

COUNTY COUNCIL OF PRINCE GEORGE’S COUNTY, MARYLAND
2017 Legislative Session

Bill No. CB-76-2017
Chapter No. 54
Proposed and Presented by The Chairman (by request – County Executive)
Introduced by Council Members Lehman, Turner, Davis, Glaros, Franklin and Taveras
Co-Sponsors _____
Date of Introduction September 26, 2017

BILL

1 AN ACT concerning

2 Stormwater Management – Wastewater Protection and Restoration Program Revenue
3 Obligations – Maryland Water Quality Financing Administration Loan

4 For the purpose of authorizing and empowering Prince George’s County, Maryland (the
5 “County”) to borrow money and incur indebtedness in a principal amount not exceeding Forty
6 Eight Million Dollars (\$48,000,000) (the “Loan”) under a loan agreement (the “Loan
7 Agreement”) to be executed and delivered by the County and the Maryland Water Quality
8 Financing Administration (the “Administration”) to be evidenced and secured by a revenue note
9 or other obligation (the “Note”) in principal amount equal to the amount of the Loan under the
10 Loan Agreement and to borrow money and incur indebtedness in order to refund or refinance the
11 Loan and the Note and any other indebtedness authorized hereby in a maximum principal
12 amount not to exceed one hundred fifty percent (150%) of the aggregate principal amount of the
13 indebtedness refunded or refinanced (collectively, the “Obligations”), pursuant to the Maryland
14 Water Quality Financing Administration Act, Sections 9-1601 to 9-1622, inclusive, of the
15 Environment Article of the Annotated Code of Maryland, as amended, replaced or recodified
16 from time to time (the “Water Quality Act”) and Section 10-203(b) of the Local Government
17 Article of the Annotated Code of Maryland, as amended, replaced or recodified from time to
18 time, for the purpose of financing and refinancing in whole or in part costs of the design,
19 planning, construction, equipping, installation, reconstruction, establishment, expansion,
20 extension, enlargement, demolition, improvement and acquisition of certain capital improvement
21 projects of the County’s Stormwater Management – Watershed Protection and Restoration

1 Program set forth in the capital program and the capital budget of the County adopted by the
2 County pursuant to Council Bill CB-32-2016, passed by the County Council on May 26, 2016,
3 and approved by the County Executive on May 31, 2016, including describing the capital
4 projects to be financed, refinanced and reimbursed in whole or in part from the proceeds of the
5 Loan hereby authorized and the estimated costs thereof; approving the form and authorizing and
6 providing for the execution of the Loan Agreement and the Note; prescribing or providing for the
7 form and tenor of the Note and the terms and conditions for the issuance and sale thereof at
8 private sale to the Maryland Water Quality Financing Administration created pursuant to the
9 Water Quality Act (the "Administration"); directing the application of the proceeds of the Loan;
10 providing that the Obligations and the interest and any premium on them shall be limited
11 obligations of the County payable solely from and secured by certain amounts from time to time
12 on deposit in the Local Watershed Protection and Restoration Fund established pursuant to
13 Section 10-301 of the Prince George's County Code, as amended, replaced or recodified from
14 time to time, and shall never constitute an indebtedness or charge against the full faith and credit
15 or taxing powers of the County within the meaning of any constitutional or charter provision or
16 statutory limitation; authorizing the private (negotiated) or public sale of the Obligations as
17 determined by the County Executive to be in the best interest of the County and other details
18 with respect to the sale of such Obligations; providing for the preparation and distribution of a
19 preliminary official statement and a final official statement to be used in connection with the sale
20 of the Obligations; covenanting or providing for the making of certain covenants on matters
21 relating to the tax-exempt status of interest on the Obligations; providing for compliance with
22 Securities and Exchange Commission Rule 15c2-12; providing for the authorization of and entry
23 into interest rate exchange agreements or contracts in connection with or incidental to any of the
24 obligations authorized by this Act; authorizing the County Executive to delegate to appropriate
25 officials the power to make certain determinations and sign certain documents, certificates or
26 agreements authorized to be made or signed by the County Executive herein; and otherwise
27 generally determining or providing for the determination of certain matters in connection with
28 the authorization, issuance, sale, delivery and payment of the Obligations and the consummation
29 of the transactions contemplated by this Act.

30 WHEREAS, pursuant to the Water Quality Act and Section 10-203(b) of the Local
31 Government Article of the Annotated Code of Maryland, as amended, replaced or recodified

1 from time to time, the County wishes to borrow funds in an amount not exceeding Forty Eight
2 Million Dollars (\$48,000,000) from the Administration for the purpose of financing, refinancing
3 and reimbursing, in whole or in part, costs of the design, planning, construction, equipping,
4 installation, reconstruction, establishment, expansion, extension, enlargement, demolition,
5 improvement and acquisition of certain capital improvement projects of the County's
6 Stormwater Management – Watershed Protection and Restoration Program adopted by the
7 County pursuant to Council Bill CB-32-2016, passed by the County Council on May 26, 2016,
8 and approved by the County Executive on May 31, 2016.

9 SECTION 1. NOW THEREFORE, BE IT ENACTED by the County Council of Prince
10 George's County, Maryland (the "County Council"), that pursuant to the Maryland Water
11 Quality Financing Administration Act, Sections 9-1601 to 9-1622, inclusive, of the Environment
12 Article of the Annotated Code of Maryland, as amended, replaced or recodified from time to
13 time (the "Water Quality Act") and Section 10-203(b) of the Local Government Article of the
14 Annotated Code of Maryland, as amended, replaced or recodified from time to time (collectively,
15 the "Enabling Acts"), Prince George's County, Maryland (the "County") is hereby authorized (i)
16 to borrow money and incur indebtedness in the maximum principal amount not to exceed
17 \$48,000,000 (the "Loan") under the Loan Agreement hereinafter authorized (the "Loan
18 Agreement") to be executed and delivered by the County and the Maryland Water Quality
19 Financing Administration (the "Administration"), which shall be evidenced and secured by a
20 revenue note or other obligation (the "Note") in principal amount equal to the amount of the
21 Loan and (ii) to borrow money and incur indebtedness in order to refund or refinance the Loan
22 and the Note and any other indebtedness authorized hereby (collectively, the "Refunding
23 Indebtedness"; the Loan, the Note and any Refunding Indebtedness being referred to collectively
24 herein as the "Obligations"). The proceeds of the Obligations shall be applied to finance,
25 refinance and reimburse in whole or in part costs of the design, planning, construction,
26 equipping, installation, reconstruction, establishment, expansion, extension, enlargement,
27 demolition, improvement and acquisition of certain capital improvement projects of the County's
28 Watershed Protection and Restoration Program established pursuant to Section 32.201.06 of the
29 Prince George's County Code (the "Program") set forth in the capital program and the capital
30 budget of the County adopted by the County pursuant to Council Bill CB-32-2016, passed by the
31 County Council of the County on May 26, 2016, and approved by the County Executive of the

1 County on May 31, 2016, an authenticated copy of which is incorporated herein by reference and
2 made a part hereof as though it were fully set forth herein (the "Projects") and described in
3 Attachment 1, attached to and made a part of this Act (the "Project Description"). The portion of
4 the principal amount of the Loan authorized by this Act to finance, refinance and reimburse costs
5 of the Projects shall be the principal amount of the Loan. The costs of the Projects approved
6 hereby shall include the costs of incurring or issuing the Obligations, the funding of any
7 necessary reserves and the payment of interest during the period of acquisition and construction
8 and for such periods thereafter as shall be determined by order of the County Executive of the
9 County (the "County Executive") as hereafter provided. The Note is specifically exempted from
10 the provisions of Sections 19-205 and 19-206 of the Local Government Article of the Annotated
11 Code of Maryland, as amended, replaced or recodified from time to time. The powers granted
12 under this Act are additional and cumulative and the Obligations authorized by this Act may be
13 issued, notwithstanding that other borrowing acts or laws may provide for the same or similar
14 purposes. This Act does not modify or repeal any prior acts granting borrowing authority for the
15 same or similar purposes.

16 SECTION 2. BE IT FURTHER ENACTED that the attached Project Description describes
17 the Projects, the costs of which are to be financed, refinanced and reimbursed in whole or in part
18 with the proceeds of the Loan and the currently estimated cost of the Projects (the "Estimated
19 Cost").

20 It is hereby recognized and acknowledged that the information regarding the Estimated
21 Cost set forth in the Project Description is derived from information and estimates referenced in
22 the Capital Budget and Capital Improvement Program, and is necessarily subject to change
23 because of corresponding changes in construction and other costs, project time schedules,
24 availability of other funding sources and other circumstances not now known or anticipated. It is
25 the purpose and intent of this Act to authorize the borrowing of money to finance, refinance and
26 reimburse the costs of the Projects as such projects are referenced in the Capital Budget and
27 Capital Improvement Program and in any amended or subsequent capital budget or capital
28 improvement program. To implement the intent and purpose of this Act in the most expeditious
29 manner, the County Executive may revise the amounts set forth in the Project Description
30 representing the Estimated Cost to be consistent with the information set forth in regard to the
31 Projects in any amended or subsequent capital budget or capital improvement program. Nothing

1 contained in this Act shall be deemed to preclude the County Council by resolution from
2 effecting such a revision in the Project Description. The authority granted in this Act to revise
3 the Project Description shall not be construed to permit an increase in the aggregate principal
4 amount of the Loan or other Obligations to be issued pursuant to this Act or to effect results
5 inconsistent with the Charter of Prince George's County, Maryland (as amended, modified or
6 recodified from time to time, the "County Charter"), or other applicable laws.

7 SECTION 3. BE IT FURTHER ENACTED that, Refunding Indebtedness may be issued
8 pursuant to Act in an aggregate principal amount not to exceed one hundred fifty percent (150%)
9 of the outstanding Obligations refunded or refinanced thereby (the "Refunded Indebtedness") in
10 order to provide funds sufficient (a) to purchase direct obligations of, or obligations the timely
11 payment of the principal of and interest on which is unconditionally guaranteed by, the United
12 States of America, sufficient to pay in a timely manner all or any part of the principal of and
13 premium, if any, and interest on such Refunded Indebtedness (including, without limitation, any
14 such amounts determined with reference to any revenue bonds issued by the Administration to
15 finance or refinance the Loan) and (b) to pay any and all other costs of the County in connection
16 with the incurrence of such Refunding Indebtedness and the prepayment, redemption or payment
17 at maturity of such Refunded Indebtedness. The authority granted hereby is in addition to any
18 other authority for the issuance of refunding bonds under the laws of the State of Maryland.

19 SECTION 4. BE IT FURTHER ENACTED that, prior to execution and delivery of the
20 Loan Agreement, the issuance of the Note and the incurrence of any other Obligations, the
21 County Executive, by order, shall specify, prescribe, determine, provide for or approve all
22 matters, details, documents and procedures in connection with, subject to the limitations of the
23 Enabling Acts and this Act, including, without limitation, the dates of such Obligations, their
24 maturity dates, the interest rates payable on them (or the method of determining the same and
25 the date or dates of payment thereof), provisions for the prepayment, redemption or purchase
26 thereof (if any) prior to maturity, the provision of supporting credit or liquidity arrangements for
27 such Obligations, the form of such Obligations and all other terms and details of such
28 Obligations.. The County Executive may provide that no Loan proceeds shall be used for certain
29 Projects authorized by this Act to be financed, refinanced or reimbursed by the Loan and to
30 reduce the aggregate principal amount of Loan to be issued accordingly, provided, however, that
31 the deletion of such Projects shall not cause the Loan to be payable beyond the average of the

1 | probable useful lives of the remaining Projects.

