



# City of Salisbury

## CITY COUNCIL AGENDA



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**Monday, March 10, 2014**  
**Government Office Building**

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**6:00 p.m.**  
**Room 301**

Times shown for agenda items are estimates only.

6:00 p.m. CALL TO ORDER

6:01 p.m. WELCOME/ANNOUNCEMENTS

6:03 p.m. INVOCATION/MEDITATION AND PLEDGE OF ALLEGIANCE

6:05 p.m. COMMUNITY ORGANIZATION PRESENTATION –  
Stop The Violence - presented by Nina DiCarlo East

6:20 p.m. ADOPTION OF LEGISLATIVE AGENDA

6:22 p.m. CONSENT AGENDA – City Clerk Kim Nichols

- February 18, 2014 work session minutes
- February 24, 2014 regular meeting minutes
- Resolution No. 2374 - approving the appointment of Heather Bacher-Smith to the Revolving Loan Bankers' Review Committee for term ending 8/31/2018

6:25 p.m. RESOLUTIONS – Acting City Administrator M. Thomas Stevenson

- Resolution No. 2375 - accepting overtime reimbursement funds from United States Marshals Service for the Salisbury Police Department's investigation, arrest and prosecution of persons with active State and Federal warrants
- Resolution No. 2376- authorizing the Mayor and Council President to sign the memorandum of understanding with Wicomico County, Maryland regarding mutual sharing of snow removal routes
- Resolution No. 2377 - authorizing the City of Salisbury to issue and sell two separate series of General Obligation Bonds in the respective aggregate principal amounts of \$66,375.00 and \$464,625.00, to be designated, respectively, "City of Salisbury Water Quality Bond, Series 2014A" and "City of Salisbury Water Quality Bond, Series 2014B"

6:50 p.m. ORDINANCES - City Attorney Mark Tilghman

- Ordinance No. 2278 – 2<sup>nd</sup> reading – approving a budget amendment of the FY14 General Fund Budget to appropriate funds received from the General Fund (Speed Camera Account) to aid in the purchase of one new vehicle for the police fleet

- Ordinance No. 2279 - 1<sup>st</sup> reading - approving a budget amendment of the FY2014 Fire Department budget to transfer insurance funds received by the City to the Fire Department Operating Budget from the General Fund for revenue received for repairs performed on Tower 16, Engine 16, Ambulance A-1, and Ambulance 16-1
- Ordinance No. 2280 - 1<sup>st</sup> reading - approving a budget amendment of the FY2014 Fire Department budget to transfer funds from the City's General Fund surplus to the Fire Department's turnout gear account
- Ordinance No. 2281 - 1<sup>st</sup> reading - to amend Chapter 15.24 Housing Standards of the Municipal Code to change the requirements for eligibility of board members for the Housing Board of Adjustments and Appeals

7:25 p.m. PUBLIC COMMENTS

7:30 p.m. MOTION TO CONVENE IN CLOSED SESSION

ADJOURNMENT

**Copies of the agenda items are available for review  
 in the City Clerk's Office  
 Room 305 – City/County Government Office Building  
 410-548-3140**  
 or  
**on the City's web site  
[www.ci.salisbury.md.us](http://www.ci.salisbury.md.us)**

**City Council meetings are conducted in open session unless  
 otherwise indicated. All or part of the Council's meetings can  
 be held in closed session under the authority of the Maryland  
 Open Meetings Law, Annotated Code of Maryland 10-508  
 by vote of the City Council.**

**Proposed agenda items for March 24, 2014 (subject to change)**

- Ordinance No. 2276 – 2<sup>nd</sup> reading – establishing a Stormwater Utility
- Ordinance No. 2279 - 2<sup>nd</sup> reading - approving a budget amendment of the FY2014 Fire Department budget to transfer insurance funds received by the City to the Fire Department Operating Budget from the General Fund for revenue received for repairs performed on Tower 16, Engine 16, Ambulance A-1, and Ambulance 16-1
- Ordinance No. 2280 - 2<sup>nd</sup> reading - approving a budget amendment of the FY2014 Fire Department budget to transfer funds from the City's General Fund surplus to the Fire Department's turnout gear account
- Ordinance No. 2281 - 2<sup>nd</sup> reading - to amend Chapter 15.24 Housing Standards of the Municipal Code to change the requirements for eligibility of board members for the Housing Board of Adjustments and Appeals
- Resolution No. \_\_\_\_ - accepting donation in the amount of \$3,000 from the Salisbury Skatepark Committee, Inc. as a portion of the matching funds pledged for the grant received from the Tony Hawk Foundation for the Salisbury Skatepark, Phase I
- Resolution No. \_\_\_\_ - accepting a donation in the amount of \$2,000 from Deborah J. Stam as a portion of the matching funds pledged for the grant received from the Tony Hawk Foundation for the Salisbury Skatepark, Phase I

1 CITY OF SALISBURY  
2 WORK SESSION  
3 FEBRUARY 18, 2014  
4

5 Public Officials Present  
6

Council President Jacob R. Day Council Vice President Laura Mitchell  
Mayor James P. Ireton, Jr. (left at 4:15 p.m.) Councilman Timothy K. Spies

7  
8 Public Officials Not Present  
9

10 Councilwoman Eugenie P. Shields  
11 Councilwoman Terry E. Cohen  
12

13 In Attendance  
14

15 City Clerk Kimberly R. Nichols, CMC, Assistant City Administrator Terence Arrington, Public Works  
16 Director Michael Moulds, Deputy Public Works Director Amanda Pollack, interested citizens, and  
17 members of the press.  
18 -----

19 On February 18, 2014 Salisbury City Council convened in Work Session at 1:30 p.m. in Conference  
20 Room #306 of the Government Office Building. The focus of the Work Session was to discuss various  
21 environmental matters and topics important to the City.  
22

23 **“Stash Your Trash”**  
24

25 President Day welcomed Priscilla Timpkin to join Council at the table to discuss the “Stash Your Trash”  
26 slogan. Ms. Timpkin explained that through her business, Chesapeake Tours & Promotions, she has  
27 received funding for the past two years from the Wicomico Partnership for Family and Children to develop  
28 heritage activities in after school programs. She reported that she was teaching sewing to children as a  
29 heritage activity and decided to combine that activity with the completion of a community project.  
30

31 The project selected, entitled “Needle Pulling Thread”, addresses litter awareness and allows children to  
32 participate in producing a handmade community quilt, incorporating the slogan “Stash Your Trash”. The  
33 slogan has been adopted, partners have been identified, a logo is in production, and the quilt is approaching  
34 completion. The patchwork quilt has been completely designed and signed by all participating students  
35 (elementary through high school age students) and will be displayed at the Salisbury Festival for members  
36 of the public to sign in hopes that the slogan will become familiar and remind people to not litter. Salisbury  
37 University students are in the process of developing a marketing campaign to promote awareness during the  
38 Festival.  
39

40 Council discussed ideas in which stickers or labels with the slogan could be attached to trash cans, storm  
41 drains, etc. Council reached unanimous consensus to support “Stash Your Trash.”  
42

43 **Healthy Eating Active Living (HEAL) Cities & Towns Campaign**  
44

45 President Day discussed the drafted resolution in support of the HEAL project and articulated three (3)  
46 elements the Council might consider as objectives of the City in order to combat obesity and health

47 issues. They include a high quality built environment, access to recreational space, and access to healthy  
48 food (handout is attached and made part of these minutes).

49  
50 Mayor Ireton indicated the City Park Committee could be brought into the process by addressing the  
51 connectivity and access to recreational space issues when they discuss the City Park Master Plan, and he  
52 would share the Council's drafted resolution with the committee. He also thought that Neighborhood  
53 Services & Code Compliance may have data on City lots not large enough to sustain buildings after Mr.  
54 Spies suggested many City lots may be suitable for community gardens.

55  
56 Council reached unanimous consensus to continue the discussion at the March 17, 2014 Work Session  
57 and to consider the drafted resolution for Legislative Session.

58  
59 **Environmental Policy Task Force**

60  
61 Public Works Director Mike Moulds joined Council and presented a PowerPoint (attached as part of  
62 these minutes) on the accomplishments of the Environmental Policy Task Force for the year 2013. He  
63 reported the Task Force, organized in 2008 by former Mayor Tilghman, has been fully supported by  
64 Mayor Ireton in its recommendations for implementation.

