Tax Accounting Treatment of Discount Bonds

Certain maturities of the Bonds may be issued at a price which is less than the amount payable on such Bonds at maturity (the "Discount Bonds"). The excess of the stated redemption price at maturity of such Discount Bonds over the first price at which a substantial amount of the Discount Bonds of each maturity was sold for money (excluding sales to bond houses, brokers or similar persons acting as underwriters, placement agents or wholesalers) (the "issue price") constitutes original issue discount. In the case of any holder of Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or repayment at maturity). For federal income tax purposes (i) any holder of a Discount Bond will recognize gain or loss upon the disposition of such Discount Bond (including sale, early redemption or repayment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the sum of (1) the holder's original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond, and (ii) the amount of the basis adjustment described in clause (i)(b)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of any Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (i) the product of (a) the yield for the Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (b) the adjusted issue price of such Discount Bond at the beginning of such period, over (ii) the amount actually payable as qualified stated interest on such Discount Bond during such period. The "adjusted issue price" of a Discount Bond at the beginning of any compounding period is equal to its issue price increased by the accrued original issue discount for each prior compounding period and reduced by any payments made on the Discount Bond (other than qualified stated interest) on or before the first day of the compounding period. The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property, other than debt instruments of the City, if the interest to be paid is payable at least once per year, is payable over the entire term of the Discount Bond and is payable at a single fixed rate or, subject to certain conditions, based on one or more qualified interest rate indices. If a Discount Bond is sold or otherwise disposed of between compounding periods, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Bonds should note that, under the tax regulations, the yield and maturity of a Discount Bond is determined without regard to commercially reasonable sinking fund payments, and any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable on the occurrence of certain contingencies. The prices or yields furnished by the successful bidder for the Bonds as shown on the cover of this Official Statement may not reflect the initial issue prices for the purposes of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Bonds. In addition, prospective foreign corporate purchasers should consider possible federal tax consequences from original issue discount on such Discount Bonds under the branch profits tax. The amount of original issue-discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. In addition, original issue discount will be treated as tax-exempt interest for purposes of the provisions described above having adverse effects on property and casualty insurance companies, S corporations having subchapter C earnings and profits, and persons receiving social security or railroad retirement benefits. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

Purchase, Sale and Retirement of Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost. Upon the sale, redemption or retirement of a Bond, for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of the Bond (including sale, early redemption or repayment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition

and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued on or before such sale or retirement as described above under "TAX MATTERS - Tax Accounting Treatment of Discount Bonds" and subtracting payments made on the Discount Bond (other than qualified stated interest) on or before such sale or retirement. Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For non-corporate taxpayers, however, net short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

Market Discount

If a holder acquires a Bond after its original issuance at a discount below its principal amount (or, in the case of a Discount Bond, at a price that produces a yield to maturity higher than the yield to maturity at which such bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is de minimis, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of the Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be de minimis if the excess of the Bond's stated redemption price at maturity over the holder's cost of acquiring the Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. In the case of a Bond issued with original issue discount, market discount will be de minimis if the excess of the Bond's revised issue price over the holder's cost of acquiring the Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. For this purpose, a Bond's "revised issue price" is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Bond during the period between its original issue date and the date of acquisition by the holder.

Amortizable Bond Premium

A Bond will be considered to have been purchased at a premium if, and to the extent that, the holder's tax basis in the Bond exceeds the amount payable at maturity (or, in the case of a Bond callable prior to maturity, the amount payable on the earlier call date). The amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Bonds. The holder will be required to reduce his tax basis in the Bond for purposes of determining gain or loss upon disposition of the Bond by the amount of amortizable bond premium that accrues (determined on a constant yield method) during his period of ownership. No deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Bonds.

Proposed Legislation and Other Tax Matters

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged by the City, Bond Counsel is not obligated to defend the City or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may

not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

U.S. Federal Information Reporting

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

* * *

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Bonds in light of such holder's particular circumstances and tax situation. Each holder of Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Bonds, including the application of State, local, foreign and other tax laws, and with respect to the effects, if any, of proposed or subsequently enacted amendments to such tax laws. See Appendix C for the proposed Form of Bond Counsel Opinion with respect to the Bonds.