2 | SECTION 5. BE IT FURTHER ENACTED that, the form of the Loan Agreement, a copy
3 | of which has been filed with the Clerk of the County Council as Attachment 2 and made a part
4 | hereof by reference, to be entered into by the County and the Administration providing for the
5 | Loan to the County and the terms and provisions of such Loan is hereby approved. The County
6 | Executive is hereby authorized to execute and deliver the Loan Agreement on behalf of the
7 | County in substantially the form hereby approved, with such insertions, omissions or variations
8 | as are therein and in this Act indicated and with such changes, insertions, omissions or variables
9 | as are approved by the County Executive, consistent with the Enabling Acts and this Act. The
10 | form of the Note, a copy of which is attached to the Loan Agreement as Exhibit F, to be issued,
11 | executed and delivered by the County to the Administration evidencing the Loan to the County is
12 | hereby approved. The County Executive is hereby authorized to issue, execute and deliver the
13 | Note on behalf of the County in substantially the form hereby approved, with such insertions,
14 | omissions or variations as are therein and in this Act indicated and with such changes, insertions,
15 | omissions or variables as are approved by the County Executive, consistent with the Enabling
16 | Acts and this Act.

17 | SECTION 6. BE IT FURTHER ENACTED that the Obligations and the interest and
18 | premium, if any, on them shall be payable from and secured by, and there is hereby pledged to
19 | the payment of such principal, premium, if any, and interest, the Clean Water Act Fees collected
20 | by the County (the "Clean Water Act Fees") in accordance with Title 4 of the Environment
21 | Article of the Annotated Code of Maryland and Section 10-301 et seq. of the Prince George's
22 | County Code (collectively, the "Stormwater Acts") and deposited in the Local Watershed
23 | Protection and Restoration Fund established pursuant to Section 10-301 of the Prince George's
24 | County Code, as amended, replaced or recodified from time to time (the "Fund"). The debt
25 | service requirements of the Obligations shall have a first and prior claim on all Clean Water Act
26 | Fees on deposit in the Fund on a parity with the claim for moneys required for payment of debt
27 | service on all other County stormwater management obligations to which such Clean Water Act
28 | Fees shall have been heretofore, or from time to time hereafter shall be, pledged, and the other
29 | purposes for which funds in the Fund may be disbursed pursuant to the Stormwater Acts.
30 | Notwithstanding the foregoing provisions of this Section, the County may apply to the payment
31 | of the principal of and premium, if any, and interest on the Obligations as and when the same are

1 due and payable, funds received by the County from the State of Maryland, the United States of
2 America, any agency or instrumentality of the foregoing or from any other source.

3 SECTION 7. BE IT FURTHER ENACTED that the Obligations shall be sold at private
4 (negotiated) sale at, above or below par as shall be determined by the County Executive, unless
5 the County Executive deems it to be in the best interests of the County to sell the Obligations at
6 public sale. The County Executive is expressly authorized and empowered to take any and all
7 action necessary to complete and close the award, sale and delivery of the Note to the
8 Administration, including (without limitation) making such changes or modifications in the form
9 of the Note as may be necessary or appropriate to comply with Administration practices and
10 policies applicable from time to time. The Obligations shall be sold at such times, on such dates
11 and terms and to such persons, firms or corporations as the County Executive shall determine.

12 SECTION 8. BE IT FURTHER ENACTED that the County Executive or the Chief
13 Administrative Officer of the County, if the County Executive shall so authorize in writing, is
14 hereby authorized to cause to be prepared and distributed on behalf of the County in connection
15 with the sale of any Obligations a preliminary official statement and a final official statement, or
16 similar offering documents, in such forms as shall be approved by the County Executive or the
17 Chief Administrative Officer, respectively.

18 SECTION 9. BE IT FURTHER ENACTED that the County Executive, the Chief
19 Administrative Officer, the Deputy Chief Administrative Officer, the Director of Finance, the
20 Deputy Director of Finance, the Clerk of the County Council and such other officers and officials
21 of the County as may be appropriate are hereby authorized to execute and deliver, for and on
22 behalf of the County, any and all additional certificates, documents or other papers and to do any
23 and all things deemed necessary or appropriate in order to effect the issuance and sale of the
24 Obligations and the execution and delivery of the Loan Agreement and to implement and carry
25 out matters authorized by the provisions of the Enabling Acts and this Act.

26 SECTION 10. BE IT FURTHER ENACTED that the County covenants that the execution of the
27 Loan Agreement and the issuance of the Note, together with all other indebtedness of the County, is
28 within every debt and other limit prescribed by the Constitution or Statutes of the State of Maryland.

29 SECTION 11. BE IT FURTHER ENACTED that in the event any official of the County
30 whose signature shall appear on the Loan Agreement, the Note or on other instruments or
31 documents pertaining thereto, shall cease to be such official prior to the delivery of the Loan

1 Agreement, the Note or other instruments or documents, or in the event that any official shall
2 take office subsequent to the sale of the Note, his or her signature shall nevertheless be valid,
3 sufficient and binding for the purposes herein intended.

4 SECTION 12. BE IT FURTHER ENACTED that the County Executive shall be the officer
5 of the County responsible for the issuance of the Note within the meaning of the “arbitrage
6 regulations” (defined below).

7 In the event that the Note is issued pursuant to this Act with the expectation that interest on
8 the Note will be excludable from gross income for federal income tax purposes, the County
9 Executive shall be the officer of the County responsible for the execution and delivery (on the
10 date of issuance of the Note) of a certificate of the County (the “Tax and Section 148
11 Certificate”) which complies with the requirements of Section 148 of the Internal Revenue Code
12 of 1986, as amended (“Section 148”), and the applicable regulations thereunder (the “arbitrage
13 regulations”), and such official is hereby directed to execute the Tax and Section 148 Certificate
14 and to deliver the same to bond counsel or co-bond counsel on the date of the issuance of the
15 Note.

16 The County shall set forth in the Tax and Section 148 Certificate its reasonable expectations
17 as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Note,
18 or of any moneys, securities or other obligations on deposit to the credit of any account of the
19 County which may be deemed to be proceeds of the Note pursuant to Section 148 or the
20 arbitrage regulations (collectively, “Note Proceeds”). The County covenants that the facts,
21 estimates and circumstances set forth in the Tax and Section 148 Certificate will be based on the
22 County’s reasonable expectations on the date of issuance of the Note and will be, to the best of
23 the certifying official’s knowledge, true and correct as of that date. The County shall also set
24 forth in the Tax and Section 148 Certificate any elections provided for or permitted under the
25 provisions of the Internal Revenue Code of 1986, as amended, that the official executing the Tax
26 and Section 148 Certificate deems advisable.

27 In the event that the Note is issued pursuant to this Act with the expectation that interest on
28 the Note will be excludable from gross income for federal income tax purposes, the County
29 covenants with each of the registered owners of the Note that it will not make, or (to the extent
30 that it exercises control or direction) permit to be made, any use of the Note Proceeds which
31 would cause the Note to be an “arbitrage bond” within the meaning of Section 148 and the

1 | arbitrage regulations. The County further solemnly covenants that it will comply with Section
2 | 148 and the regulations thereunder which are applicable to the Note on the date of issuance
3 | thereof and which may subsequently lawfully be made applicable thereto as long as the Note
4 | remains outstanding and unpaid. The County Executive is hereby authorized and directed to
5 | prepare or cause to be prepared and to approve and execute, respectively, any certification,
6 | opinion or other document, including (without limitation) the Tax and Section 148 Certificate,
7 | which may be required to assure that the Note will not be deemed to be an “arbitrage bond”
8 | within the meaning of Section 148 and the regulations thereunder.

9 | In the event that the Note is issued pursuant to this Act with the expectation that interest on
10 | the Note will be excludable from gross income for federal income tax purposes, the County
11 | Executive may make such covenants or agreements in connection with the issuance of the Note
12 | as he or she shall deem advisable in order to assure the registered owners of the Note that interest
13 | thereon shall be and remain excludable from gross income for federal income tax purposes, and
14 | such covenants or agreements shall be binding on the County so long as the observance by the
15 | County of any such covenants or agreements is necessary in connection with the maintenance of
16 | the exclusion of the interest on the Note from gross income for federal income tax purposes. The
17 | foregoing covenants and agreements may include such covenants or agreements on behalf of the
18 | County regarding compliance with the provisions of the Internal Revenue Code of 1986, as
19 | amended, as the County Executive shall deem advisable in order to assure the registered owners
20 | of the Note that the interest thereon shall be and remain excludable from gross income for federal
21 | income tax purposes, including (without limitation) covenants or agreements relating to the
22 | investment of the Note Proceeds, the payment of certain earnings resulting from such investment
23 | to the United States (or certain payments in lieu thereof as provided in the Internal Revenue
24 | Code of 1986, as amended), limitations on the times within which, and the purpose for which,
25 | the Note Proceeds may be expended, or the use of specified procedures for accounting for and
26 | segregating the Note Proceeds. Any covenant or agreement made pursuant to this paragraph
27 | may be set forth in the Tax and Section 148 Certificate.

28 | SECTION 13. BE IT FURTHER ENACTED that the powers granted by this Act are
29 | additional and cumulative and the Obligations authorized by this Act may be issued,
30 | notwithstanding that other borrowing acts or laws may provide for the issuance of other
31 | obligations or the borrowing of money for the same or similar purposes on the same or other

1 terms and conditions. This Act shall be liberally construed to effectuate its purposes, namely, to
2 authorize the borrowing of money and the incurring of indebtedness to finance, refinance and
3 reimburse the costs of the Projects set forth in this Act. Provisions of this Act shall be deemed
4 met and satisfied if there is substantial compliance with such provisions. This Act is not
5 intended to provide or imply that this Act or any prior act not containing a similar provision
6 precludes the County from exercising any power or prerogative provided by this Act or any other
7 law whether exercised solely pursuant to such other law or in conjunction with the powers
8 provided by this Act.

9 SECTION 14. BE IT FURTHER ENACTED that, pursuant to Section 19-204 of the Local
10 Government Article of the Annotated Code of Maryland, as amended, replaced or recodified
11 from time to time (the "Registration Statute"), the Obligations issued hereunder may be issued in
12 "registered form" within the meaning of the Registration Statute, as may be determined by the
13 County Executive, who may determine, approve or authorize the selection of trustees, transfer
14 agents, registrars, paying or other agents, a custodian for a central depository or book-entry
15 system and appropriate agreements with any of the foregoing and such other matters not
16 inconsistent with this Act necessary or deemed appropriate in connection with the issuance of the
17 Obligations in "registered form" within the meaning of the Registration Statute.