65  
66 After Mr. Moulds completed the presentation, Mayor Ireton discussed the following ideas with the  
67 Council:

- 68
- 69 • Old vehicles will be phased out and replaced with more economical Ford Fusions for Police
  - 70 Detectives to use
  - 71 • The MOU for Snow Removal with the County could be overlaid with Street Sweeping
  - 72 • Has the time come for a plastic bag law?
  - 73 • Free newspapers should be outlawed from being left on streets and lawns
  - 74 • Is it time to discuss mandatory recycling?
  - 75 • Reversing the sizes of recycling and trash containers
  - 76 • Continue to request Mr. Jakubiak and Public Works to underscore LEED Certified buildings as
  - 77 new developments come into the City
- 78

79 President Day suggested that work should be continued on the long term goals and the goals not  
80 accomplished yet should be identified as part of the next plan. Mayor Ireton will develop a matrix and  
81 return to Work Session to discuss with Council how they would like to proceed.

82  
83 Council took a five (5) minute break and re-convened at 3:35 p.m.

84  
85 **Wicomico County Waste to Energy Program**

86  
87 Wicomico County Public Works Director Lee Beauchamp was invited to join Council at the table to  
88 discuss the County's environmental efforts concerning municipal solid waste. He presented the  
89 PowerPoint presentation entitled "Wicomico County Waste to Energy Project" (attached as part of these  
90 minutes).

91  
92 After discussion, President Day indicated the City will consider some changes to waste collection  
93 procedures in the near future to streamline the process and will keep the County informed of its progress.

94

95 **Stormwater Management Public Education Initiate**

96  
97 Ms. Karen Lukacs, Director, Wicomico Environmental Trust, (WET) joined Council and presented the  
98 PowerPoint entitled “How to Tell the Stormwater Story” (attached as part of these minutes). The  
99 presentation was given to support the City’s new Wastewater Utility.

100  
101 Ms. Lukacs informed Council she was currently writing two grant requests and needs a slogan and logo.  
102 She availed herself and WET to go out into the community to talk with various groups including clubs,  
103 constituent groups, neighborhood associations, Mayor’s Neighborhood Roundtable, and the Business  
104 Roundtable about the importance of stormwater management. Mrs. Mitchell suggested the slide show  
105 could be presented during the next *Coffee With Your Council*, to be held on February 25, 2014.

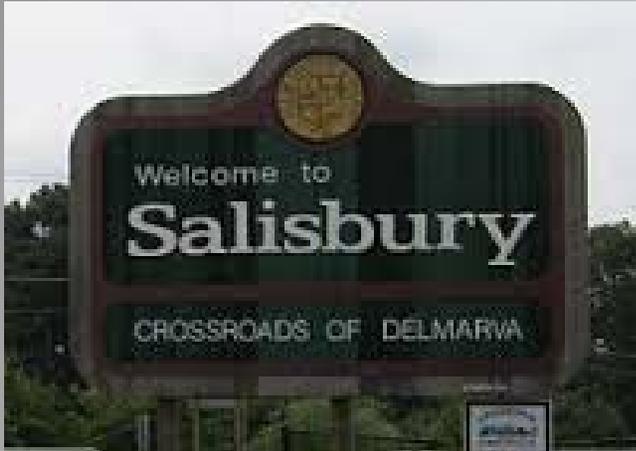
106  
107 Discussion points included:

- 108
- 109 • Incorporating sludge into the soil to improve and enrich it
- 110 • Landscaping community could be trained to educate their customers in soil enrichment and
- 111 native plants, many of which thrive in sandy soil
- 112 • PAC14 should be used to showcase stormwater management and educate the public
- 113 • Ms. Lukacs’ community discussions should encompass City flooding issues
- 114 • The irresponsibility on relying on property tax revenues to repair the outdated infrastructure
- 115 system, which only leaves the City prone to not doing enough
- 116 • Having a utility will enable the City to be very clear about how the monies are collected will be
- 117 used (results oriented fee)
- 118 • Best management practices for lawn and garden maintenance
- 119 • Citizens will want to know the dollars will be spent locally
- 120

121 There being no further discussion, President Day adjourned the *Environmental Work Session* at 4:47 p.m.

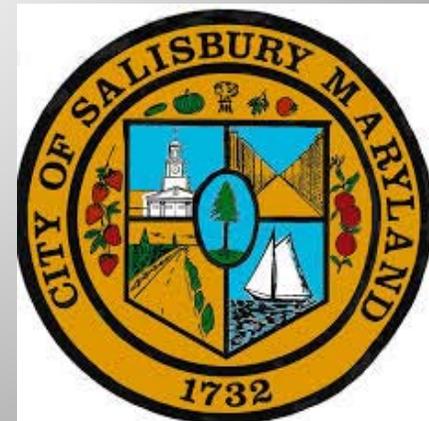
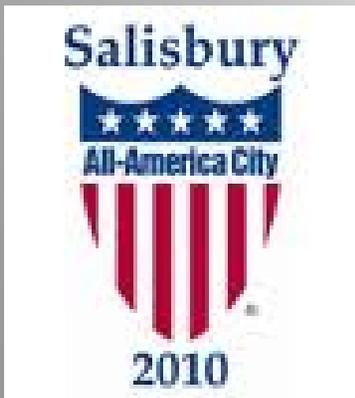
122  
123  
124 \_\_\_\_\_  
125 City Clerk

126  
127  
128 \_\_\_\_\_  
129 Council President



## City of Salisbury

### Environmental Policy Task Force Accomplishments 2013





## BACKGROUND

The Salisbury Environmental Policy Task Force was organized in 2008 by the Mayor Tilghman. Mayor Ireton subsequently took up the recommendations of the committee. The Committee was made up of a wide variety of City and County residents who were charged to deliberate and make recommendations to reduce the environmental impact of the City and her citizens.

In March of 2009 a final report was published with 22 recommendations classified in the following categories:

- City Facilities, Energy Use and Operations
- Water and Wastewater
- Public Open Space
- Sustainable Design



Each recommendation was also designated as a high or medium or low priority.

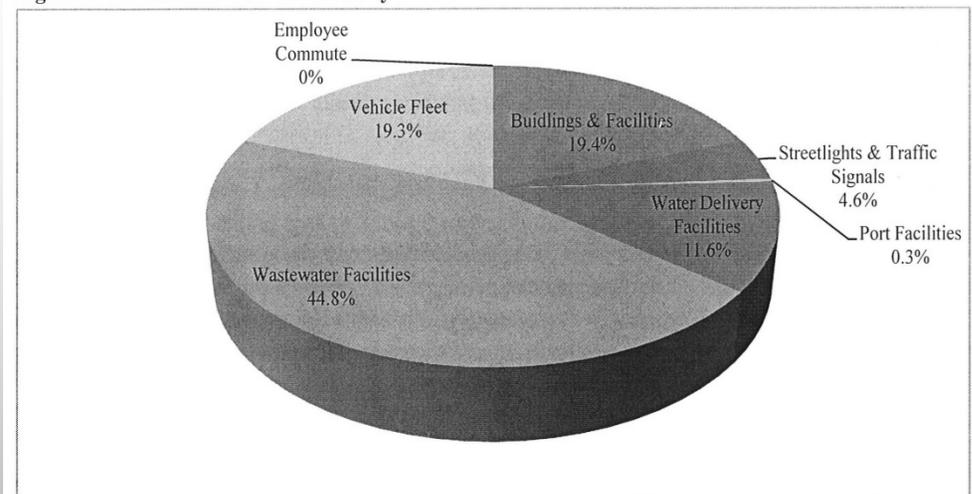


## BACKGROUND

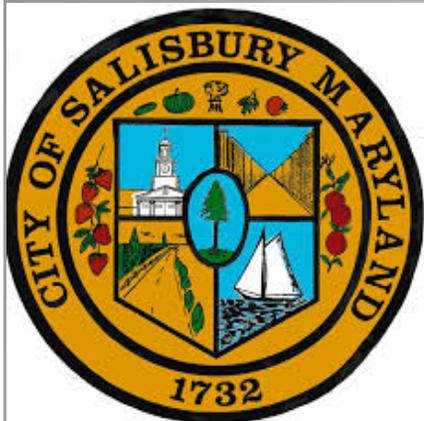
In September 2010, the City also became a member of the International Council for Local Environmental Initiatives (ICLEI). ICLEI is a membership association of local governments committed to advancing climate protection and sustainable development. The purpose of this membership was to give the City the opportunity to complete a greenhouse gases inventory baseline to serve as a reference point for future inventories. The government operations analysis consists of gathering data from several categories: Buildings & facilities, Streetlights & Traffic Signals, Port Facilities, Water Delivery Facilities, Wastewater Facilities, Vehicle Fleet and Employee Commutes.