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BONDHOLDERS' REMEDIES

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies that would be available to a bondholder if the City defaults in the payment of principal of or premium, if any, or interest on the Bonds, nor do they contain any provision for the appointment of a trustee to protect and enforce the interests of the bondholders thereof upon the occurrence of such a default. The City may be sued in an appropriate court in the event of any default in payment of principal, premium or interest on the Bonds. While any judgments resulting from such suits would be enforceable against the City, a registered owner of a Bond who has obtained any such judgment may be required to seek additional relief to compel the City to assess, levy and collect such taxes as may be necessary to provide the funds from which such judgment may be paid. Although there is no Maryland law with respect to this issue, it is the view of Bond Counsel that the appropriate courts of Maryland have jurisdiction to grant additional relief, such as a mandatory injunction, if necessary, to enforce the levy and collection of such taxes and payment of the proceeds thereof to the registered owners of the City's general obligation bonds, including the Bonds, ratably, subject to the inherent constitutional limitations referred to below. Thus, these remedies may be impracticable and difficult to enforce. Furthermore, a registered owner's right to compel the levy and collection of taxes and to enforce payment of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and by equitable principles, which may limit the specific enforcement of certain remedies.

While remedies would be available to registered owners of the Bonds and while the Bonds are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute. Enforcement of a claim for payment of the principal of or interest on the Bonds could be made subject to the provisions of Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") or of any statutes that may hereafter be constitutionally enacted by the United States Congress or the Maryland General Assembly extending the time of payment or imposing other constraints upon enforcement.

Chapter 9 of Bankruptcy Code permits a governmental unit such as the City, if insolvent or otherwise unable to pay its debts as they become due, to file a voluntary petition for the adjustment of debts, provided that such municipality is "specifically authorized, in its capacity as a municipality or by name, to be a debtor...." Bankruptcy Code, Section 109(c)(2). Current Maryland statutes do not expressly authorize the City or governmental units generally to file for bankruptcy under Chapter 9. Chapter 9 does not authorize the filing of involuntary petitions against municipalities such as the City.

Bankruptcy proceedings by the City could have adverse effects on bondholders, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretations.

The City has never defaulted in the payment of either principal or interest on any debt obligation.

FEDERAL POLICY ACTIONS

Federal policies involving taxation, appropriations, borrowing, trade, immigration, education, environmental matters and other topics can shift, sometimes dramatically, from one presidential administration or Congress to another. From time to time, such shifts may be followed by material increases or decreases in the levels of federal funding directly affecting federal agencies and authorities and indirectly affecting state and local recipients of such funding. The current presidential administration has proposed policy shifts that involve, among other things, proposed delays and reductions in grants and appropriations, reductions in the federal workforce, and elimination or downsizing of certain federal agencies and departments. Federal government employee reductions, any terminations of federal contractors and ongoing federal government shutdowns may impact the City and its residents. The City may have some exposure to potential federal funding freezes or cuts, which could reduce operating revenue. The exact exposure to the City and its finances cannot be determined at this time. The City is monitoring various federal grant programs administered by the City which may be reduced or eliminated and the impact of the current federal government shutdown.

LITIGATION

The City is subject to various legal proceedings. In the opinion of the City Attorney, the potential liability arising from claims against the City not covered by insurance would not materially affect the financial position of the City.

FINANCIAL ADVISOR

Davenport & Company LLC, Towson, Maryland (the "Financial Advisor") is a registered municipal advisor with the Municipal Securities Rulemaking Board and serves as financial advisor in connection with the issuance of the Bonds and other matters related to the City's finances. The Financial Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information. The Financial Advisor makes no guaranty, warranty or other representation respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered by the City at a competitive sale on December 3, 2026 in accordance with the official Notice of Sale (the form of which is attached as Appendix B). The interest rates shown on the inside front cover page of this Official Statement will be the interest rates resulting from the award of the Bonds. The prices or yields shown on the inside front cover page of this Official Statement will be furnished by the successful bidder of the Bonds. All other information concerning the nature and terms of any reoffering of the Bonds should be obtained from the successful bidder therefor and not from the City.

AUDITORS

SB & Company, LLC, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report, any procedures on the financial statements addressed in that report. SB & Company, LLC also has not performed any procedures relating to this official statement.