18 SECTION 15. BE IT FURTHER ENACTED that, the County Executive is hereby
19 authorized, on behalf of the County, to make such undertakings, covenants or agreements for the
20 benefit of the holders of the Obligations, with regard to secondary market disclosure as shall be
21 necessary or appropriate to comply with the provisions of Securities and Exchange Commission
22 Rule 15c2-12, as amended, modified or replaced from time to time ("SEC Rule 15c2-12"). Such
23 authority shall include (without limitation) the power to approve and enter into continuing
24 disclosure or dissemination agreements with any third party; the power to amend or modify any
25 such undertakings, covenants, agreements, or continuing disclosure or dissemination agreements,
26 to the extent permitted by SEC Rule 15c2-12; and the power to provide for the insertion of a
27 description regarding any such secondary market disclosure covenants or agreements in any
28 applicable notice of sale, bond purchase agreement or other purchase contract, and any
29 preliminary or final official statement, offering circular, official circular or similar offering
30 document. Such undertakings, covenants or agreements shall be binding upon the County and
31 the County hereby covenants and agrees to abide by any such undertakings, covenants or

1 | agreements made in accordance with this Section for the benefit of the holders of the applicable
2 | Obligations.

3 | SECTION 16. BE IT FURTHER ENACTED, that pursuant to the authority of Section 19-
4 | 236 of the Local Government Article of the Annotated Code of Maryland, as amended, replaced
5 | or recodified from time to time (the “Hedge Statute”), the County may enter into one or more
6 | interest rate exchange agreements or contracts providing for payments based on levels of or
7 | changes in interest rates, or combinations of the foregoing, in order to improve the management
8 | of debt service or interest rate risks on all or any portion of the Obligations authorized hereby or
9 | to reduce the cost of servicing all or any portion of such Obligations. Any such interest rate
10 | exchange agreement or contract may be entered into in connection with, or incidental to, all or
11 | any portion of the Obligations prior to, at the time of, or subsequent to, the issuance of any such
12 | Obligations, and may apply to such Obligations and any other general obligation bonds or notes,
13 | revenue bonds or notes, or other evidences of indebtedness by whatever name known or funds
14 | secured, issued by the County. In connection with any such interest rate exchange agreements or
15 | contracts, the County may appoint any agents necessary to implement and administer such
16 | agreements or contracts. Unless contrary to the provisions of the Hedge Statute, or other
17 | applicable law, the County Executive is hereby authorized to determine, approve, authorize or
18 | provide for, after giving due consideration to the creditworthiness of the counterparty or
19 | counterparties and after consulting with the Director of Finance of the County and, if applicable,
20 | the financial advisor to the County: (1) the terms and conditions of the transaction, the final form
21 | of the agreement or contract and the final terms and conditions of the agreement or contract and
22 | (2) the appointment of any agents necessary to implement and administer such agreements or
23 | contracts and the terms of compensation therefor. Nothing contained in this Act shall be deemed
24 | to preclude the County Council by resolution from making or providing for any of the
25 | determinations authorized by the Hedge Statute. The provisions of this Section shall be liberally
26 | construed to effectuate the provisions of the Hedge Statute.

27 | SECTION 17. BE IT FURTHER ENACTED that any and all determinations, approvals,
28 | authorizations, decisions, undertakings, specifications, covenants, agreements or provisions (by
29 | whatever terminology so specified) authorized to be made by the County Executive pursuant to
30 | the provisions of this Act shall be made by order of the County Executive unless otherwise
31 | expressly provided herein; provided that, unless contrary to the provisions of the County Charter

1 or other applicable law, the County Executive is hereby expressly authorized to delegate by order
2 to such official or officials designated in such order the power to make any such determinations,
3 approvals, authorizations, decisions, undertakings, specifications, covenants, agreements or
4 provisions or other matters and the manner in which to evidence the same. In addition, unless
5 contrary to the provisions of the County Charter or other applicable law, the County Executive is
6 hereby authorized by order to delegate to one or more appropriate County officials the authority
7 granted to the County Executive by this Act to sign any documents, certificates or instruments,
8 or to specify that one or more appropriate County officials in addition to the County Executive
9 shall sign any such documents, certificates or instruments.

10 SECTION 18. BE IT FURTHER ENACTED that if any one or more of the provisions of
11 this Act, including any covenants or agreements provided herein on the part of the County to be
12 performed, should be contrary to law, then such provision or provisions shall be null and void
13 and shall in no way affect the validity of the other provisions of this Act or of the Obligations.

14 SECTION 19. BE IT FURTHER ENACTED that the provisions of this Act are hereby
15 declared to be severable; and, in the event that any section, subsection, paragraph, subparagraph,
16 sentence, clause, phrase, or word of this Act is declared invalid or unconstitutional by a court of
17 competent jurisdiction, such invalidity or unconstitutionality shall not affect the remaining
18 words, phrases, clauses, sentences, subparagraphs, paragraphs, subsections, or sections of this
19 Act, since the same would have been enacted without the incorporation in this Act of any such
20 invalid or unconstitutional word, phrase, clause, sentence, subparagraph, subsection, or section.

21 SECTION 20. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
22 calendar days after it becomes law.

Adopted this 24th day of October , 2017.

COUNTY COUNCIL OF PRINCE
GEORGE’S COUNTY, MARYLAND

BY: _____
Derrick Leon Davis
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Rushern L. Baker, III
County Executive

KEY:
Underscoring indicates language added to existing law.
[Brackets] indicate language deleted from existing law.
Asterisks *** indicate intervening existing Code provisions that remain unchanged.

ATTACHMENT A

DESCRIPTION OF PROJECTS

The retrofitting of approximately 960 impervious acres on multiple sites within the County for the creation of a large scale green infrastructure program (the “Program”) that includes the 27 municipalities in the County that are within the County’s National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Discharge Permit area (as amended, renewed or otherwise modified from time to time, the “MS4 Permit”) to store or treat storm water runoff in order to (a) mitigate flooding, (b) reduce pollution loads and (c) achieve impervious area credits, which will be used by the County to certify storm water compliance under the MS4 Permit.

Multiple projects will be planned, designed, and constructed within the area subject to the MS4 Permit and will utilize a wide array of treatment options approved by the Maryland Department of the Environment including (but not limited to) small rain gardens, large urban retrofit solutions involving suburban drain inlet modifications, pond retrofits, County right-of-ways, green streets, high-flow media treatment devices, bio-swales and other green infrastructure.

The cost of the above projects is estimated to be \$48,000,000.

**ATTACHMENT B
FORM OF LOAN AGREEMENT**

LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY
FINANCING ADMINISTRATION

and

Dated as of _____, 2016

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made this _____ day of _____, 2016, between the Maryland Water Quality Financing Administration (the "Administration"), a unit of the Department of the Environment (the "Department") of the State of Maryland (the "State"), and _____, a _____ of the State (the "Borrower").

RECITALS

Title VI of the Federal Water Pollution Control Act (commonly known as the "Clean Water Act"), as amended by the Water Quality Act of 1987 ("Title VI"), authorizes the Environmental Protection Agency ("EPA") to award grants to qualifying States to establish and capitalize State water pollution control revolving funds ("SRFs") for the purpose of providing loans and certain other forms of financial assistance (but not grants) to finance, among other things, the construction and improvement of publicly-owned wastewater treatment facilities and the implementation of estuary conservation management plans and nonpoint source management programs.

As contemplated by Title VI, the General Assembly of the State at its 1988 session enacted the Maryland Water Quality Financing Administration Act, codified at Sections 9-1601 through 9-1622 of the Environment Article of the Annotated Code of Maryland, as amended (the "Act"), establishing an SRF designated the Maryland Water Quality Revolving Loan Fund (the "Fund") to be maintained and administered by the Administration. The Act authorizes the Administration, among other things, to make a loan from the Fund to a "local government" (as defined in the Act) for the purpose of financing all or a portion of the cost of a "wastewater facility" project (as defined in the Act).

The Borrower, which is a "local government" within the meaning of the Act, has applied to the Administration for a loan from the Fund to assist in the financing of a certain project or projects of the Borrower (the "Project," as defined herein) which constitutes a "wastewater facility" within the meaning of the Act. The Project is one designated for funding in an Intended Use Plan promulgated by the Administration in accordance with regulations issued by the EPA pursuant to Title VI, and the Project conforms to the applicable "county plan" adopted pursuant to the requirements of Subtitle 5 of Title 9 of the Environment Article of the Annotated Code of Maryland, as amended.

The Director of the Administration has determined that the making of a loan to the Borrower for the purpose of assisting the financing of the Project, on the terms and conditions hereinafter set forth, is necessary and desirable in the public interest, will promote the health, safety and welfare of the inhabitants of the State and the United States by assisting in the prevention of pollution of the environment, and will further the purposes of Title VI and the Act.

The Act authorizes the Administration, subject to the prior approval of the Secretary of the Department and the Board of Public Works, to issue its revenue bonds for the purpose of providing monies for deposit to the Fund. The Administration may issue and sell one or more series of such revenue bonds (the "Bonds") for the purpose of providing monies for

deposit to the Fund in an amount sufficient, together with certain other monies expected to be available for that purpose, to enable the Administration to make, or reimburse the Administration for making, a loan to the Borrower and certain other entities to assist in the financing of projects, all as contemplated by the Administration's Intended Use Plan. The revenues from this loan and such other loans, whether or not funded from the proceeds of Bonds, may be pledged by the Administration to secure Bonds.

NOW THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Administration, each intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement:

“Act” means the Maryland Water Quality Financing Administration Act, Sections 9-1601 through 9-1622 of the Environment Article, Annotated Code of Maryland, and all acts supplemental thereto or amendatory thereof.

“Administration” means the Maryland Water Quality Financing Administration, a unit of the Department of the Environment of the State, and its successors and assigns.

“Administrative Fee” means the fee payable by the Borrower pursuant to this Agreement for the general administrative services and other functions and expenses of the Administration.

“Agreement” means this Loan Agreement, including the Exhibits attached hereto and any amendments hereto.

“Application” means the application for the Loan submitted by the Borrower to the Administration, together with any amendments thereto.

“Authorized Officer” means, in the case of the Borrower, any person authorized by law or by a resolution of the governing body of the Borrower to perform any act or execute any document.

“Board” means the Board of Public Works of the State.

“Bonds” means any series of revenue bonds issued by the Administration under the Act.

“Bond Counsel” means a law firm acceptable to the Administration whose legal opinions are generally accepted by purchasers of municipal bonds.

“Borrower” means the local government (as defined in the Act) that is identified in the first paragraph of this Agreement, and its successors and assigns.

“Business Day” means a day other than a Saturday, Sunday, or day on which the offices of the Administration or commercial banks in the State are authorized or obligated to remain closed.

“Change Orders” means any amendments or modifications to any Plans and Specifications or any general construction contract for the Project.

“Clean Water Act” means the Water Pollution Control Act of 1972, PL 92-500, as et seq., and rules and regulations promulgated thereunder.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor federal income tax statute or code, and the applicable regulations and rulings promulgated thereunder.

“Default” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, constitute an Event of Default.

“Department” means the Maryland Department of the Environment, and its successors.