In May 2011 an Inventory of the Greenhouse Gas Emission for the City of Salisbury was completed. The report established a baseline of 2009 for carbon dioxide emissions at 10,668 metric tons. This baseline will be used to measure future success by the City in implementing future environmental policy recommendations.

Figure 1: Greenhouse Gas Emissions by Source



# Environmental Task Force Policy Recommendations for the City of Salisbury



## SUMMARY OF RECOMMENDATIONS

|  | Priority | Cost | Completed/<br>Ongoing |
|--|----------|------|-----------------------|
| <b>A. City Facilities, Energy Use and Operations</b> |          |      |                       |
| A-1 Stormwater Utility and Management                | High     | High | ✓                     |
| A-2 Asset Management                                 | Med      | Low  | ✓                     |
| A-3 Remote Data Collection System for Work Orders    | Low      | Med  | ✓                     |
| A-4 Track Energy & Water Use by Department           | High     | Med  | ✓                     |
| A-5 Purchasing Electricity from Sustainable Sources  | High     | Med  | ✓                     |
| A-6 Funding for Energy Efficient Upgrades            | High     | Low  | ✓                     |
| A-7 Energy Efficient Street Lighting                 | Med      | High |                       |
| A-8 Energy Efficient Traffic Lighting                | Med      | Low  | ✓                     |
| A-9 City Vehicles: Maintenance, Use and Alternatives | Med      | Low  | ✓                     |
| A-10 Traffic Flow Optimization                       | High     | Low  | ✓                     |
| A-11 Modify Work Crew Schedules                      | Low      | Low  |                       |
| A-12 Green Cleaning Products                         | High     | Low  | ✓                     |
| <b>B. Water and Wastewater</b>                       |          |      |                       |
| B-1 Upgrading City Plumbing Code                     | High     | Low  |                       |
| B-2 Reduce Water Consumption and Sewer Discharge     | High     | Low  |                       |
| B-3 Water Conservation and Recycling                 | High     | Low  |                       |
| <b>C. Public Open Space</b>                          |          |      |                       |
| C-1 Director of Sustainability                       | High     | High |                       |
| C-2 Management and Acquisition Plan for Green Space  | Med      | High |                       |
| C-3 Develop Recreational Trails                      | Med      | High | ✓                     |
| C-4 Urban Tree Canopy                                | Med      | Low  |                       |
| <b>D. Sustainable Design</b>                         |          |      |                       |
| D-1 Green Building Standards for City Construction   | Med      | High |                       |
| D-2 Green Building Code                              | Med      | High |                       |
| D-3 Green Land Development Policies                  | Med      | High | ✓                     |

## 2013 PROGRESS

This presentation is intended to provide an update on the progress made through 2013 on implementing the recommendations of The Salisbury Environmental Policy Task Force.



## STORMWATER UTILITY AND MANAGEMENT

A greater awareness of the contributions of stormwater runoff toward increased nutrient loading in the Chesapeake Bay has increased the focus of stormwater quality. The Department of Public Works is responsible for review and enforcement of new development stormwater management plans. Environmental Site Design is now required at the conceptual stage of development planning to make the best use of environmental features to naturally treat stormwater runoff and minimize the impacts of new impervious areas such as rooftops and parking lots.

The Department has also implemented stormwater retrofits of existing facilities to reduce pollutants from entering our waterways. Stormwater outfall trash nets have been installed on the Waverly Drive outfalls to collect trash and debris. Bioretention inlets are being utilized to capture the first flush of stormwater that carries most of the nutrients using a biological infiltration filter. To date, 110 inlet filters have been installed.

Another effort is the construction of a pilot bioretention area project to replace approximately 5,000 square feet of asphalt paving in a municipal parking lot near the Wicomico River to improve infiltration of stormwater where nutrients can be absorbed instead of directly discharged into the river.



High Priority

## STORMWATER UTILITY AND MANAGEMENT

In September 2011, the University of Maryland's Environmental Finance Center (EFC) was contracted by the City of Salisbury to conduct a stormwater financing feasibility study. The goal of the study was to recommend a long-term dedicated funding

stream that is equitable and effective in generating sufficient revenue for the City to maintain a comprehensive stormwater program. Such a financing stream is necessary to address the specific control measures that the City must implement in order to meet its Phase II Municipal Separate Storm Sewer System (MS4) permit requirements and achieve goals for reducing nutrient loading to the Chesapeake Bay as outlined in the County Watershed Implementation Plan. The evaluation concluded that a stormwater utility is the most appropriate long-term financing approach for the City of Salisbury.

It is recommended that the funding be programmed to identify and repair illicit discharges, complete small Capital Improvements Projects, perform flood mitigation projects, expand the street sweeping program, and collect data in preparation for the Watershed Implementation Plan activities. The Stormwater Utility will serve to improve infrastructure with the end goal of improving overall water quality. A Stormwater Utility Fee Ordinance is currently under consideration by the City Council.



## ASSET MANAGEMENT

In 2010, The City purchased City Works asset management software to improve workflow and tracking of service requests and inventory. City Works has been implemented at the Department of Public Works Streets and Sanitation Division and Water and Sewer Utilities Division. These two Divisions see a majority of service requests from the public including:

- Street Repairs
- Street Sweeping
- Streetlight Outages
- Trash Collection Requests
- Water Line Service Repairs



Optimizing City assets helps avoid duplication of effort and improves efficiency in performing daily functions of the Department of Public Works. The City Works software program improves tracking of repair work and service calls as well as inventory and crew assignments. The software allows input of service requests and tracks the process from beginning to end providing a breakdown of costs, permits scheduling of work to reduce travel and down time and better inventory control. Customers calls can be addressed more promptly and a follow up can be provided to the customer to notify them of the completion of the work.

Low Priority

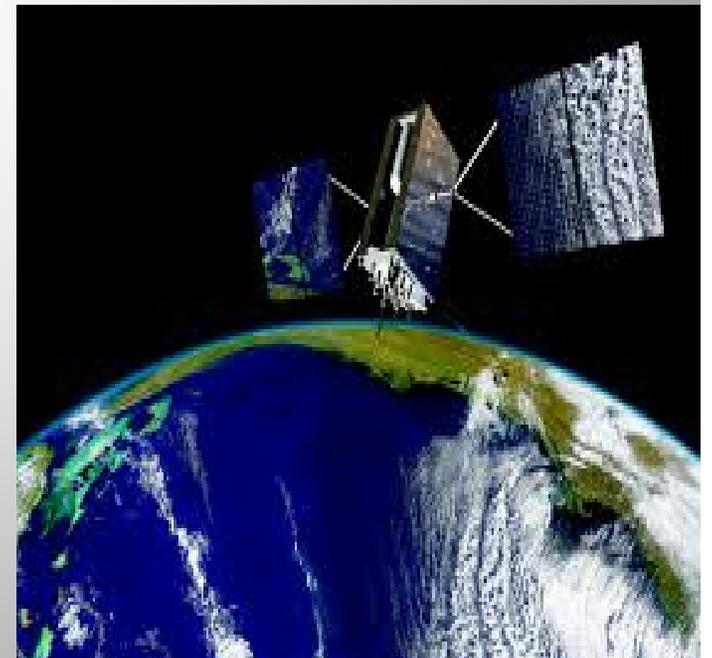
## REMOTE DATA COLLECTION SYSTEM FOR WORK ORDERS

In 2013, the software was made web based to allow expansion of the software to more users through out the City and to increase access in the field.