CONTINUING DISCLOSURE

In order to enable participating underwriters (as defined in SEC Rule 15c2-12) to comply with the requirements of paragraph (b) (5) of SEC Rule 15c2-12, the City will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Bonds. Pursuant to the Continuing Disclosure Agreement, among other things, the City will agree to provide to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through an indenture trustee or a designated agent, (1) (A) annual financial information and operating data regarding the City's (i) General Fund Summary of Revenues and Expenditures; (ii) Assessed Values, Tax Rates, and Tax Levies; (iii) Bonded Debt; and (iv) Ratio of General Fund Annual Debt Service Expenditures to General Fund Revenues and (B) annual audited financial statements for the City, such information to be made available within 275 days after the end of the City's fiscal year, commencing with the fiscal year ending June 30, 2027, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available; (2) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence with respect to the Bonds of any of the Reportable Events (described below) and (3) in a timely manner, notice of a failure by the City to provide the required annual financial information and operating data within the applicable time periods specified in clauses (1)(A) and (1)(B) above. Purchasers of the Bonds should note that the definition of Reportable Events to be included in the Continuing Disclosure Agreement is intended to completely restate the events specified in Rule 15c2-12. It is noted that certain Reportable Events are expected to have no applicability to the Bonds, such as the possibility of unscheduled draws on debt service reserves and matters affecting collateral for the Bonds. Reportable Events shall be defined as (i) principal and interest payment delinquencies: (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bond holders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the City, (xiii) the consummation of a merger, consolidation or acquisition involving the City or sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relation to any such actions, other than pursuant to its terms, if material, (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material, (xv) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material, and (xvi) default, event of acceleration, termination, modification of terms, or other similar events under the terms of the financial obligation of the City, any of which reflect financial difficulties; for purposes of the

foregoing, a "financial obligation" is defined to include the Bonds or any other debt obligation of the City, a derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or a guarantee of either of the foregoing.

The City reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of SEC Rule 15c2-12. The Continuing Disclosure Agreement will provide that the City may provide further or additional assurances that will become part of the City's obligations under the Continuing Disclosure Agreement. In addition, the Continuing Disclosure Agreement may be amended by the City in its discretion provided that (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City as the obligated person with respect to the Bonds, or type of business conducted; (ii) the Continuing Disclosure Agreement, as amended, would have complied with the requirements of SEC Rule 15c2-12(b)(5) at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of this rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined either by counsel selected by the City that is expert in federal securities law matters, or by an approving vote of the holders of 25% of the outstanding aggregate principal amount of Bonds. The reasons for the City agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information. The Continuing Disclosure Agreement will also provide that all documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

The Continuing Disclosure Agreement, and any claim made with respect to the performance by the City of its obligations thereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland. The City shall be given written notice at the address set forth below of any claimed failure by the City to perform its obligations under the Continuing Disclosure Agreement, and the City shall be given fifteen (15) days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the City must be filed in the Circuit Court of Frederick County, Maryland, and any party maintaining such suit or other proceeding shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the City shall be given to the Chief Financial Officer, City Hall, 101 North Court Street, Frederick, Maryland 21701. The Continuing Disclosure Agreement constitutes an undertaking by the City that is independent of the City's obligations with respect to the Bonds; any breach or default by the City under the Continuing Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

The foregoing is a summary of certain provisions of the Continuing Disclosure Agreement. It is not a complete recital of the terms of the Continuing Disclosure Agreement, and reference should be made to the Continuing Disclosure Agreement for a complete statement of its terms.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any estimates will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with the holders of any of the Bonds.

The execution of this Official Statement and its delivery have been authorized by the Mayor and City Council of The City of Frederick.

THE CITY OF FREDERICK

By: _____
Michael C. O'Connor
Mayor

By: _____
Richard R. Roark
Chief Financial Officer

APPENDIX A

The City's Fiscal Year 2025 Annual Comprehensive Financial Report can be viewed at
http://www.cityoffrederick.com/index.aspx?nid=195

NOTICE OF SALE

Electronic bids via *PARITY*®
will be received until 10:30 A.M., local Frederick, Maryland time, on
Thursday, December 3, 2026

THE CITY OF FREDERICK
GENERAL OBLIGATION BONDS
$35,450,000* PUBLIC IMPROVEMENTS BONDS OF 2026

Dated: Date of Delivery

Electronic bids via PARITY will be received until 10:30 A.M., local Frederick, Maryland time on December 3, 2026, at the offices of the Chief Financial Officer of The City of Frederick (the "City"), located at City Hall, 101 North Court Street, Frederick, Maryland 21701, for the purchase of the above-described bonds of the City (the "Bonds").

The Bonds

The Bonds will be issued under the authority of Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (collectively, the "Enabling Act") and Article VII, Section 13 and Article XI, Section 2 of the Charter of The City of Frederick (the "Charter"), and by virtue of due proceedings had and taken by The City of Frederick (the "City"), particularly an ordinance adopted by the City Council and approved by the Mayor on November 5, 2026 (collectively, the "Ordinance").