“Director” means the Director of the Administration.

“Eligible Project Costs” means all those costs of the Project permitted by the Act to be funded by a loan from the Fund and which have been approved by the Director.

“EPA” means the United States Environmental Protection Agency, and its successors.

“Event of Default” means any occurrence or event specified in Section 4.01 hereof.

“Fiscal Year” means the period of 12 consecutive months commencing on July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

“Fund” means the Maryland Water Quality Revolving Loan Fund.

“Governmental Authority” means the United States, the State of Maryland, or any of their political subdivisions, agencies, departments, commissions, boards, bureaus or instrumentalities, including any local authority having jurisdiction over the Project, and including EPA, the Department, the Board and the Administration.

“Indenture” means the indenture of trust, bond resolution or other trust agreement between the Administration and the Trustee, providing for the issuance of Bonds, as amended, modified or supplemented from time to time.

“Independent Counsel” means any attorney or attorneys duly admitted to practice law before the highest court of any state who have regularly engaged in the practice of law as their primary occupation for at least five years. Independent Counsel may also serve as Bond Counsel if it qualifies as Bond Counsel.

“Independent Public Accountant” means an individual, partnership or corporation engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State of Maryland and in fact independent.

“Loan” means the aggregate amounts which are advanced from time to time by the Administration to the Borrower pursuant to the terms and provisions of this Agreement.

“Loan Closing Date” means the date on which the Note is executed and delivered to the Administration.

“Loan Commitment” means that amount which the Administration is obligated to lend to the Borrower pursuant to the terms and provisions of this Agreement and subject to the satisfaction of the conditions set forth in this Agreement, as such amount may be adjusted as provided in this Agreement.

“Loan Proceeds Questionnaire and Certificate” means the Loan Proceeds Questionnaire and Certificate executed and provided by the Borrower in connection with the Loan, in form and substance satisfactory to the Administration.

“Loan Year” means the period beginning on the first February 1 on which principal of the Loan is payable and each February 1 thereafter and ending on the immediately succeeding January 31.

“Note” means the bond, note or other obligation executed and delivered by the Borrower to the Administration to evidence the Loan, such Note to be substantially in the form attached hereto as Exhibit F.

“Plans and Specifications” means the final plans and specifications for the construction of the Project prepared by the architect or engineer and approved by the Department.

“Project” means the project or projects of the Borrower described in Exhibit B to this Agreement.

“Project Budget” means the budget for the Project as set forth in Exhibit C to this Agreement, as revised in accordance with Section 2.02(d).

“Related Financing” means any bond, note, agreement or other instrument or transaction (other than this Agreement or the Note) pursuant to which the Borrower obtains any monies that may be expended to pay costs of the Project.

“Requirement” means any law, ordinance, code, order, rule or regulation of a Governmental Authority, including, without limitation, a condition set forth in a National Pollution Discharge Elimination System (“NPDES”) permit or in a construction permit issued by the Department.

“State” means the State of Maryland.

“Tax-Exempt Bonds” means Bonds the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Trustee” means the trustee for the Bonds.

Section 1.02. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

- (a) words importing the singular number include the plural number and words importing the plural number include the singular number;
- (b) words of the masculine gender include correlative words of the feminine and neuter genders;
- (c) words importing persons include any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof;
- (d) the terms “agree” and “agreement” shall include and mean “covenant”, and all agreements contained in this Agreement are intended to constitute covenants and shall be enforceable as such;
- (e) the headings and the Table of Contents set forth in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect; and
- (f) any reference to a particular Article or Section shall be to such Article or Section of this Agreement unless the context shall otherwise require.

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

Section 2.01. Representations of Borrower. The Borrower represents for the benefit of the Administration as follows:

(a) Corporate Organization and Authority. The Borrower:

(i) is a “local government” as defined in the Act; and

(ii) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to own and operate the Project, to enter into this Agreement, to execute and deliver the Note, and to carry out and consummate all transactions contemplated by this Agreement.

(b) Full Disclosure. There is no fact that the Borrower has not disclosed to the Administration in writing that materially adversely affects or (so far as the Borrower can now foresee) that will materially adversely affect the properties, activities, prospects or condition (financial or other) of the Borrower or the ability of the Borrower to make all payments due hereunder and otherwise perform its obligations under this Agreement and the Note.

(c) Pending Litigation. There are no proceedings pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower in any court or before any Governmental Authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or other) of the Borrower, or the ability of the Borrower to make all payments due hereunder and otherwise perform its obligations under this Agreement and the Note, and that have not been disclosed in writing to the Administration in the Application or otherwise.

(d) Borrowing Legal and Authorized. The consummation of the transactions provided for in this Agreement and the Note and compliance by the Borrower with the provisions of this Agreement and the Note:

(i) are within its powers and have been duly authorized by all necessary action on the part of the governing body of the Borrower; and

(ii) will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrances upon any property or assets of the Borrower pursuant to, any indenture, loan agreement or other instrument (other than this Agreement and the Note) to which the Borrower is a party or by which the Borrower may be bound, nor will such action result in any violation of the provisions of laws, ordinances, governmental rules, regulations or court orders to which the Borrower or its properties or operations is subject.

(e) No Defaults. No event has occurred and no condition exists that, upon execution of this Agreement and the Note or receipt of the Loan, would constitute a Default hereunder. The Borrower is not in violation, and has not received notice of any claimed violation, of any term of any agreement or other instrument to which it is a party or by which it or its property may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or other) of the Borrower or the ability of the Borrower to make all payments due hereunder and otherwise perform its obligations under this Agreement and the Note, and that have not been disclosed in writing to the Administration in the Application or otherwise.

(f) Governmental Consent; Project Consistency.

(i) The Borrower has obtained all permits and approvals required to date by any Governmental Authority for the making and performance by the Borrower of its obligations under this Agreement and the Note or for the Project and the financing thereof. No consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority that has not been obtained is required on the part of the Borrower as a condition to the execution and delivery of this Agreement and the Note or the consummation of any transaction herein contemplated.

(ii) The Project is consistent with (A) the local plan of the Borrower as contemplated under Section 5-7A-02 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended; (B) the State Economic Growth, Resource Protection, and Planning Policy established in Section 5-7A-01 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended; and (C) all applicable provisions of *Subtitle 7B*; “*Priority Funding Areas*” of Title 5 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended.

(g) No Conflicts. No member, officer, or employee of the Borrower, or its designees, or agents, no consultant, no member of the governing body of the Borrower or of any Governmental Authority, who exercises or has exercised any authority over the Project during such person’s tenure, shall have any interest, direct or indirect, in any contract or subcontract, or its proceeds, in any activity, or benefit therefrom, which is part of the Project.

(h) Use of Proceeds. The Borrower will apply the proceeds of the Loan from the Administration as described in Exhibit B attached hereto and made a part hereof (i) to finance all or a portion of the Eligible Project Costs; and (ii) to reimburse the Borrower for all or a portion of the Eligible Project Costs paid or incurred prior to the date hereof in anticipation of reimbursement by the Administration (and subject to compliance with Section 2.02(1) of this Agreement). Except as provided in Sections 3.01 and 3.03(c) of this Agreement, before each and every advance of the proceeds of the Loan to the Borrower, the Borrower shall submit to the Administration a requisition meeting the requirements of Section 3.03 of this Agreement.

(i) Loan Closing Submissions. On or before the Loan Closing Date, the Borrower will cause to be delivered to the Administration each of the following items:

(i) an opinion of Independent Counsel, acceptable to the Administration, dated as of the Loan Closing Date, substantially in the form set forth in Exhibit D to this Agreement;

(ii) an opinion of Bond Counsel [who may rely, as to the validity of this Agreement and the Note, on the opinion of Independent Counsel referred to in (i)], dated as of the Loan Closing Date, and acceptable to the Administration, to the effect that (A) interest on the Loan and the Note will be excludable from gross income for purposes of federal income taxation and (B) interest on the Loan and the Note will not be included in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment;

(iii) fully executed counterparts of this Agreement, the Note and the Loan Proceeds Questionnaire and Certificate;

(iv) copies of the ordinance, resolution or other official action of the governing body of the Borrower authorizing the execution and delivery of this Agreement and the Note, certified by an appropriate officer of the Borrower;

(v) a certificate, dated as of the Loan Closing Date, signed by an Authorized Officer of the Borrower and in form satisfactory to the Administration, confirming the Borrower's obligations under and representations in the Loan Agreement and the Loan Proceeds Questionnaire and Certificate as of such date;

(vi) a requisition in an amount not less than the lesser of 5% of the Loan Commitment or \$50,000 for (i) reimbursement to the Borrower of Eligible Project Costs together with paid invoices supporting such reimbursement or (ii) payment to third-parties of currently due and payable invoices for Eligible Project Costs or (iii) a combination of (i) and (ii); and

(vii) such other certificates, documents, opinions and information as the Administration may require.

Section 2.02. Particular Covenants of the Borrower.

(a) Maintenance of Project; Insurance. The Borrower shall (i) keep, operate and maintain, or cause to be kept, operated and maintained, the Project in good working order, condition and repair; (ii) make or cause to be made all needed and proper replacements to the Project so that the Project will at all times be in good operating condition, fit and proper for the purposes for which it was originally erected or installed; (iii) not permit any waste of the Project; (iv) observe and comply with, or cause to be observed and complied with, all Requirements; and (v) operate, or cause to be operated, the Project in the manner in which similar projects are operated by persons operating a first-class facility of a similar nature. The Borrower shall maintain or cause to be maintained at its sole cost and expense insurance with respect to the

Project, both during its construction and thereafter, against such casualties and contingencies and in such amounts as are customarily maintained by governmental entities similarly situated and as are consistent with sound governmental practice.

(b) Sale or Disposition of Project. The Borrower reasonably expects that no portion of the Project will be sold prior to the final maturity date of the Loan. In the event that the Borrower shall sell or otherwise dispose of any portion of the Project prior to the final maturity date of the Loan, the Borrower shall apply the net proceeds thereof to the prepayment of the Loan or as the Administration shall otherwise direct unless (i) the Borrower shall have obtained the prior written consent of the Administration to some other proposed application of such net proceeds and (ii) there shall have been delivered to the Administration an opinion of Bond Counsel to the effect that, in the opinion of such firm, such proposed application of such net proceeds will not adversely affect the tax-exempt status for federal income tax purposes of the interest on any Tax-Exempt Bonds applicable to the Project or the Note.

(c) Inspections; Information. The Borrower shall permit the Administration or its designee to examine, visit and inspect, at any and all reasonable times (including, without limitation, any time during which the Project is under construction or in operation), the property constituting the Project, to attend all construction progress meetings relating to the Project and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating to the Project and the financing thereof, and shall supply such reports and information as the Administration may reasonably require in connection therewith. Without limiting the generality of the foregoing, the Borrower shall keep and maintain any books, records, and other documents that may be required under applicable federal and State statutes, regulations, guidelines, rules and procedures now or hereafter applicable to loans made by the Administration from the Fund, and as may be reasonably necessary to reflect and disclose fully the amount and disposition of the Loan, the total cost of the activities paid for, in whole or in part, with the proceeds of the Loan, and the amount and nature of all investments related to such activities which are supplied or to be supplied by other sources. All such books, records and other documents shall be maintained at the offices of the Borrower, as specified on Exhibit B attached hereto, for inspection, copying, audit and examination at all reasonable times by any duly authorized representative of the Administration. All such books, records and other documents shall be maintained until the completion of an audit of the Project by the EPA or notification from the State or the EPA that no audit is required.