The City Works software will allow integration of assets into a Geographical Information System (GIS) to track and locate inventory.

GPS capability is also being utilized to track and monitor City snow plows to improve effective use of snow plows to complete routes.

Plans in 2014 are to request \$3,500 in funding to expand GPS tracking to include street sweeping to document compliance as a best management practice for stormwater quality.



Electric Usage

Gas Usage

Water Usage

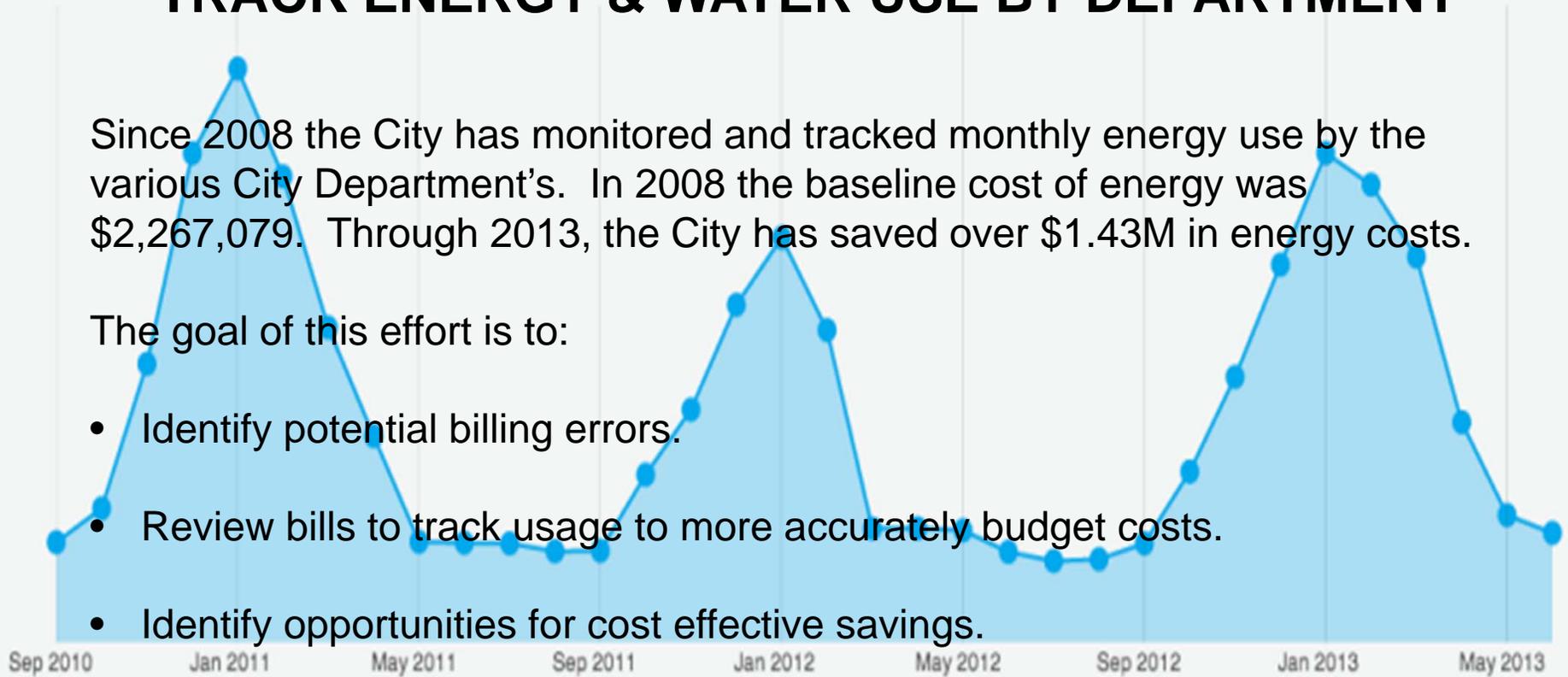
High Priority

## TRACK ENERGY & WATER USE BY DEPARTMENT

Since 2008 the City has monitored and tracked monthly energy use by the various City Department's. In 2008 the baseline cost of energy was \$2,267,079. Through 2013, the City has saved over \$1.43M in energy costs.

The goal of this effort is to:

- Identify potential billing errors.
- Review bills to track usage to more accurately budget costs.
- Identify opportunities for cost effective savings.



Electricity

Gas

Water

Comparisons

Usage Charts

Statements

High Priority

## PURCHASING ELECTRICITY FROM SUSTAINABLE SOURCES

The City has been effective in reducing the cost of energy by negotiating electricity procurement supply service contracts.

Competitive procurement of electricity is estimated to have saved the City almost \$327,000 in FY 2012 as a result of a 12.7% reduction in the unit cost for electricity supply.

Competitive procurement allows the City to negotiate with utilities to require that a certain percentage of energy supplied to the City must come from sustainable energy sources.

In 2014 the City will obtain 12.8% of its electrical energy from sustainable energy. The City will also benefit from negotiating a new electrical supply contract in June 2014 which will see an estimated savings of 23% in the cost/KWh.

High Priority



## FUNDING FOR ENERGY EFFICIENT UPGRADES



The City has been successful in implementing a series of projects using a combination of operating budget funds, State of Maryland Energy Administration grants and revolving loans, and Department of Energy grants in FY 2010 and 2011. The total investment was \$625,800. The resulting reduction in energy costs in FY 2012 was estimated at \$217,445.

The following projects were completed:

|   | Investment | Annual Savings |
|---|------------|----------------|
| Parking Garage Lighting Conversion to LED   | \$142,000  | \$37,200       |
| Light conversions T-12 to T-8 bulbs, programmable<br>Thermostats, Light photocell/occupancy sensors   | \$ 80,000  | \$34,345       |
| Fire Sta. 16 Energy controls, HVAC unit replacements<br>Additional energy efficient lighting upgrades | \$147,300  | \$60,600       |

Medium Priority



## ENERGY EFFICIENT STREET LIGHTING

The Department of Public Works installed three first generation LED streetlights Downtown in 2011 to evaluate operation and performance.

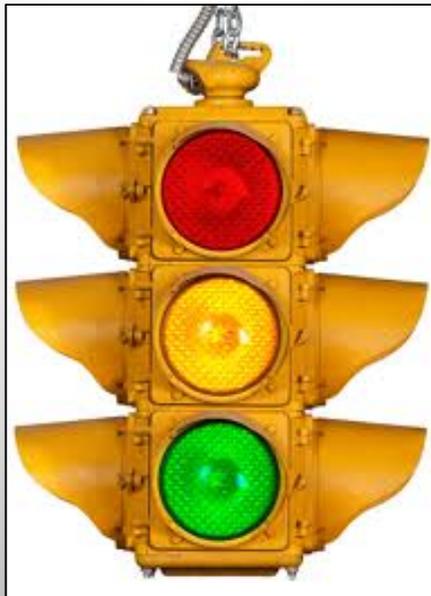
As the cost of the LED lights has dropped and performance has improved, the Department is pursuing funding to increase the use of LED streetlights to reduce electric and maintenance costs.

There are 1347 City owned streetlights. The return on the investment in the conversion to LED lighting is estimated at 18 to 24 months.

In 2014, a \$15,000 neighborhood pilot project will be proposed to develop actual cost data for LED conversion installation and energy savings.

## ENERGY EFFICIENT TRAFFIC LIGHTING

The City Department of Public Works has completed a conversion of City owned traffic lights to LED bulb technology under a Maryland Energy Administration Revolving Loan. At an investment of \$256,000 annual energy savings are projected at \$33,460. Additional savings from reduced maintenance due to the longer life of LED bulbs are expected to result in a payback of 2.4 years on the original investment.



## CITY VEHICLES: MAINTENANCE, USE AND ALTERNATIVES

The City continues its effort to improve vehicle efficiency by decreasing the use of fossil fuels.



In 2010 the Fire Department moved all of its diesel fleet to bio-diesel use. City staff and Police vehicle replacement has utilized more energy efficient models and the use of flex fuels.

The Police Department has also increased the use of bicycle patrols as an alternative to vehicles.