The Bonds will be dated the date of delivery, and will mature, subject to prior redemption as hereinafter provided, in annual serial installments on December 1 in each of the years 2027 through 2046, inclusive, as follows:

Maturing	Principal Amount*	Maturing	Principal Amount*
2027	$1,060,000	2037	$1,745,000
2028	1,115,000	2038	1,830,000
2029	1,170,000	2039	1,930,000
2030	1,230,000	2040	2,025,000
2031	1,290,000	2041	2,130,000
2032	1,355,000	2042	2,240,000
2033	1,430,000	2043	2,355,000
2034	1,500,000	2044	2,475,000
2035	1,580,000	2045	2,600,000
2036	1,655,000	2046	2,735,000

*Preliminary, subject to change.

The net proceeds of the sale of the Bonds shall be used and applied, subject to the terms and conditions of the Enabling Act and the Charter, for the public purposes of (a) financing or refinancing the costs associated with certain capital projects of the City (collectively, the "Projects") and all related architectural, financial, legal, planning and engineering expenses and (b) paying all expenses incurred in the issuance of the Bonds. Prior to the sale of the Bonds, the Board or the Mayor and the Chief Financial Officer may determine not to issue Bonds for one or more of the foregoing purposes.

General Provisions for the Bonds

The Bonds shall be issued only in fully-registered form without coupons. One bond representing each maturity of the Bonds will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and each such bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity of the Bonds with DTC. The Bonds will bear interest payable semiannually on the first days of June and December, commencing June 1, 2027, until maturity or redemption. Interest will be paid to the persons in whose names the Bonds are registered on the registration books maintained by the Bond Registrar (the "Bond Register") on the Regular Record Date, which is the fifteenth (15th) day of the month immediately preceding the month in which each such interest payment date occurs, by electronic funds transfer or by check or draft mailed to each such person's address as it appears on the Bond Register; *provided*, *however*, that so long as the Bonds are registered in book-entry form, the principal of, redemption premium, if any, and interest on the Bonds shall be payable in accordance with DTC's payment procedures or the procedures of any successor depository for the Bonds.

The Bonds maturing on or after December 1, 2037 are subject to redemption prior to their respective maturities at the option of the City on or after December 1, 2036, either as a whole or in part at any time, in any order of maturities at the option of the City, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption.

If less than all of the Bonds of any maturity shall be called for redemption, the particular Bonds or portions of the Bonds to be redeemed shall be selected by lot by the Bond Registrar in such manner as, in its discretion, it shall determine, except that so long as DTC or its nominee is the sole registered owner of the Bonds, the particular Bonds or portions to be redeemed shall be selected by lot by DTC, in such manner as DTC shall determine.

The full faith and credit and unlimited taxing power of the City are unconditionally pledged to the prompt payment of the principal of the Bonds and of the interest to accrue thereon. The Bonds are payable from the proceeds of ad valorem taxes which the City is empowered to levy upon all legally assessable property within the corporate limits of the City subject to assessment for unlimited City taxation.

Electronic Bids

Electronic bids will be received via ***PARITY***, in the manner described below, until 10:30 A.M., local Frederick, Maryland time on December 3, 2026.

Bids may be submitted electronically via ***PARITY*** pursuant to this Notice of Sale until 10:30 A.M., but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in ***PARITY*** conflict with this notice, the terms of this Notice of Sale shall control. For further information about ***PARITY***, potential bidders may contact ***PARITY*** at Dalcomp (800) 730-9393 or (212) 806-8304.

Disclaimer

Each prospective electronic bidder shall be solely responsible to register to bid via ***PARITY*** as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access ***PARITY*** for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor ***PARITY*** shall have any duty or obligation to provide or assure access to ***PARITY*** to any prospective bidder, and neither the City nor ***PARITY*** shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, ***PARITY***. The City is using ***PARITY*** as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of ***PARITY*** to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via ***PARITY*** are

the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, he should telephone ***PARITY*** at Dalcomp (800) 730-9393 or (212) 806-8304 and notify the City's financial advisor, Jennifer L. Diercksen at Davenport & Company LLC at (410) 296-9426.

Bidding Procedures

Electronic bids must be submitted for the purchase of the Bonds (all or none) via ***PARITY.*** Bids will be communicated electronically to the City at 10:30 A.M., local Frederick, Maryland time, on December 3, 2026. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via ***PARITY,*** (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless a bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via ***PARITY*** to the City, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on ***PARITY*** shall constitute the official time.

Bid Specifications

BIDDERS MUST SUBMIT BIDS FOR ALL OF THE BONDS. ANY BIDS FOR LESS THAN ALL OF THE BONDS SHALL BE REJECTED BY THE CITY. THE CITY RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS.