(d) Completion of the Project; Payment of Excess Costs of the Project. The Borrower shall proceed diligently to complete the Project in accordance with the Plans and Specifications, and in accordance with any requirements set forth in the construction and NPDES permits. The Borrower shall satisfy all applicable Requirements for operation of the Project by the completion of the Project, and shall commence operation of the Project promptly upon its completion. No substantial changes may be made to the Plans and Specifications, the general construction contract or the Project Budget, or in the construction of the Project without the prior written approval of the Administration in its discretion. The Borrower shall pay any amount required for the acquisition, construction and equipping of the Project in excess of the amount available to be loaned to the Borrower hereunder. Upon the completion of the Project, the

Borrower shall deliver to the Administration a certificate of the Borrower certifying that the Project was completed as of the date set forth in such certificate.

(e) Cancellation of Loan. As provided by Section 9-1606(e) of the Act, the Borrower acknowledges and agrees that its obligation to make the payments due hereunder and under the Note is cancelable only upon repayment in full of the Loan, and that neither the Administration, the Secretary of the Department, nor the Board is authorized to forgive the repayment of all or any portion of the Loan.

(f) Dedicated Source of Revenue. Pursuant to the Clean Water Act, the Borrower has established one or more dedicated sources of revenue for repayment of the Loan, as described in Exhibit E attached hereto as a part hereof.

(g) Indemnification. To the extent permitted by law, the Borrower releases the Administration, the Fund, the Department, the Board and the State from, agrees that the Administration, the Fund, the Department, the Board and the State shall not have any liability for, and agrees to protect, indemnify and save harmless the Administration, the Fund, the Department, the Board and the State from and against, any and all liabilities, suits, actions, claims, demands, losses, expenses and costs of every kind and nature incurred by, or asserted or imposed against, the Administration, the Fund, the Department, the Board or the State, as a result of or in connection with the Project or the financing thereof. To the extent permitted by law, all money expended by the Administration, the Fund, the Department, the Board or the State as a result of such liabilities, suits, actions, claims, demands, losses, expenses or costs, together with interest at the rate provided in the Note from the date of such payment, shall constitute an additional indebtedness of the Borrower and shall be immediately and without notice due and payable by the Borrower to the Administration.

(h) Non-discrimination. The Borrower certifies that it does not discriminate, and covenants that it shall not discriminate, on the basis of (1) political or religious opinion or affiliation, marital status, race, color, creed or national origin, or (2) sex or age, except where sex or age constitutes a bona fide occupational qualification, or (3) the physical or mental handicap of a qualified handicapped individual. At such times as the Administration requests, the Borrower shall submit to the Administration information relating to the Borrower's operations, with regard to political or religious opinion or affiliation, marital status, physical or mental handicap, race, color, creed, sex, age, or national origin, on a form to be prescribed by the Administration.

(i) Compliance with Requirements. The Borrower acknowledges that the Loan and this Agreement are subject to, and the Borrower agrees to comply with, all Requirements applicable to the Project and the financing thereof, including (without limiting the generality of the foregoing) the Clean Water Act, the Act, and all other applicable State and federal statutes and such rules, regulations, orders and procedural guidelines as may be promulgated from time to time by the EPA, the Board, the Department, the Administration, or other Governmental Authority.

(j) Annual Audit. Within nine (9) months of the end of each Fiscal Year (unless such period is changed to comply with terms of the Administration's financings, or a

Requirement, in which case the Administration shall notify the Borrower in writing), the Borrower shall cause financial statements of the Borrower to be prepared with respect to such Fiscal Year in accordance with generally accepted accounting principles, applicable to governmental units, consistently applied, which financial statements shall be audited by, and accompanied by a report of, an Independent Public Accountant. Such financial statements and report shall be delivered upon completion to the Administration within the nine (9) month period or within thirty (30) days from receipt of a report from the auditor, whichever period is shorter.

(k) Bonds Not to Be Arbitrage Bonds. The Administration expects to deliver on each date of issuance of each series of Tax-Exempt Bonds a certificate (such certificate, as it may be amended and supplemented from time to time in accordance with the Indenture, being referred to herein as the “Section 148 Certificate”) that complies with the requirements of Section 148 of the Code or applicable successor provisions (“Section 148”) and that states the Administration’s reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of such Tax-Exempt Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Tax-Exempt Bonds within the meaning of Section 148 (collectively, “Bond Proceeds”). The Borrower covenants to provide, or cause to be provided, such facts and estimates as the Administration reasonably considers necessary to enable it to execute and deliver its Section 148 Certificate including (but not limited to) those updates required in the Loan Proceeds Questionnaire and Certificate. The Borrower further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Tax-Exempt Bonds and will be, to the best of the knowledge of the officers of the Borrower providing such facts and estimates, true, correct and complete as of that date, and (ii) the Borrower will make reasonable inquiries to ensure such truth, correctness and completeness.

The Borrower covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the Bond Proceeds that would cause any of the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148. The Borrower further covenants that it will comply with those provisions of Section 148 that are applicable to the Tax-Exempt Bonds on the date of issuance of such Tax-Exempt Bonds and with those provisions of Section 148 that may subsequently be lawfully made applicable to such Bonds.

The Administration and the Borrower shall hold and invest Bond Proceeds within their control (if such proceeds are invested) in accordance with the expectations of the Administration set forth in the Section 148 Certificate. If the Administration is of the opinion upon receipt of advice of Bond Counsel that it is necessary further to restrict or limit the yield on the investment of any Bond Proceeds in order to avoid any of the Tax-Exempt Bonds being considered “arbitrage bonds” within the meaning of Section 148, the Borrower shall take such action as is necessary to restrict or limit the yield on such investment, irrespective of whether the Borrower is of the same or a different opinion. Upon the request of the Borrower and receipt of advice of Bond Counsel the Administration may, and upon receipt of an approving ruling from the Internal Revenue Service or a decision of a court of competent jurisdiction the Administration shall, take such action as is necessary to remove or modify a restriction or limitation on the yield on the investment of any Bond Proceeds that was formerly deemed

necessary. The Administration shall incur no liability in connection with action as contemplated herein so long as the Administration acts in good faith.

The Administration contemplates and will use its best efforts to provide for the payment of rebate or penalties in lieu of rebate with respect to the Tax-Exempt Bonds pursuant to Section 148 from the proceeds of the Tax-Exempt Bonds or investment earnings thereon. However, in the event that funds from this source are inadequate to provide for any such payment of rebate or such penalties, the Borrower agrees to pay to the Administration the portion of the rebate or penalties with respect to any Tax-Exempt Bonds fairly allocable to the Loan (as reasonably determined by the Administration) upon written request of the Administration accompanied by an explanation of the method for allocating any such penalties or rebate.

In addition, the Borrower covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use of the monies deemed to be proceeds of any other Tax-Exempt Bonds of the Administration that would cause any such Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148. The Borrower further covenants that it will comply with those provisions of Section 148 that are applicable to such other Tax-Exempt Bonds on the date of issuance of such Tax-Exempt Bonds and with those provisions of Section 148 that may subsequently be lawfully made applicable to such Tax-Exempt Bonds. The Borrower shall have no obligation under this paragraph unless advised of such in writing by the Administration.

(l) Compliance With Loan Proceeds Questionnaire and Certificate. Without otherwise limiting the covenants or representations set forth in this Agreement or in the Loan Proceeds Questionnaire and Certificate, the representations set forth in Paragraphs 3 through 9, inclusive, and Paragraphs 11 through 14, inclusive, of the Loan Proceeds Questionnaire and Certificate are hereby incorporated as continuing representations of the Borrower, except to the extent that the Administration shall receive an opinion from Bond Counsel to the effect that any variation from such representations shall not adversely affect the excludability of interest on any Tax-Exempt Bonds from gross income for federal income tax purposes. The Borrower shall not take or permit to be taken any action or actions which would cause any Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or which would otherwise cause interest on any Tax-Exempt Bonds to be includable in gross income for federal income tax purposes.

(m) Additional Disclosure Information. The Borrower agrees to provide the Administration with such information regarding the Borrower and its finances as the Administration may from time to time request. The Borrower further acknowledges that the Administration may issue one or more series of Bonds pursuant to the Indenture, and that any or all of such Bonds may be secured in part by repayments of the Borrower with respect to the Loan. The Borrower accordingly agrees to provide to the Administration such information regarding the Borrower and its finances as the Administration may from time to time request for inclusion in the official statements or other offering documents to be distributed in connection with the sale of any such Bonds or any annual disclosure document or other informational document prepared from time to time by the Administration to be made available to prospective purchasers or holders of any of such Bonds. The Borrower shall also furnish to the Administration at its request a certificate of an Authorized Officer of the Borrower to the effect

that any information so provided or included contains no material inaccuracy or omission in light of the purposes for which such information is provided or included. The Borrower agrees to notify the Administration promptly in writing of (a) any changes in the condition or affairs of the Borrower (financial or other) that would cause any information regarding the Borrower so provided or included in an official statement or any subsequent offering document, annual disclosure document or other informational document of the Administration that the Borrower has had an opportunity to review and certify as to its accuracy, to contain a material inaccuracy or omission in light of the purposes for which such information is so included, and (b) any event set forth in Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C), as such rule may be amended and supplemented.

(n) Related Financing. The Borrower agrees that the proceeds of any Related Financing shall be expended to pay costs of the Project on a monthly basis proportionately with the proceeds of the Loan, taking into account the total amount of the proceeds of such Related Financing available to pay costs of the Project and the maximum amount of the Loan Commitment. The Borrower agrees to provide the Administration upon its request with such information as the Administration deems reasonably necessary to determine whether the Borrower is in compliance with the provisions of this Section 2.02(n).

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

Section 3.01. The Loan. Subject to the provisions of Sections 3.02, 3.03 and 3.08 hereof, the Administration hereby agrees to advance amounts under this Agreement to the Borrower, and the Borrower agrees to borrow and accept from the Administration amounts advanced under this Agreement, in an aggregate principal amount not to exceed the maximum amount of the Loan Commitment set forth on Exhibit B attached hereto.

Section 3.02. Availability of Funds. The Administration expects to have, and shall use its best efforts to obtain and maintain, funds in an amount sufficient to make advances to the Borrower in accordance with the "Construction Cash Draw Schedule" included in Exhibit C attached hereto. The Borrower recognizes, however, that the Administration is a governmental entity with limited financial resources and that the Administration's ability to make such advances may be adversely affected by events or circumstances beyond the Administration's control. The Borrower accordingly assumes the risk that monies may not be available to make advances of the Loan to the Borrower, and, in such event, the Borrower specifically agrees that the Administration shall have no obligation to lend any amounts to the Borrower in excess of the amount theretofore advanced to the Borrower.