The City wastewater treatment plant recently purchased two electric golf carts for use to reduce the use of pickup trucks for access around the plant to perform sampling and monitoring.



## TRAFFIC FLOW OPTIMIZATION



We continue to pursue upgrades of traffic signalization in the City to convert to more accurate camera detection of traffic and adaptive timing of signals to improve traffic flow during peak rush hour volumes. Modern signalization can utilize multiple timing patterns during the day to improve traffic movement and reduce vehicle idling while waiting to for a signal change, making a turn or pedestrian crossings. Software on modern signals can also be used to historically track movements and allow for adjustments to address changes in traffic patterns from new development. The resulting reduction in time that vehicles have to sit idle at a traffic light reduces carbon emissions and fuel use.

Low Priority

## MODIFY WORK CREW SCHEDULES

This recommendation proposed implementing a 4 - 10 hour day per week schedule for Public Works Field crews.

Savings in efficiency could be realized by allowing crews to mobilize equipment and still have 8 hours to perform tasks.

Issues with availability of manpower to still cover a 5 day work week and need to still staff the Public Works Service Center were obstacles in implementation.

To date a pilot program or modified summer hours have not been explored.



## GREEN CLEANING PRODUCTS

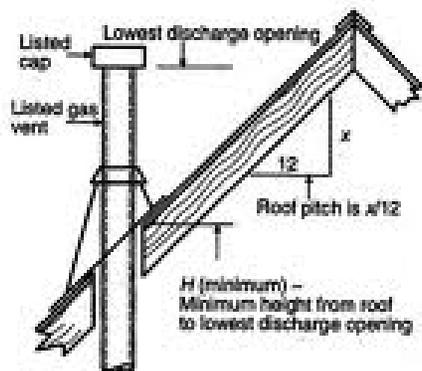
City departments have made a conscious move to utilize green cleaning products and reduce the use of environmentally harmful chemicals. The following cleaners have been replaced with green products. Floor finish remover, floor stripping solution, floor cleaner, bathroom cleaner and glass cleaners.



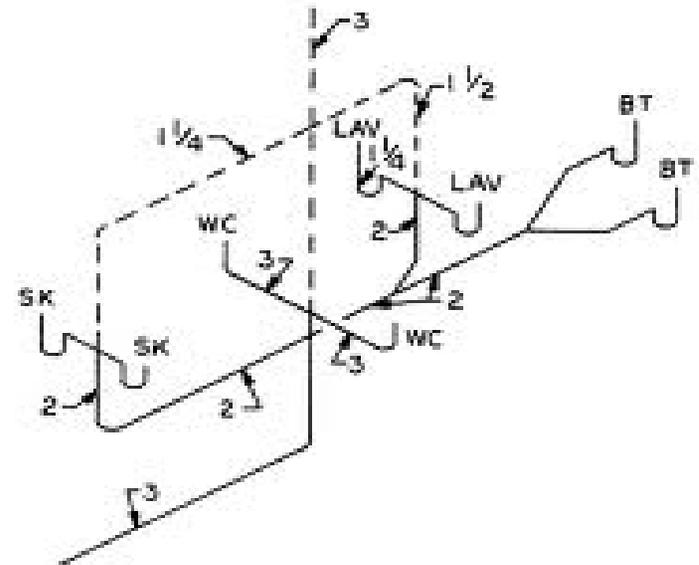
High Priority

# UPGRADING CITY PLUMBING CODE

The City Building, Permitting and Inspections Department has been working to upgrade the City Plumbing Code. A recommendation will be made to adopt the 2015 National Standard Plumbing Code when the Maryland Building Performance Standards are adopted by the State of Maryland.



| ROOF PITCH HEIGHTS  | H(minimum) ft. | m    |
|---------------------|----------------|------|
| Flat to 1/4         | 1.0            | 0.30 |
| Over 1/4 to 1/3     | 1.25           | 0.38 |
| Over 1/3 to 1/2     | 1.5            | 0.46 |
| Over 1/2 to 2/3     | 2.0            | 0.61 |
| Over 2/3 to 1       | 2.5            | 0.76 |
| Over 1 1/4 to 1 1/2 | 3.25           | 0.99 |
| Over 1 1/2 to 1 3/4 | 4.0            | 1.22 |
| Over 1 3/4 to 2     | 5.0            | 1.52 |
| Over 2 to 2 1/4     | 6.0            | 1.83 |
| Over 2 1/4 to 2 1/2 | 7.0            | 2.13 |
| Over 2 1/2 to 2 3/4 | 7.5            | 2.27 |
| Over 2 3/4 to 3     | 8.0            | 2.44 |



## REDUCE WATER CONSUMPTION AND SEWER DISCHARGE



This recommendation promoted a public program to encourage the protection of water resources by educating the public on water conservation and proper disposal of waste entering the wastewater treatment plant.

The City has made some effort as part of its stormwater discharge permit to educate the public on protecting water quality. For example, stormwater inlet labeling is effective in changing the public perception of stormwater piping as a direct connection to waterways.



Additional public education will be developed as a result of issuance of a new MS4 permit in 2014.

## WATER CONSERVATION AND RECYCLING

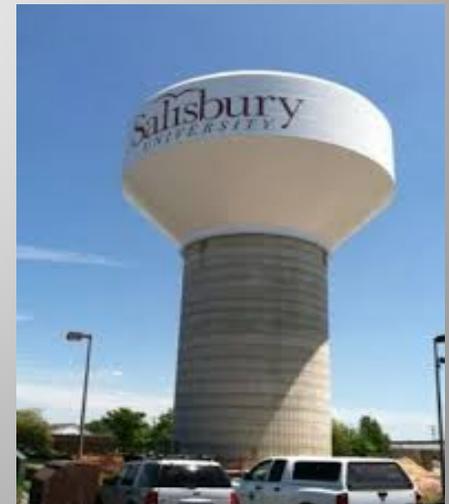
This recommendation originally involved modifications to the City Code to establish incentives for utilizing water conservation measures with provisions for credits to utility connection fees for new development. No progress on this recommendation has been made.

There have been other efforts to increase water conservation by the City Department of Public Works. These efforts include Improving the tracking of potable water use through a water meter replacement program and metering of all City facilities.

Our Utilities Division also has the ability to refurbish and calibrate residential water meters to maintain accuracy. The division has the capability of detecting leaks in water mains and make repairs without utilizing outside contractors to permit a quick response to water main and service line leaks.



The City has also been aggressive in replacing old galvanized steel water services that have corroded. Through these efforts water use has decreased by an estimated 9% in the last 10 years.



High Priority

## DIRECTOR OF SUSTAINABILITY



The position of Director of Sustainability has not yet been implemented due to budgetary limitations associated with the recent economic downturn. However several of the functions of the Director's job description have been able to be managed by current City staff to achieve several goals of the Task Force.

## MANAGEMENT AND ACQUISITION PLAN FOR GREEN SPACE

The Department of Public Works developing an RFP in fiscal FY 2014 for development of a City Park Master Plan. The Plan will take a comprehensive look at the City Parks and facilities and develop recommendations for future uses and how to accommodate the needs of City residents for recreation and open space.

The City also continues to develop bike routes within the City to encourage the use of bikes instead of vehicles to access services and businesses. The City recently entered into a Memorandum of Understanding with the Eastern Shore Chapter of the International Mountain Bicycling Association to create and maintain mountain bike trails in the City Park.

Medium Priority

## DEVELOP RECREATIONAL TRAILS

The City also continues to develop bike routes within the City to encourage the use of bikes instead of vehicles to access services and businesses. In cooperation with Salisbury University and Bike-SBY the 1.5 mile Phase 1 Orange bike route between Salisbury University and Downtown Salisbury was completed.

The second phase will be funded in 2014 with extension of the bike routes to South Boulevard and Riverside Drive



The City has also recently entered into a Memorandum of Understanding with the Eastern Shore Chapter of the International Mountain Bicycling Association to create and maintain mountain bike trails in the City Park.



## URBAN TREE CANOPY

Development of urban tree canopies improves air quality and water quality. The Department of Public Works and Planning and Zoning Department recently performed a pilot project with planting of trees at the Marina. Efforts to increase the urban tree canopy will be credited to the City's responsibility to decrease nitrogen and phosphorus loading to the Wicomico River and Chesapeake Bay. The planting of urban trees is a recognized Best Management Practice for nutrient reduction.