Bidders shall state in their bids the amount bid for the Bonds, which amount shall not be less than 100% of par or more than 115% of par. Bidders shall state in their bids the rate or rates of interest to be paid on the Bonds in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and each bid shall be based and submitted on the rate or rates stated therein. Bidders may specify more than one rate of interest to be borne by the Bonds, but the difference between the highest and lowest rates named may not be greater than three percent (3%). Bidders may not specify more than one rate of interest for any single maturity of the Bonds. A zero rate may not be named for any maturity of the Bonds. The maximum rate of interest permitted for any maturity of the Bonds is 5.00%. The Bonds will be awarded to the bidder naming the lowest true interest cost for all Bonds in any legally acceptable bid and offering to pay not less than 100% of the Revised Aggregate Principal Amount of the Bonds nor more than 115% of the Revised Aggregate Principal Amount of the Bonds and accrued interest (if applicable). The lowest true interest cost will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the amount bid, not including interest accrued to the date of delivery (if applicable). Where the bids of two or more bidders result in the same lowest true interest cost, the Bonds may be apportioned between such bidders, but if this shall not be acceptable, the City shall have the right to award all of the Bonds to one bidder. The right is reserved to the City to reject any or all bids and to waive any irregularity or informality in any bid. The City's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any bid received and as to its conformity to the terms of this Notice of Sale.

Please note that bids must be presented by the Financial Advisor to the City Council at their evening meeting on December 3, 2026 for approval in accordance with the Ordinance. Any award of the Bonds may be made as late as 9:00 A.M. on December 4, 2026. All bids remain firm until an award is made.

Good Faith Deposit. The successful bidder is required to submit a good faith deposit for the Bonds of $354,500 (the "Deposit") to the City upon initial notification of the award of the Bonds to the successful bidder. The Deposit will be in the form of a wire transfer and must be received by the City prior to 3:00 P.M. (local time) on the date of the receipt of the bids. Such payment will be security for compliance with the terms of the rule. The City will provide wire instructions to the successful bidder(s) during the initial notification of the award of the Bonds.

The good faith deposit of the successful bidder will be retained by the City to be applied in part payment for the Bonds, and no interest will be allowed upon the amount thereof. IN THE EVENT THAT THE SUCCESSFUL BIDDER SHALL FAIL TO COMPLY WITH THE TERMS OF THE BID, THE PROCEEDS OF DEPOSIT AND ANY INVESTMENT INCOME THEREON WILL BE RETAINED AS AND FOR FULL LIQUIDATED DAMAGES.

Procedures for Sale and Principal Amount Changes: The Preliminary Aggregate Principal Amount of the Bonds and the Preliminary Principal Amount of each maturity of the Bonds as set forth in this Notice of Sale (collectively, the "Preliminary Amounts") are expected to be revised before the receipt and opening of sealed bids for their purchase. The Revised Aggregate Principal Amount of the Bonds and the Revised Principal Amount of each maturity of the Bonds (collectively, the "Revised Amounts") will be published on BiDCOMP/Parity®/www.i-dealprospectus.com or TM3 News Service ("TM3") not later than 9:30 A.M., local Frederick, Maryland time on the date of sale or as soon thereafter as is reasonably practicable. In the event that no revisions are made or that such revisions are not published on BiDCOMP/Parity®/www.i-dealprospectus.com or TM3 before 9:30 A.M., local Frederick, Maryland time on the date of sale, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder or bidders.

As promptly as reasonably practicable after the bids are opened, the City will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the City of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). The Initial Reoffering Prices, among other things, will be used by the City to calculate the Final Aggregate Principal Amount of the Bonds and the Final Principal Amount of each maturity of the Bonds (collectively, the "Final Amounts"). THE CITY EXPECTS THAT THE REVISED AMOUNTS OF THE BONDS WILL BE CHANGED AS NECESSARY TO EFFECT THE GREATEST ECONOMIC ADVANTAGE, BUT WILL NOT DECREASE OR INCREASE THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS BY MORE THAN 15% FROM THE AMOUNT BID UPON. A SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS OF THE BONDS WITHIN THESE LIMITS. The Final Amounts of the Bonds will be communicated to the successful bidder by 5:00 P.M., local Frederick, Maryland time on the date of sale. The dollar amount of the discount or premium, if any, specified in the bid of the successful bidder will be adjusted proportionately to reflect any reduction or increase in the aggregate principal amount of the Bonds. The successful bidder shall pay the Final Aggregate Principal Amount of the Bonds less the discount or plus the premium (as the amount of such discount or premium may be adjusted as described above), if any, set forth in its electronic bid, plus accrued interest to the date of delivery (if applicable). The interest rates specified by the successful bidder for each maturity of the Bonds in its electronic bid will not change.