Section 3.03. (a) Requisitions and Disbursements. Amounts shall be loaned from time to time to pay, or reimburse the Borrower for the payment of, Eligible Project Costs, upon receipt of requisitions of the Borrower. Each such requisition shall (i) state the names of the payees, (ii) describe in reasonable detail the purpose of each payment, (iii) state the amount of each payment (supported by appropriate paid invoices or other evidence satisfactory to the

Administration that the amount requisitioned has been paid or has been incurred by the Borrower and is then due), (iv) state that the amount so requisitioned constitutes a part of the Eligible Project Costs and (v) state that no Default or Event of Default under this Agreement has occurred and is continuing; provided, that this section shall not apply to advances made or deemed to have been made as provided in Section 3.03(c) hereof. In no event shall the Administration be obligated to advance to the Borrower any amount so long as any Default or Event of Default under this Agreement shall have occurred and be continuing. The Administration shall not be required to advance monies on more than one day in each month, and the Administration shall not be required to advance monies for the Project sooner than, or in an amount greater than, the schedule of disbursements for the Project shown on the "Construction Cash Draw Schedule" included in Exhibit C attached hereto. The Administration may require the Borrower to submit requisitions in advance of each such disbursement date in such manner as shall be reasonably acceptable to the Administration.

(b) Conditions Precedent. Before making the first advance of Loan proceeds, the Administration shall receive the following in form and content satisfactory to the Administration:

(i) copies of the Plans and Specifications and of any Change Orders issued through the date of such advance, the general construction contract, and the Project Budget;

(ii) a survey showing the location of existing and proposed easements, rights-of-way and improvements, and the perimeter boundaries of the land upon which the Project will be located, if any Loan proceeds are to be used for acquisition of the land;

(iii) copies of all building permits, if any, pertaining to the Project;

(iv) cost breakdown in trade form showing all subcontracts which represent at least 10 percent of the costs of the Project, and indicating use of the proceeds of the Loan therefor;

(v) a fully executed copy of any contract for the purchase of real property constituting a portion of the Eligible Project Costs described in Exhibit C; and

(vi) evidence satisfactory to the Administration that the conditions (if any) set forth in Exhibit A to this Agreement have been satisfied.

In addition, it shall be a condition precedent to the Administration's obligation to make any advance of Loan proceeds under this Agreement that no Default or Event of Default shall have occurred and be continuing at the time of any such advance.

(c) Interest During Construction. In the event that the Administration has consented to permit the Borrower to pay interest on the Loan from proceeds of the Loan during all or a portion of the period of time related to construction of the Project (as itemized in

Exhibit C) (“Construction Period Interest”), the Administration shall on each February 1 and August 1 during such period advance to the Borrower an amount equal to the interest on the Loan due on such February 1 or August 1 and not theretofore paid by the Borrower. Any such amount of Construction Period Interest advanced by the Administration shall constitute part of the principal amount of the Loan hereunder immediately upon its advance to the Borrower in accordance with this paragraph. Notwithstanding the advance of any Construction Period Interest to the Borrower in accordance with this Section, the Borrower shall pay directly to the Administration the Administrative Fee on the dates and in the amounts set forth in Section 3.04(c), and no amounts shall be advanced under the Loan for the payment of the Administrative Fee.

Section 3.04. (a) Amounts Payable. The Borrower shall punctually repay the Loan in installments on the dates, in the amounts, and in the manner specified in the Note. The outstanding amount of the Loan shall bear interest at a rate per annum equal to the rate or rates of interest set forth in Exhibit B, and shall be payable in accordance with the amortization schedule as specified in Exhibit B attached hereto and more particularly set out in the Note (which amortization schedule is subject to adjustment in accordance with this Agreement and the Note). On or prior to the Loan Closing Date, the Borrower shall execute the Note to evidence such obligation. In addition, the Borrower shall pay to the Administration an Administrative Fee in accordance with paragraph (c) of this Section.

(b) Late Charges. In addition to the payments of principal and interest on the Loan required by paragraph (a) of this Section, the Borrower shall pay (i) a late charge for any payment of principal or interest on the Loan that is received later than the tenth day following its due date, in an amount equal to 5% of such payment, and (ii) interest on overdue installments of principal and (to the extent permitted by law) interest at a rate equal to the Default Rate set forth in Exhibit B. Amounts payable pursuant to this paragraph (b) shall be immediately due and payable to the Administration, and interest at the Default Rate shall continue to accrue on overdue installments of principal and (to the extent permitted by law) interest until such amounts are paid in full.

(c) Administrative Fee. (i) On the date specified in Exhibit B for the first payment of the Administrative Fee and on each August 1 thereafter that the Note remains outstanding and unpaid to and including the date of final maturity of the Note (each such date, an “Administrative Fee Payment Date”), the Borrower shall pay to the Administration an Administrative Fee. Subject to paragraph (iv) below, the Administrative Fee for any Administrative Fee Payment Date shall be the (A) Administrative Fee set forth in Exhibit B or (B) after any date on which the outstanding principal amount of the Loan Commitment is reduced by the Administration by a notice in writing to the Borrower in accordance with this Agreement (other than by reason of the repayment of the principal of the Loan) the Administrative Fee set forth in a notice from the Administration to the Borrower in connection with such reduction. Any adjustment of the Administrative Fee in accordance with the foregoing shall be prospective only, and the Administration shall in no event be obligated to refund any portion of any Administrative Fee payment theretofore received from the Borrower.

(ii) In prescribing the Administrative Fee for a loan with a term of thirty years for purposes of paragraph (i) above, the Administration shall employ the following

formula, it being understood that any determinations as to the application of such formula shall be within the discretion of the Administration and any Administrative Fee Payment prescribed by the Administration in accordance with the foregoing shall be conclusive and binding upon the Administration and the Borrower: the Administrative Fee equals (A) the aggregate amount of all scheduled payments of principal of and interest on the Note, multiplied by the Percentage Rate (defined in paragraph (iv) below) then in effect, (B) divided by the total number of scheduled Administrative Fee Payment Dates. For example, if the aggregate amount of all scheduled payments of principal of and interest on the Note were \$5,000,000 and the Percentage Rate were 5%, and the total number of scheduled Administrative Fee Payment Dates were 31, the Administrative Fee to be paid each year would equal:

$$\underline{\$5,000,000} \times .05 = \$8,064.52 \text{ 31}$$

(iii) In prescribing the Administrative Fee for a loan with a term of less than thirty years for purposes of paragraph (i) above, the Administration shall employ the following formula, it being understood that any determinations as to the application of such formula shall be within the discretion of the Administration and any Administrative Fee Payment prescribed by the Administration in accordance with the foregoing shall be conclusive and binding upon the Administration and the Borrower: The Administrative Fee equals (A) the aggregate amount of all scheduled payments of principal of and interest on the Note, multiplied by the Percentage Rate (defined in paragraph (iv) below) then in effect, (B) divided by 30. For example, if the aggregate amount of all scheduled payments of principal of and interest on the Note were \$4,000,000 and the Percentage Rate were 5%, the Administrative Fee to be paid each year would equal:

$$\underline{\$4,000,000} \times .05 = \$6,666.67 \text{ 30}$$

(iv) The Percentage Rate for each Fiscal Year shall be fixed as a uniform rate for all borrowers receiving loans from the Fund in order to provide sufficient revenues to pay the expenses of the Administration, as approved in the operating budget of the State by the General Assembly of the State; provided, however, that in no event shall the Percentage Rate exceed five percent (5%). In each Fiscal Year the Administration shall review the Percentage Rate then in effect and adjust it for the immediately succeeding Fiscal Year to reflect its approved budget for the immediately succeeding Fiscal Year, a retainage of not more than ten percent (10%) for an operating reserve within the Administration's general account, and other factors as reasonably determined by the Secretary. No later than June 1 following the end of the Session of the General Assembly in each Fiscal Year, the Administration shall notify the Borrower of the newly established Percentage Rate, which shall be the Percentage Rate applicable to the immediately succeeding Fiscal Year, and of any change in the amount of the Administrative Fee payable by the Borrower in such Fiscal Year as a result of the application of such Percentage Rate.

Section 3.05. Sources of Payment. (a) Dedicated Revenues. In accordance with Section 2.02(f) hereof, the principal of and interest on the Note, and any other amounts due from time to time under this Agreement, shall be payable in the first instance from the dedicated source of revenues described in Exhibit E attached hereto.

(b) General Obligation. In addition, the Note constitutes a general obligation of the Borrower, to the payment of which the full faith and credit and taxing power of the Borrower are pledged.

(c) State Withholding. As further security for the payment of the Note and any other amounts due hereunder, the Borrower hereby pledges the following to the Administration and grants a security interest therein to the Administration: (i) as authorized by Section 9-1606(d) of the Act, the Borrower's share of any and all income tax revenues collected by the State from time to time that would otherwise be payable to the Borrower, and (ii) to the maximum extent permitted by law, any and all other tax revenues, grants, and other monies that the Borrower is or may from time to time be entitled to receive from the State or that may at any time be due from the State, or any department, agency, or instrumentality of the State, to the Borrower. The Borrower further agrees that, upon the occurrence of an Event of Default, among other things, the State Comptroller and the State Treasurer may (i) withhold any such amounts that the Borrower is then or may thereafter be entitled to receive and (ii) at the direction of the Administration, apply the amounts so withheld to the payment of any amounts then due or thereafter becoming due hereunder (including, without limitation, payments under the Note) until the Borrower's obligations hereunder have been fully paid and discharged.

Section 3.06. Unconditional Obligations. The obligations of the Borrower to make payments under the Note as and when due and all other payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project, commercial frustration of purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any Governmental Authority, any failure of the Administration, the Department or the State to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project, this Agreement, or otherwise or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the Administration, the Department or the State or any other party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

Section 3.07. Loan Commitment. The Borrower acknowledges and agrees that the monies attributable to the Borrower's Loan Commitment are the property of the Administration and are held by the Administration to provide for advances to be made to the Borrower in accordance with this Agreement. Without limiting the foregoing, the Borrower acknowledges and agrees that monies attributable to the Borrower's Loan Commitment may at the discretion of the Administration be pledged or applied to the payment of Bonds.

Section 3.08. Reduction of Loan Commitment. The Loan Commitment is subject to reduction in accordance with the provisions of this Section 3.08.

(a) Any portion of the Loan Commitment not advanced to the Borrower under Section 3.03 of this Agreement at the later of (1) two years from the date of this Agreement and (2) the earlier of one year following (i) actual completion of construction of the Project or (ii) the estimated completion date specified on Exhibit B attached hereto, shall no longer be available to be advanced to the Borrower and the amount of the Loan Commitment shall be reduced by an amount equal to the portion of the Loan Commitment not advanced, unless otherwise agreed to by the Administration in writing.

(b) The Administration may, by a notice in writing delivered to the Borrower, reduce the amount of the Loan Commitment if the Administration should for any reason determine that it will be unable to fund the full amount of the Loan Commitment (including, without limitation, a determination that the Eligible Project Costs to be paid with proceeds of the Loan are expected to be less than the maximum amount of the Loan Commitment), or if it determines that the Borrower is not proceeding satisfactorily and expeditiously with the Project in accordance with schedules and plans provided to the Administration, or if it determines that the Borrower is no longer able to make the certifications required under Section 3.03 in connection with the submission of requisitions. Such notice shall specify the reason for and the amount of the reduction.