*Volunteer native urban tree planting  
Photo Courtesy: Mike Allen*

The City is also currently working with the State Highway Administration to expand urban tree planting as part of a mitigation project for Route 13 improvements.

Medium Priority

# GREEN BUILDING STANDARDS FOR CITY CONSTRUCTION

The City Building, Permitting and Inspections Department will be recommending implementing green building standards for City construction in 2015 when the new plumbing code is adopted by the State. Many of today's City building materials and products are manufactured with recycled materials.



## GREEN BUILDING CODE



The City will soon be updating its current energy code, the 2012 International Energy Conservation Code (IECC). Maryland is the only State in the country that has adopted the 2012 IECC and has mandated that counties and municipalities make the necessary changes to be compliant. Currently the Green Building Code is not part of the Maryland Building Performance Standards.

## GREEN LAND DEVELOPMENT POLICIES



The City has adopted new stormwater management regulations to require new development to incorporate environmental site design at the site concept development phase to maximize opportunities to minimize the impact of development on the environment. Impervious areas including parking lots, roads and building must utilize best management practices to the maximum extent possible to minimize water quality impacts from stormwater runoff. Examples of best management practices include rain gardens, constructed wetlands and pervious pavement.

## WHERE DO WE GO FROM HERE

Efforts will continue to further expand environmentally friendly policies for the City of Salisbury. For example, the City's participation in the Shore Power Project will show progress the City has made in reducing energy use and carbon emissions.

The following are some of the projects that are currently being investigated and developed for the future.

- **Building lighting conversions to compact lower wattage florescent bulbs.**
- **Grant funding for conversion of street lighting to LED bulbs.**
- **Conversion of City vehicles to dual fuel LGN or Propane.**
- **Vehicle replacement with fuel efficient models.**
- **Conversion of wastewater treatment plant to ultraviolet disinfection.**
- **Discontinuation of wastewater treatment plant sludge dryer operation.**
- **Demand reduction- Demand response participation.**
- **HVAC system replacement to increase efficiency.**
- **Employee energy awareness education.**

# QUESTIONS ??



# Wicomico County Waste to Energy Project

February 13, 2014



Public Works  
WICOMICO COUNTY

# Current Solid Waste Operation

- Conventional Landfill
  - 25 yrs of capacity
- Operations
  - Average 100K tons/yr or 260 tn/day
  - Operational costs exceeded revenue by \$1.2 mil
  - Recycling tonnage = 3000 tn/yr
- Cell expansion costs
  - Four cells left @ \$4.0 mil each





# Recycling and Zero Waste

- Current recycling diversion rate is 35% (County wide)
- Voluntary mandate of 60% by 2020 (Could be 54% by 2016)
- Maryland goal = 90% or “Zero Waste”
- Recycling commodity prices continue to fall
- Regional approach to waste management/material recovery



Public Works  
WICOMICO COUNTY

# The Waste to Energy Options

- Options
  - Mass burn – Incinerator
  - Anaerobic Digester
  - Gasification
  - Hybrid – Resource Recovery/Gasification
- Resource Recovery
  - Single stream waste – recyclables and refuse in one
  - Remove valuable material before conversion to energy
  - Improves energy conversion efficiency
  - Economic development through resource recovery businesses
- Gasification – heat and pressure in a zero oxygen environment
  - Lower heating point – 500 to 800deg
  - Volume reduction – 3 to 5% residual
  - Metals recovery due to low temperatures
  - Syngas production
  - Chicken manure processing
  - Fischer – Tropsch process (application for ethanol production)



# Community Benefits

- Zero Waste Community
- Extending the landfill life – 50 to 80 yrs+
- Operational savings - \$3.2 mil
- Recycling methods – collection, sorting, recovery
- Energy production
- Regional solution
- Economic development – Material recovery center/WTE
- Renewable energy for local economy



Public Works  
WICOMICO COUNTY

# Moving Forward

- Retain WTE consultant
  - Gershman, Bricker & Bratton, Inc (GBB)
- Develop RFP for Public/Private Partnership (PPP)
  - Power Purchase Agreements
  - Long term feed stock agreements – cities and surrounding counties
- Permitting Process
  - MDE, MEA, MDA partners in the project
- PPP development
- Construction and operations changes



Public Works  
WICOMICO COUNTY

# Timeline

- Work with GBB on RFP development – 2 months
- Procurement process – 4 months
- Design and Permitting – 12 to 24 months
- Construction and verification – 12 months
- Operational by 2017



# Questions and Answers



Public Works  
WICOMICO COUNTY



# How to Tell the Stormwater Story

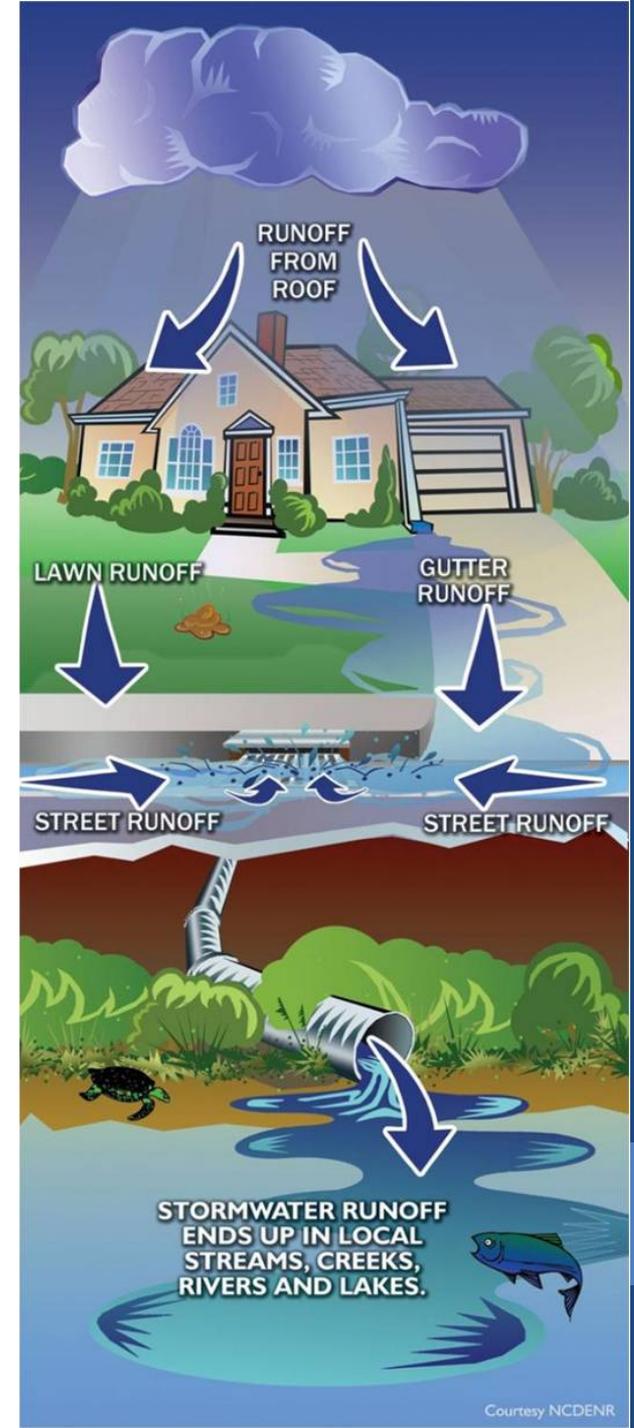
Salisbury City Council Work Session

February 18, 2014

Karen Lukacs, Wicomico Environmental Trust

# What is stormwater?

- Really “runoff” – i.e., instead of falling where it can percolated into the ground & be taken up by vegetation, runoff literally runs off surfaces including:
  - Roofs
  - Lawns (not enough vegetation to hold water there)
  - Driveways
  - Streets
  - Parking lots



# Why a stormwater utility?

- Runoff collects pollution as it travels to our waterways
  - Trash
  - Motor oil
  - Lawn chemicals
  - What ever is on the surface
- Polluted runoff from the built environment – roads, buildings, and their parking lots – is the only kind of pollution still on the rise
- Wicomico River and local ponds are recipients of this polluted runoff – affects recreational use and can be a public health hazard
- Reduce flooding & property damage in specific areas
- Keep water where it falls
- Maintain & upgrade existing water infrastructure
- Everyone shares the burden
- Supports our quality of life



# Clear explanation of utility

- What do citizens get?
  - i.e., what will the City do with the money
- How much will it cost?
  - Business will need more details
- What can I do around my house to reduce polluted runoff?
  - What actions will trigger a credit
- What can businesses do to reduce polluted runoff?
  - What actions will trigger a credit
- How can we incentivize these actions through grants & loans?