Please note that bids must be presented by the Financial Advisor to the City Council at their evening meeting on December 3, 2026 for approval in accordance with the Ordinance. ALL BIDS MUST REMAIN FIRM UNTIL AT LEAST 9:00 A.M., LOCAL FREDERICK, MARYLAND TIME ON DECEMBER 4, 2026, and if accepted by the City Council, shall be irrevocable except as otherwise provided in this Notice of Sale. An award of the Bonds pursuant to this Notice of Sale, if made, will be made by the City within such period of time.

All Bonds herein described will constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the City.

The Bonds will be issued and sold subject to approval as to legality by DLA Piper LLP (US), Bond Counsel. Copies of the legal opinion or opinions, substantially in the form included in the Preliminary Official Statement will be delivered, upon request, to the purchaser of the Bonds, without charge.

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the City will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. A description of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

When delivered, the Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds.

CUSIP Numbers; Expenses of Successful Bidder

CUSIP identification numbers will be applied for by the City's Financial Advisor with respect to the Bonds, Davenport & Company, LLC, and will be paid for by the City. The City will assume no obligation for the assignment or printing of the CUSIP identification numbers on the Bonds or the correctness of such numbers, and neither the failure to

print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Bonds.

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the City will authorize an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser at or before the close of business on the date of the sale, the City will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder for the Bonds shall be responsible to the City and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 100 copies of the Official Statement (and any amendments or supplements thereto).

Delivery of the Bonds, without expense, will be made by the City to the purchaser on or about December 17, 2026, or as soon as practicable thereafter, in New York, New York or at such other location as shall be mutually acceptable to the City and the purchaser, and, thereupon, said purchaser will be required to accept delivery of the Bonds purchased and pay, in Federal funds, the balance of the purchase price due. The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Bonds. It shall be a condition to the obligation of said purchaser or purchasers to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for such Bonds, said purchaser shall be furnished a certificate of the Mayor and/or the Chief Financial Officer to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information provided by the purchaser and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the City, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

Issue Price Determination: The City expects and intends that the bid for the Bonds will satisfy the federal tax requirements for a qualified competitive sale of bonds, including, among other things, receipt of bids for the Bonds from at least three (3) underwriters who have established industry reputations for underwriting new issuances of municipal bonds (a "Qualified Competitive Bid"). The Chief Financial Officer will advise the successful bidder as promptly as possible after the bids are opened whether the bid qualifies as a Qualified Competitive Bid or, alternatively, as a bid that fails to satisfy those requirements (a "Nonqualified Competitive Bid").

If the bid is a Qualified Competitive Bid, as promptly as possible after the bids are opened, the Chief Financial Officer will notify the successful bidder, and such bidder, upon such notice, shall advise the Chief Financial Officer of the reasonably expected Initial Reoffering Price, as applicable, of each maturity of the Bonds. In addition, the successful bidder shall be required to provide to the City information to establish the initial expected offering prices for each maturity of the Bonds for federal income tax purposes by completing a certificate acceptable to Bond Counsel, on or before the date of issuance of the Bonds, substantially in the form set forth in Annex I to this Notice of Sale, with appropriate completions, amendments and attachments.

If the bid is a Nonqualified Competitive Bid, as promptly as possible after the bids are opened, the Chief Financial Officer will notify the successful bidder, and such bidder, upon such notice, shall advise the Chief Financial Officer of the initial sale price or Initial Reoffering Price, as applicable, of each maturity of the Bonds. In addition, the winning bidder shall be required to provide to the City information and assurances to establish the initial sale price or initial offering price to the public, as applicable, for each maturity of the Bonds for federal income tax purposes by

completing a certification acceptable to Bond Counsel in substantially the form set forth in the form set for in Annex II to the Notice of Sale included in the Preliminary Official Statement, with appropriate completions, omissions and attachments. **It is noted that procedures for a Nonqualified Competitive Bid may require the successful bidder and, if applicable, other underwriters for the Bonds, to hold the initial offering prices for certain maturities of the Bonds for up to five (5) business days after the sale date, as further specified in the form of such certification.**

NOTE: The City may revise this Notice of Sale by written notice available to prospective bidders at the place of sale at the time for submission of bids or by publishing notice of any revisions on BiDCOMP/Parity®/www.i-dealprospectus.com or TM3 News Service at or before the time for submission of bids. Any bid submitted shall be in accordance with, and incorporate by reference, this Notice of Sale including any revisions made pursuant to this paragraph.