(c) Any reduction in the amount of the Loan Commitment shall not affect the obligation of the Borrower to repay the Loan in accordance with the provisions of this Agreement and the Note.

(d) The Administration shall advise the Borrower in writing of any reduction in the amount of the Loan Commitment. In the event of any such reduction, the Borrower shall repay the Loan in accordance with such revised principal amortization schedule (prepared by applying such amount to reduce the installments of principal due under the Note in inverse order of payment, such that any such reduction is applied first to the last installment of principal due under the Note) as may be prescribed by the Administration in accordance with the provisions of the Note executed in connection therewith. The Administration may require, and the Borrower shall deliver, such certificates, documents, opinions and other evidence as the Administration may deem necessary or advisable in connection with any such reduction in the Loan Commitment. If a new Note is delivered in connection with any such reduction, the Administration shall cancel the Note initially delivered to the Administration by the Borrower pursuant to this Agreement.

Section 3.09. Disclaimer of Warranties. The Administration makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Project or any portion thereof or any other warranty with respect thereto. In no event shall the Administration be liable for any incidental, indirect, special or consequential damages in connection with or arising out of this Agreement or the Project or the existence, furnishing, functioning or use of the Project or any item or products or services provided for in this Agreement.

Section 3.10. Prepayments. The Loan shall be subject to mandatory prepayment, in whole or in part, as, when and to the extent required by the EPA's State Revolving Fund Program Regulations. Otherwise, the Loan may be prepaid by the Borrower, in whole or in part, only at such times and in such amounts, and upon the payment by the Borrower of such prepayment premium or penalty, as the Director, in his or her discretion, may specify and approve.

Section 3.11. Assignment. Neither this Agreement nor the Note may be assigned by the Borrower for any reason without the prior written consent of the Administration. The Administration may transfer, pledge or assign the Note and any or all rights or interests of the Administration under this Agreement without the prior consent of the Borrower.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01. Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

- (a) failure by the Borrower to pay any amount required to be paid hereunder or under the Note when due, which failure shall continue for a period of 20 days;
- (b) failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, other than as referred to in paragraph (a) of this Section, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Administration, unless the Administration shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Administration will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Default is corrected;
- (c) if (i) at any time any representation made by the Borrower in Section 2.01(f)(ii) is incorrect, or (ii) any other representation made by or on behalf of the Borrower contained in this Agreement, or in any instrument furnished in compliance with or with reference to this Agreement, the Loan Commitment or the Loan, is false or misleading in any material respect on the date on which such representation is made;
- (d) if an order, judgment or decree is entered by a court of competent jurisdiction (i) appointing a receiver, trustee, or liquidator for the Borrower; (ii) granting relief in involuntary proceedings with respect to the Borrower under the federal bankruptcy act, or (iii) assuming custody or control of the Borrower under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within 60 days from the date of entry of the order, judgment or decree; or
- (e) if the Borrower (i) admits in writing its inability to pay its debts generally as they become due, (ii) commences voluntary proceedings in bankruptcy or seeking a

composition of indebtedness, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver, or (v) consents to the assumption of custody or control of the Borrower by any court of competent jurisdiction under any law for the relief of debtors .

Section 4.02. Notice of Default. The Borrower shall give the Administration prompt telephonic notice by contacting the Director of the Administration, followed by prompt written confirmation, of the occurrence of any event referred to in Section 4.01(d) or (e) hereof and of the occurrence of any other event or condition that constitutes a Default or an Event of Default at such time as any senior administrative or financial officer of the Borrower becomes aware of the existence thereof.

Section 4.03. Remedies on Default. Whenever any Event of Default referred to in Section 4.01 hereof shall have happened and be continuing, the Administration shall have the right to take one or more of the following remedial steps:

(a) declare all amounts due hereunder (including, without limitation, payments under the Note) to be immediately due and payable, and upon notice to the Borrower the same shall become immediately due and payable by the Borrower without further notice or demand; and

(b) take whatever other action at law or in equity that may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any obligation, agreement or covenant of the Borrower hereunder.

Section 4.04. Attorneys' Fees and Other Expenses. The Borrower shall on demand pay to the Administration the reasonable fees and expenses of attorneys and the Trustee and other reasonable expenses incurred in the collection of any sum due hereunder or in the enforcement of performance of any other obligations of the Borrower upon an Event of Default.

Section 4.05. Application of Monies. Any monies collected by the Administration pursuant to Section 4.03 hereof shall be applied (a) first, to pay any attorneys' fees or other fees and expenses owed by the Borrower pursuant to Section 4.04 hereof, (b) second, to pay interest due on the Loan, (c) third, to pay principal due on the Loan, (d) fourth, to pay any other amounts due hereunder, and (e) fifth, to pay interest and principal on the Loan and other amounts payable hereunder as such amounts become due and payable.

Section 4.06. No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Administration is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default or Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Administration to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

ARTICLE V MISCELLANEOUS

Section 5.01. Notices. All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures and consents of any kind made pursuant to this Agreement shall be in writing. Any such communication shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower at the address specified on Exhibit B attached hereto and to the Administration at Maryland Water Quality Financing Administration, 1800 Washington Blvd., Baltimore, Maryland 21230-1718, Attention: Director.

Section 5.02. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Administration and the Borrower and their respective successors and assigns.

Section 5.03. Severability. In the event any provision of this Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 5.04. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.05. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

Section 5.06. Captions. The captions or headings in this Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 5.07. Further Assurances. The Borrower shall, at the request of the Administration, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements, certificates and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Agreement and the Note.

Section 5.08. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the Loan. In the event of any inconsistency between the provisions of this Agreement and anything contained in the Application, the provisions of this Agreement shall prevail.

Section 5.09. Amendment of this Agreement. This Agreement, or any part hereof, may be amended from time to time hereafter only if and to the extent permitted by the Indenture and by an instrument in writing jointly executed by the Administration and the Borrower.

Section 5.10. Disclaimer of Relationships. The Borrower acknowledges that the obligation of the Administration is limited to making the Loan in the manner and on the terms set forth in this Agreement. Nothing in this Agreement nor any act of either the Administration or of the Borrower shall be deemed or construed by either of them, or by third persons, to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture, or of any association or relationship whatsoever involving the Borrower and the Administration.

Section 5.11. Effective Date. The effective date of this Agreement shall be the date of the Administration's execution.

Section 5.12. Term of this Agreement. Unless sooner terminated pursuant to Article IV of this Agreement, or by the mutual consent of the Borrower and the Administration, this Agreement shall continue and remain in full force and effect until the Loan, together with interest and all other sums due and owing in connection with this Agreement or the Loan, have been paid in full to the satisfaction of the Administration. Upon payment in full of the Loan together with interest and all other sums due and owing in connection with this Agreement or the Loan from any source whatsoever, this Agreement shall be terminated.

Section 5.13. Delegation Not to Relieve Obligations. The delegation by the Borrower of the planning, construction or carrying out of the Project shall not relieve the Borrower of any obligations under this Agreement and any other documents executed in connection with the Loan.

Section 5.14. Additional Terms. This Agreement shall also be subject to the additional terms, if any, set forth in Exhibit A hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first above written.

(SEAL)

WITNESS:
ADMINISTRATION

MARYLAND WATER QUALITY FINANCING

Jag Khuman _____

Director

(SEAL)

ATTEST:
BORROWER: _____

By: _____

Name:

Name:

Title:

Title:

Approved for form and legal sufficiency

Approved for form and legal sufficiency

this ____ day of _____, 2016

this ____ day of _____, 2016

Local Attorney for
Borrower

George A. Kohutiak
Assistant Attorney General

EXHIBIT A
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

IF THIS PROJECT IS FINANCED WITH THE USE OF FEDERAL FUNDS UNDER CFDA #: 66.458, THE BORROWER MAY BE SUBJECT TO A SINGLE AUDIT TO BE UNDERTAKEN BY AN INDEPENDENT AUDITOR IN ACCORDANCE WITH UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS, 2 C.F.R. § 200.501. THE BORROWER HEREBY AGREES TO OBTAIN SUCH SINGLE AUDIT, IF REQUIRED BY THE SINGLE AUDIT ACT.

CONDITIONS TO INITIAL ADVANCE UNDER SECTION 3.03(b)(vi) OF LOAN AGREEMENT:

NONE

ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT:

The provisions of this Exhibit A shall be deemed to be a part of the foregoing Agreement as if set forth in full therein. In the case of any conflict between this Exhibit A and any provision thereof, the provisions of this Exhibit A shall be controlling, notwithstanding any other provisions contained in the Agreement.

1. The first regularly scheduled payment of interest on the Loan shall be due on _____.
2. The Borrower agrees to comply with the Davis-Bacon Act requirements of Section 513 of the Federal Water Pollution Control Act for the entirety of construction contract costs of the Project, and shall include specific language regarding compliance in its contracts and subcontracts.
3. The Borrower agrees to comply with the Use of American Iron and Steel requirement of federal law, which provides that all of the iron and steel products used in the Project are produced in the United States, unless a waiver is granted.

EXHIBIT A
to Loan Agreement

Borrower Name: _____
Address: _____
Attention: _____
Project Name: _____

4. The Borrower agrees to comply with EPA's Interim Financial Assistance Conflict of Interest Policy, and report any instances of actual or potential conflicts of interest in the award, administration, or monitoring of subawards arising from procurements or other actions. Any conflicts of interest must be immediately disclosed to the Administration for further guidance.

The EPA's Interim Financial Assistance Conflict of Interest Policy is found at:
http://www.epa.gov/ogd/epa_interim_financial_assistance_coi_policy.htm

EXHIBIT B
to Loan Agreement

Borrower Name: _____

Address: _____

Attention: _____

Project Name: _____

DESCRIPTION OF THE LOAN

(1) Project Name(s): _____

(2) Maximum Principal Amount of Loan Commitment: \$ _____

(3) Rate of Interest: _____% (Based upon _____% of the _____ average of the Bond Buyer 11-Bond Index)

(4) Amortization Schedule:

(a) _____ years

\$1,000 Mini Principal Payment Date: _____

Date of First of _____ Amortizing Principal Payments: _____

(b) Level Principal _____; or

Level Debt Service _____; or

Other _____

(5) Annual Administrative Fee: \$ _____, beginning August 1, _____.