# Outreach is critical

- Citizens won't understand what this is for until we tell them, and we need to be clear on why it's important & necessary
- Who will be most affected financially by the utility?
  - Reach out
- Who will benefit the most? Are there identified areas of flooding that can be tackled in short order?
- WET is beginning to work with the faith community in SBY
- Grant request for materials and events
- WET is happy to give presentations and information to neighborhood groups, clubs and at local meetings



# Identify outreach targets

- Faith communities
- Downtown & other businesses & business groups
- Neighborhood associations
- OTHERS?

Karen Lukacs  
Wicomico Environmental Trust  
443-614-6697



1 **CITY OF SALISBURY, MARYLAND**

2  
3 **REGULAR MEETING**

**FEBRUARY 24, 2014**

4  
5 **PUBLIC OFFICIALS PRESENT**

6  
7 *Council President Jacob R. Day*  
8 *Mayor James P. Ireton, Jr.*  
9 *Councilwoman Eugenie P. Shields*

*Vice President Laura Mitchell*  
*Councilwoman Terry E. Cohen*  
*Councilman Timothy K. Spies*

10  
11 **IN ATTENDANCE**

12  
13 *City Clerk Kimberly R. Nichols, CMC, Assistant City Administrator Terence Arrington, City*  
14 *Attorney Mark Tilghman, Public Works Director Michael Moulds, Police Colonel Ivan Barkley,*  
15 *Business Development Specialist Laura Kordzikowski, and interested citizens and members of*  
16 *the press*

17 \*\*\*\*\*

18  
19 **MEDITATION – PLEDGE OF ALLEGIANCE**

20  
21 *The City Council met in regular session at 6:00 p.m. in Council Chambers.*

22  
23 *Council President Day called the meeting to order and a moment of silent meditation was held*  
24 *followed by the Pledge of Allegiance.*

25  
26 **COMMUNITY ORGANIZATION PRESENTATION** – *Joseph House*  
27 *- presented by Sister Marilyn Buchard*

28  
29 *Sister Marilyn Buchard joined Council at the podium to speak about Joseph House, a non-profit*  
30 *charitable organization located at 812 Boundary Street in Salisbury. Founded by the late Sister*  
31 *Mary Elizabeth Gintling in 1984 and administered by the Little Sisters of Jesus and Mary, the*  
32 *Joseph House feeds, clothes, and cares for the physical and spiritual needs of 20 – 30 homeless*  
33 *people each day.*

34  
35 *Sister Buchard explained the Joseph House helps poor and homeless people across the Tri-*  
36 *County area, and depends on free-will offerings to fund the many services it provides.*

37  
38 **ADOPTION OF LEGISLATIVE AGENDA**

39  
40 *Mrs. Shields moved, Mrs. Mitchell seconded, and the vote was unanimous to approve the*  
41 *legislative agenda as presented.*

42  
43 **CONSENT AGENDA** – *presented by City Clerk Kim Nichols*

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*The Consent Agenda, consisting of the following items, was unanimously approved as presented on a motion by Ms. Cohen that was seconded by Mrs. Mitchell:*

- *February 3, 2014 closed session minutes*
- *February 3, 2014 work session minutes*
- *February 10, 2014 regular meeting minutes*

**RESOLUTION** – *presented by Assistant City Administrator Terence Arrington*

- *Resolution No. 2373 – to approve a Maryland Department of Housing and Community Development, Technical Assistance grant application for funds to provide for the creation and printing of an all-inclusive business development process document and to authorize the Mayor to sign all documents necessary for the receipt of said funds*

*On a motion and seconded by Mrs. Shields and Mrs. Mitchell, respectively, Resolution No. 2373 was unanimously approved as presented.*

*Business Development Specialist Laura Kordzikowski joined Council at the podium and explained the purpose of the grant was to help with streamlining the business and permitting processes to make doing business in Salisbury less cumbersome.*

**ORDINANCES** – *presented by City Attorney Mark Tilghman*

- *Ordinance No. 2275 – 2<sup>nd</sup> reading – approving a budget amendment of the FY14 General Fund to appropriate funds received from the Current Year Surplus Funds for the purchase of nine (9) Electronic Control Devices (ECDs)*

*On a motion and seconded by Mr. Spies and Mrs. Shields, respectively, Ordinance No. 2275 for second reading was unanimously passed as amended with the following typographical corrections provided by Mr. Tilghman and incorporated in the document:*

- *Line 15 – strike “that” and insert “than”*
- *Line 19 – strike “have” and insert “having”*
- *Line 20 – insert “of” after “risk”, strike “workman” and insert “workers”*
- *Line 21 – strike semi-colon and insert a period.*

- *Ordinance No. 2277 – 2<sup>nd</sup> reading - amending and supplementing Ordinance No. 2167, passed by the Council on August 22, 2011, approved by the Mayor on August 23, 2011 and effective on August 23, 2011, in order to (1) modify the description of the Water Quality Inlet project provided for in Ordinance No. 2167 and (2) reduce the aggregate principal amount of General Obligation Bonds and General Obligation Bond Anticipation Notes authorized to be issued pursuant to Ordinance No. 2167 from one*

87 million dollars (\$1,000,000.00) to five hundred thirty-one thousand dollars (\$531,000.00)  
88 each; providing that this title is a fair statement of the substance of this ordinance; and  
89 otherwise generally relating to the use of proceeds of the Bonds and the Bond  
90 Anticipation Notes authorized to be issued pursuant to Ordinance No. 2167  
91

92 On a motion and seconded by Mrs. Mitchell and Ms. Cohen, respectively, Ordinance No.  
93 2277 for second reading was unanimously approved.  
94

- 95 • Ordinance No. 2278 – 1<sup>st</sup> reading – approving a budget amendment of the FY14 General  
96 Fund Budget to appropriate funds received from the General Fund (Speed Camera  
97 Account) to aid in the purchase of one new vehicle for the police fleet  
98

99 Ms. Cohen moved, Mrs. Mitchell seconded, and the vote was unanimous to approve  
100 Ordinance No. 2278 for first reading.  
101

## 102 **PUBLIC COMMENTS**

103  
104 The following comments were provided by two members of the public:  
105

- 106 • Concerns that the City is rushing into the Stormwater Utility before its needed
- 107 • Major wastewater spills that have occurred have contributed to the pollution of the  
108 Wicomico River more than storm water has
- 109 • The Salisbury Zoo is the cause of e-coli in the Wicomico River and the City should  
110 consider moving the Zoo to another location (Mrs. Mitchell reported the Salisbury Zoo  
111 brings in \$17 million in economic benefit for the area)
- 112 • The biggest polluters of the Chesapeake Bay are the rivers coming into the Bay
- 113 • There are planners for storm water issues (Planning & Zoning Dept., SU Small Business  
114 Development Center, Salisbury Wicomico Economic Development, Greater Salisbury  
115 Committee) and more money should not be collected to do what hasn't been done by them
- 116 • Requested that a decision be made on how the money will be spent before creating the  
117 Utility
- 118 • PRMC has installed pervious paving in place of a storm water retention pond
- 119 • Bring businesses here, don't chase them away
- 120 • The Stormwater Utility will not build jobs and attract businesses  
121

122 Mr. Day encouraged the second speaker to meet with Mr. Moulds to get answers to some of his  
123 questions. There have been six (6) Stormwater Utility meetings thus far, and many of the  
124 questions and comments were addressed prior to the last meeting.  
125

## 126 **ADJOURNMENT**

127  
128 At the conclusion of the public comments at 6:52 p.m., Mrs. Shields moved and Mrs. Mitchell  
129 seconded to go into Closed Session.