The City reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by BiDCOMP/Parity®/www.i-dealprospectus.com or TM3 News Service by notice given not later than 5:00 P.M., local Frederick, Maryland time, on the last business day prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any Alternative Sale Date will be announced via BiDCOMP/Parity®/www.i-dealprospectus.com or TM3 News Service at least forty-eight (48) hours prior to such Alternative Sale Date. In addition, the City reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date for receipt of bids established, notice of the Alternative Sale Date will be announced via BiDCOMP/Parity®/www.i-dealprospectus.com or TM3 News Service not less than forty-eight (48) hours prior to such Alternative Sale Date. On any such Alternative Sale Date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the date of sale and except for the changes announced by BiDCOMP/Parity®/www.i-dealprospectus.com or TM3 News Service at the time the sale date and time are announced.

In the event that all or any part of the Bonds are initially reoffered with bond insurance secured by the successful bidder, the successful bidder shall be required to notify promptly the Chief Financial Officer at the time of sale of such event and shall provide the Chief Financial Officer with any information he reasonably requests regarding such bond insurance including the amounts paid for such insurance. The City will, at the request and expense of the successful bidder, include customary language in the Official Statement and the form of bond regarding the insurance policy upon receipt of such opinions or certificates as the City reasonably may request regarding the accuracy of any information to be included in the Official Statement and the binding nature of the obligations contained in the insurance policy with respect to the Bonds. The City shall have no obligation to provide the successful bidder or the bond insurance company with any other documents or opinions relating to the Bonds.

The Preliminary Official Statement, together with this Notice of Sale, may be obtained from the Chief Financial Officer, The City of Frederick, City Hall, 101 North Court Street, Frederick, Maryland 21701 or from the City's financial advisor, Jennifer L. Diercksen at Davenport & Company LLC, 8600 LaSalle Road, Suite 618, The Oxford Building, Towson, Maryland 21286, (410) 296-9426. Such Preliminary Official Statement is deemed final by the City as of its date for purposes of SEC Rule 15c2-12, but is subject to revision, amendment and completion in the Official Statement referred to above.

ANNEX I

FORM OF ISSUE PRICE CERTIFICATE
FOR QUALIFIED COMPETITIVE BID

$_____
THE CITY OF FREDERICK
GENERAL OBLIGATION BONDS
CITY OF FREDERICK PUBLIC IMPROVEMENTS BONDS OF 2026

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF WINNING BIDDER] (the "[SHORT FORM NAME OF WINNING BIDDER]"), 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 reasonably expected initial offering prices of the Bonds to the Public by [SHORT FORM NAME OF WINNING BIDDER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT FORM NAME OF WINNING BIDDER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT FORM NAME OF WINNING BIDDER] to purchase the Bonds.

(b) [SHORT FORM NAME OF WINNING BIDDER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT FORM NAME OF WINNING BIDDER] constituted a firm bid to purchase the Bonds.

2. ***Defined Terms.***

(a) *City* means The City of Frederick, Maryland.

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

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an 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.

(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 _____, 2026.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (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).

The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax and Section 148 Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by DLA Piper LLP (US), as Bond Counsel to the City in connection with rendering its opinions 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 they may give to the City from time to time relating to the Bonds.

[NAME OF WINNING BIDDER],
By:_____
Title:_____

Dated: _____, 2026

SCHEDULE A

Expected Initial Offering Prices of the Maturities of the Bonds

[INSERT]

SCHEDULE B

Copy of Bid

[See Attached]

FORM OF ISSUE PRICE CERTIFICATE FOR
NONQUALIFIED COMPETITIVE BID

$_____
THE CITY OF FREDERICK
GENERAL OBLIGATION BONDS
CITY OF FREDERICK PUBLIC IMPROVEMENTS BONDS OF 2026

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF WINNING BIDDER] (the "[SHORT FORM NAME OF WINNING BIDDER]"), [on behalf of itself and [NAMES OF MEMBERS OF THE UNDERWRITING SYNDICATE] (together, the "Underwriting Syndicate"),] hereby certifies as set forth below with respect to the sale and issuance 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 10% of such Maturity was sold by [SHORT FORM NAME OF WINNING BIDDER] [THE UNDERWRITING SYNDICATE] to the Public is the respective price listed in Schedule A.