(6) Estimated Completion Date of Project(s): _____

(7) Default Rate: _____% (Based upon the _____ average of the Bond Buyer 11-Bond Index)

(8) Description of Project:

EXHIBIT C
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

PROJECT BUDGET

Breakdown of Eligible Project Costs:

A. Portion of Eligible Project Costs to be directly financed:

<u>Description</u>	<u>Allocated Amount of Loan*</u>
Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/ inspection fees and contingencies	
Subtotal Loan:	\$ _____

B. Portion of Eligible Project Costs for which Borrower will be reimbursed at closing, which the Borrower hereby certifies were paid or incurred prior to the date of the Agreement, in anticipation of being reimbursed through a loan from the Administration (and subject to compliance with Sections 2.02(1) and 3.03(a) of the Agreement):

<u>Description</u>	<u>Allocated Amount of Loan</u>
Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/ inspection fees and contingencies	
Total Reimbursement at Closing: \$ _____	
Total Loan:	\$ _____

EXHIBIT C
to Loan Agreement

Borrower Name: _____
Address: _____
Attention: _____
Project Name: _____

C. Construction Cash Draw Schedule*

<u>Federal Quarter</u>	<u>Cash Disbursements*</u>
FFY 16 Q2 (Jan 16 – Mar 16)	
FFY 16 Q3 (Apr 16 – June 16)	
FFY 16 Q4 (Jul 16 – Sep 16)	
FFY 17 Q1 (Oct 16– Dec 16)	
FFY 17 Q2 (Jan 17 – Mar 17)	
FFY 17 Q3 (Apr 17 – June 17)	
FFY 17 Q4 (Jul 17 – Sep 17)	
FFY 18 Q1 (Oct 17 – Dec 17)	

Total Disbursements: \$ _____

* SUBJECT TO CHANGE WITH CONSENT OF THE ADMINISTRATION IN ITS DISCRETION UNDER SECTION 2.02(d) OF THIS AGREEMENT

EXHIBIT D
to Loan Agreement

OPINION OF BORROWER'S COUNSEL

[LETTERHEAD OF COUNSEL TO BORROWER] [CLOSING DATE]

Maryland Water Quality
Financing Administration
1800 Washington Blvd.
Baltimore, Maryland 21230-1718

Ladies and Gentlemen:

We are counsel to [NAME OF BORROWER], a [body politic and corporate and a political subdivision] [municipal corporation] [other appropriate description] of the State of Maryland (the "Borrower") in connection with the loan (the "Loan") by Maryland Water Quality Financing Administration (the "Administration") to the Borrower of funds to finance all or a portion of the costs of a project (the "Project") described in Exhibit B to the Loan Agreement dated as of _____, 2016 (the "Agreement") by and between the Administration and the Borrower.

In this connection, we have reviewed such records, certificates, and other documents as we have considered necessary or appropriate for the purposes of this opinion, including, without limitation, the Agreement and the Borrower's \$ _____ Water Quality Bond, Series 2016, dated _____, 2016 (the "Note"). The Agreement and the Note are referred to herein collectively as the "Loan Documents". Based on such review, and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

(a) The Borrower is a validly created and existing [body politic and corporate and a political subdivision] [municipal corporation] [other appropriate description] of the State of Maryland, possessing authority to acquire, construct and operate the Project and to enter into the Loan Documents and perform its obligations thereunder.

(b) The Borrower has duly authorized, executed and delivered the Loan Documents and, assuming due authorization, execution and delivery of the Agreement by the Administration, the Loan Documents constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms.

(c) The Note is a general obligation of the Borrower to which its full faith and credit is pledged, payable if and to the extent not paid from other sources as described in the Agreement from ad valorem taxes, unlimited as to rate and amount, which the Borrower is empowered to levy on all real and tangible personal property within its corporate limits subject to assessment for unlimited taxation by the Borrower.

(d) The Loan Documents and the enforceability thereof are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity.

(e) To the best of our knowledge after reasonable investigation, the Borrower has all necessary licenses, approvals and permits required to date under federal, state and local law to own, construct and acquire the Project.

(f) Neither the execution and delivery of the Loan Documents, the consummation of the transactions contemplated thereby, the acquisition and construction of the Project nor the fulfillment of or compliance with the terms and conditions of the Loan Documents conflicts with or results in a breach of or default under any of the terms, conditions or provisions of the charter or laws governing the Borrower (including any limit on indebtedness) or, to the best of our knowledge after reasonable investigation, any agreement, contract or other instrument, or law, ordinance, regulation, or judicial or other governmental order, to which the Borrower is now a party or by which the Borrower or its properties are otherwise subject or bound, and the Borrower is not otherwise in violation of any of the foregoing in a manner material to the transactions contemplated by the Loan Documents.

(g) To the best of our knowledge after reasonable investigation, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or public board or body pending or threatened against or affecting the Borrower that, if adversely determined, would materially affect the ability of the Borrower to perform its obligations under the Loan Documents, which has not been disclosed in writing to the Administration.

We hereby authorize Bond Counsel to the Administration to rely on this opinion as if we had addressed this opinion to them in addition to you.

Very truly yours,

EXHIBIT E
to Loan Agreement

Borrower Name: _____
Address: _____

Attention: _____

Project Name: _____

DESCRIPTION OF DEDICATED REVENUES*

* The identification of the dedicated source or sources of revenues above is intended to specify a source or sources of revenues available in sufficient amount to provide for the payment of the costs of operating and maintaining the Project as well as the payment of the costs of debt service of any borrowing incurred to finance the Project. The specification of a dedicated source or sources of revenues above is not intended to constitute an undertaking by the Borrower to pledge, segregate or otherwise set aside any specific funds of the Borrower with the expectation that such funds would be used to pay the debt service on the Loan.

EXHIBIT F
to Loan Agreement

[\$[MAX. AMT.]

R-1

REGISTERED

UNITED STATES OF AMERICA STATE OF MARYLAND

[NAME OF BORROWER] WATER QUALITY BOND, SERIES
2016

Dated _____, 2016

PAYMENTS OF PRINCIPAL AND INTEREST ON THIS BOND ARE MADE BY
CHECK, DRAFT OR ELECTRONIC FUNDS TRANSFER TO THE
REGISTERED OWNER AND IT CANNOT BE DETERMINED FROM THE FACE OF
THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF
OR INTEREST ON THIS BOND HAS BEEN PAID.

REGISTERED OWNER: Maryland Water Quality Financing
Administration

_____, a [body politic and corporate] [municipal corporation] [other
appropriate description] of the State of Maryland (the "Borrower"), hereby acknowledges itself
obligated to pay to the Registered Owner shown above, the principal amount of \$ (the "Maximum
Principal Amount") or so much thereof as shall have been advanced from time to time under the
terms of the Loan Agreement dated as of ___, 2016 (the "Loan Agreement") by and between the
Borrower and the Maryland Water Quality Financing Administration (the "Administration"), plus
interest on the unpaid principal advanced under the terms of the Loan Agreement at the rate of __
_____ per centum (___%) per annum.

The principal advanced under the Loan Agreement shall be paid in installments over 30-years
according to an agreed upon schedule.

Due [February 1]	Principal Amount	Due [February 1]	Principal Amount
Repayment dates and amounts TBD			
2017		2026	
2018		2027	
2019		2028	
2020		2029	
2021		2030	
2022		2031	
2023		2032	
2024		2033	
2025		2034	

If the Administration determines at any time to reduce the maximum amount of the Loan Commitment (as defined in the Loan Agreement) in accordance with Section 3.08 of the Loan Agreement, the Maximum Principal Amount shall be reduced accordingly and the Maximum Principal Amount as so reduced shall be amortized in accordance with Section 3.08 of the Loan Agreement. The Administration shall deliver, and the Borrower shall acknowledge in writing, a certificate setting forth such reamortized payment schedule, which shall be attached hereto and shall replace and supersede for all purposes the foregoing payment schedule. Any such reduction shall not affect the obligation of the Borrower to pay the principal of and interest on this bond as and when the same shall become due.

Notwithstanding the foregoing, all outstanding unpaid principal amounts advanced under the Loan Agreement, if not previously due hereunder, shall be due on that date which is 20 years after the date of completion of the Project (as defined in the Loan Agreement), as certified by the Borrower to the Administration pursuant to Section 2.02(d) of the Loan Agreement.

Interest due on the unpaid principal amounts advanced under the Loan Agreement shall accrue on the basis of a 30-day month, 360-day year from the date of the respective advances of such principal amount, and shall be paid on _____, 20__, and semiannually thereafter on the 1st day of _____ and _____ in each year until the principal amount hereof has been paid.

This bond is subject to prepayment only in accordance with Section 3.10 of the Loan Agreement.

Both the principal of and interest on this bond will be paid to the registered owner in lawful money of the United States of America, at the time of payment, and will be paid by electronic funds transfer, or by check or draft mailed (by depositing such check or draft, correctly addressed and postage prepaid, in the United States mail before the payment date) to the registered owner at such address as the registered owner may designate from time to time by a notice in writing delivered to the [INSERT BORROWER'S AUTHORIZED OFFICER].

This bond is issued pursuant to and in full conformity with the provisions of [INSERT BORROWER'S LOCAL ACT(S)] and the Maryland Water Quality Financing Administration Act (codified as Sections 9-1601 to 9-1622, inclusive, of the Environment Article of the Annotated Code of Maryland, as amended), and by virtue of due proceedings had and taken by the Borrower, particularly [AN ORDINANCE AND OR A RESOLUTION] (numbered_) [INSERT BORROWER'S AUTHORIZING ORDINANCE OR RESOLUTION] (collectively, the "Resolution") adopted by Borrower.

This bond, together with the Loan Agreement, evidences the Loan (as defined in the Loan Agreement) to the Borrower from the Maryland Water Quality Financing Administration. In accordance with the Loan Agreement, the principal amount of the Loan, being the amount denominated as principal under this bond, is subject to reduction or adjustment by the Administration in accordance with the Loan Agreement.

The full faith and credit and unlimited taxing power of the Borrower are hereby irrevocably pledged to the prompt payment of the principal of and interest on this bond according to its terms, and the Borrower does hereby covenant and agree to pay the principal of and interest on this bond at the dates and in the manner prescribed herein.

This bond is transferable only after the first principal payment date as set forth above or the date upon which the Maximum Principal Amount has been borrowed, whichever is earlier, upon the books of the Borrower at the office of the [INSERT BORROWER'S AUTHORIZED OFFICERS] by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer satisfactory to the [INSERT BORROWER'S AUTHORIZED OFFICER], duly executed by the registered owner or his duly authorized attorney. The Borrower shall, within a reasonable time, issue in the name of the transferee a new registered bond or bonds, in such denominations as the Borrower shall by resolution approve, in an aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered and with the same maturities and interest rate. If more than one bond is issued upon any such transfer, the installment of principal and interest to be paid on each such bond on each payment date shall be equal to the product of the following formula: the total installment due on each payment date multiplied by a fraction, the numerator of which shall be the principal amount of such bond and the denominator of which shall be the aggregate principal amount of bonds then outstanding and unpaid. The new bond or bonds shall be delivered to the transferee only after payment of any taxes on and any shipping or insurance expenses relating to such transfer. The Borrower may deem and treat the party in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Maryland and the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond, together with all other indebtedness of the Borrower, is within every debt and other limit prescribed by said Constitution or statutes.

IN WITNESS WHEREOF, this bond has been executed by the manual signature of the [INSERT AUTHORIZED OFFICERS] and the seal of the Borrower has been affixed hereto, attested by the manual signature of the [INSERT AUTHORIZED OFFICER], all as of the __day of ____, 2016.

(SEAL)

ATTES

T:

By: _____
[OFFICER] [OFFICER]