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

(a) [SHORT FORM NAME OF WINNING BIDDER] [THE MEMBERS OF THE UNDERWRITING SYNDICATE] 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 and bid award, the [SHORT FORM NAME OF WINNING BIDDER] [MEMBERS OF THE UNDERWRITING SYNDICATE] [has] [have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it] [they] 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 the foregoing, no Underwriter 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 each series] of the Bonds shown in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities [of each series] 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, or (ii) the date on which [SHORT FORM NAME OF WINNING BIDDER] [the UNDERWRITING SYNDICATE] [has] [have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *City* means The City of Frederick, Maryland.

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

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an 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.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2026.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (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).

The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax and Section 148 Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by DLA Piper LLP (US), as Bond Counsel to the City, in connection with rendering its opinions 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 they may give to the City from time to time relating to the Bonds.

[NAME OF WINNING BIDDER], as
[_____]
By:_____
Title:_____

Dated: _____, 2026

SCHEDULE A

Sale Prices of the General Rule Maturities

[INSERT]

Initial Offering Prices of the Hold-The-Offering-Price Maturities

[INSERT]

SCHEDULE B

Copy of Bid

[See Attached]

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

December [17], 2026

Mayor and City Council of The City of Frederick
Frederick, Maryland

Dear Mayor and Council Members:

We have examined a record of proceedings of The City of Frederick (the "City"), a municipal corporation of the State of Maryland, relating to the issuance by the City of $_____ aggregate principal amount of Public Improvements Bonds of 2026 (the "Bonds"), which are described below.

In this connection, we have reviewed such records, certificates and other documents as we have considered necessary or appropriate for purposes of this opinion, including, without limitation, the Bonds and (as noted above) a record of proceedings of the City related to the issuance of the Bonds which are described below. We have relied on a Tax and Section 148 Certificate including all Schedules and Exhibits attached thereto, of even date herewith, executed by the City in connection with the Bonds, with respect to certain material facts within the knowledge of the City.

The Bonds are dated the date of delivery, with interest payable on June 1, 2027, and semiannually thereafter on the first days of December and June; are fully registered in form in the denomination of $5,000 each or any integral multiple thereof; are issued under the authority of (i) Article VII, Section 13 and Article XI, Section 2 of the Charter of The City of Frederick, as amended (the "Charter"), (ii) Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (the "Enabling Law"), and (iii) Ordinance No. ____-__, introduced by the Mayor and City Council of the City on October __, 2026, adopted by the City Council on October __, 2026, and approved by the Mayor on October __, 2026 (the "Ordinance"); and bear interest and mature as set forth in the Bonds and the Ordinance.

With respect to the executed and authenticated Bond that we examined, and the Bonds similarly executed and authenticated and identical thereto in form except as to numbers, interest rates, denominations, option of redemption and maturities, based on the foregoing, and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

(a) The City is a validly created and existing municipal corporation of the State of Maryland, possessing authority under the Enabling Law, the Charter and the Ordinance to issue the Bonds.

(b) The Bonds are valid and legally binding general obligations of the City to which its full faith and credit are pledged, payable if and to the extent not paid from other sources as described from *ad valorem* taxes, unlimited as to rate and amount, which the City is empowered to levy on all real and tangible personal property within its corporate limits subject to assessment for unlimited municipal taxation.

(c) To provide for the payment of the principal of and interest on the Bonds, the City has, by the adoption of the Ordinance, covenanted to levy such *ad valorem* taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) Under existing law, the principal of and interest on the Bonds will be exempt from State of Maryland and local taxes, but no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the income therefrom.

(e) Interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, regulations and decisions. It is noted that under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds. These include a requirement that certain investment earnings received from the investment of the proceeds of the Bonds be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances and other requirements applicable to the investment of the proceeds of the Bonds and to the facilities financed with the proceeds of such Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The City has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under Section 103 of the Code.

(f) Interest on the Bonds is not an item of tax preference for purposes of federal alternative minimum tax imposed on individuals under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the City and the continuing compliance by the City with its covenants relating to the requirements of the Code. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion with respect to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The opinions expressed in this letter are subject to the following qualifications:

1. We express no opinion as to the laws of any jurisdiction other than the substantive laws (excluding principles of conflict of laws) of the State of Maryland and the substantive federal laws of the United States of America.

2. Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

3. The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

4. We express no opinion herein as to the accuracy, adequacy or completeness of any offering material relating to the Bonds.

The opinions expressed above are limited to the matters expressed above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

DLA PIPER LLP (US)

APPENDIX D

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The following description of the Depository Trust Company ("DTC)", the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to Participants (defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

Neither the City, as the issuer of the Bonds, nor the Paying Agent appointed with respect to the Bonds (the "Paying Agent)" take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, its Director Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner will give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and will effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.