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*Ms. Cohen asked Mr. Tilghman if the Closed Session subject matter was a policy discussion, and if so, suggested it belonged in open session. Mr. Tilghman replied that the discussion concerned “ongoing litigation” and if it went in the direction to which Ms. Cohen questioned, he would recommend returning to Open Session.*

*At 7:51 p.m., upon a motion and seconded by Ms. Cohen and Mrs. Shields, respectively, Council unanimously voted to return to Open Session and President Day reported that Council had convened in Closed Session to receive an update from the City Attorney on litigation, no decision or action was required by Council, and Administration (Mayor Ireton) is managing the matter.*

*Mr. Day reminded the Public about the next “Coffee With Your Council”, to be held on February 25, 2014 at 6:30 p.m. at Emmanuel Wesleyan at 217 Beaglin Park Drive, Salisbury, Maryland and adjourned the Open Session at 7:52 p.m.*

---

*City Clerk*

---

*Council President*

---

INTER

OFFICE

# MEMO

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*OFFICE OF THE MAYOR*

**To:** Tom Stevenson  
**From:** Sherrell McBride  
**Subject:** Appointment to the Revolving Loan Bankers' Review Committee  
**Date:** March 5, 2014

---

Mayor Ireton would like to appoint the following person to the Revolving Loan Bankers' Review Committee with a term ending as follows:

| <u>Candidate</u>     | <u>Term Ending</u> |
|----------------------|--------------------|
| Heather Bacher-Smith | 08/31/2018         |

Ms. Bacher-Smith will replace Lauren Kimlel who no longer resides in the City of Salisbury and will serve a full four (4) year term.

Attached you will find Ms. Bacher-Smith's resume and the Resolution necessary for her appointment. Please forward this information to the City Council so it may be placed on the agenda for the next City Council meeting. Please let me know if you have any questions.

Attachments

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**RESOLUTION NO. 2374**

BE IT RESOLVED by the City of Salisbury, Maryland that the following individual is appointed to the Revolving Loan Bankers' Review Committee for the term ending as indicated:

| <u>Name</u>          | <u>Term</u> |
|----------------------|-------------|
| Heather Bacher-Smith | 8/31/2018   |

The above resolution was introduced, read and passed at the regular meeting of the Council of the City of Salisbury held on the \_\_\_\_\_ day of March 2014.

\_\_\_\_\_  
Kimberly R. Nichols  
CITY CLERK

\_\_\_\_\_  
Jacob R. Day  
COUNCIL PRESIDENT

APPROVED BY ME THIS  
\_\_\_\_\_ day of March 2014

\_\_\_\_\_  
James Ireton, Jr.  
MAYOR

# HEATHER BACHER-SMITH

422 John Patrick Drive, Stevensville, MD 21666

410-490-3285

[hsmith@mtb.com](mailto:hsmith@mtb.com)

## **EXPERIENCE**

2011-Present

M&T Bank

Easton, MD

### **Business Banking Team Leader**

- Manage, coach and develop a team of Relationship Managers to generate new profitable business relationships, leverage an assigned portfolio of loan and deposit clients; manage risk and credit decisions and service existing clients
- Meeting assigned goals including loan volume production, cross sale of other bank products, control of delinquencies on existing loan portfolio and maintenance, retention, and increase of relationships with existing and new Business Banking customers
- Contributed to the successful integration of M&T Bank into the State of Delaware with the Wilmington Trust acquisition
- Lead efforts to play an active role in our communities

2007-2011

M&T Bank

Annapolis, MD

### **Relationship Manager**

- Develop new business banking relationships while managing an existing portfolio.
- Achieve established sales goals. Received 2008 and 2010 Presidents Council Awards. Promote understanding of each business utilizing payment cycle selling
- Work with and train branch partners to maximize sales efforts to business customers and cross sell
- Network with centers of influence to develop business including accountants, attorneys and other referral sources
- Evaluate credit information and requests and recommend appropriate loan structure to manage risk effectively and negotiate with underwriters and clients to maximize revenue and minimize risk

2002-2007

SunTrust Bank

Annapolis, MD

### **Relationship Manager/Branch Manager (In-Store & Traditional)**

- Consistently met loan, deposit and fee income goals thereby generating a loan and deposit portfolio of \$15MM in new assets over an 18 month period
- Develop new business loan and deposit relationships, generate fee income and cross sell a variety of business banking products, as well as identifying cross sell opportunities to make referrals to branches and appropriate lines of business
- Create and work as a team with branch network throughout Annapolis and Crofton area to generate new business, as well as train the team to better serve our business clients
- Coach both qualitative and quantitative data on behaviors and results of direct reports
- Conduct scheduled and on the spot coaching, weekly sales meeting, rounds and clinics
- Successfully manage and participate in daily sales activities which resulted in consistent 100%+ production of all measures five years in a row

2000-2002

Chevy Chase Bank

Salisbury, MD

**In Store Branch Manager**

- Improved branch ranking from #132 to #8 in four months, by meeting and exceeding all sales goals
- Effectively supervise the sales, daily operations and personnel within the branch to ensure branch efficiency, productivity and profitability
- Maximize sales and service performance, coach and motivate employees on meeting sales goals
- Responsible for employee development through training, coaching and positive and constructive feedback

1998-2000

Crestar Bank

Baltimore, MD

**Retail Management Associate/Branch Manager**

- Responsible for sales/customer service, performance management, utilizing and leading the sales process, human resources management and administration/operations/profitability
- Successfully completed a training program to develop effective sales leaders by developing relationships with all lines of business, and training in coaching, the sales process and operations

**EDUCATION**

1995-1998

Salisbury University

Salisbury, MD

B.A., Communication Arts

Minor Management/Marketing

**AFFILIATIONS & ACCOMPLISHMENTS**

Board Member, United Way of Queen Anne's County

Successfully completed Omega Certification at SunTrust Bank & M&T Bank

Completed Women's Leadership Development Program at SunTrust Bank

2009 YWCA Twin Award Honoree

Graduate of Shore Leadership

Member, Queen Anne's County Chamber of Commerce Education Committee

2008, 2010, 2013 Presidents Council with M&T Bank

2010 Diamond Award for Leadership with M&T Bank

# City of Salisbury



JAMES IRETON JR.  
MAYOR  
TOM STEVENSON  
ACTING CITY ADMINISTRATOR



Maryland  
699 W. SALISBURY PARKWAY  
SALISBURY, MD 21801  
TEL: 410-548-3165



BARBARA DUNCAN  
CHIEF OF POLICE

March 3, 2014

TO: Tom Stevenson  
FROM: Chief Barbara Duncan  
SUBJECT: Resolution

Attached, please find a Resolution to authorize the Chief of Police to sign an MOU and accept funds from the United States Marshals Service for the reimbursement of overtime salary costs for two SPD Warrant Squad Officers to conduct joint law enforcement operations investigating, arresting and prosecuting persons who have active state and federal warrants for their arrest. These operations are in support of the Safe Streets mission. Grant funding will not exceed \$34,000.00.

Unless you, or the Mayor, have further questions, please forward this Resolution to the City Council.

A handwritten signature in black ink that reads "Chief Barbara Duncan".

Barbara Duncan  
Chief of Police

1 RESOLUTION NO. 2375

2  
3 A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND  
4 ACCEPTING OVERTIME REIMBURSEMENT FUNDING FROM THE UNITED  
5 STATES MARSHALS SERVICE (USMS) FOR THE SALISBURY POLICE  
6 DEPARTMENT’S INVESTIGATION, ARREST AND PROSECUTION OF PERSONS  
7 WHO HAVE ACTIVE STATE AND FEDERAL WARRANTS.  
8

9 WHEREAS, the United States Marshals Service has funding available for the  
10 purpose of reimbursement of overtime salary costs for two Salisbury Police Officers  
11 conducting joint law enforcement operations for the investigation and arrest of persons  
12 with active warrants; and  
13

14 WHEREAS, the intent of the joint effort is to investigate and apprehend local,  
15 state and federal fugitives primarily wanted but not limited to; violent crimes against  
16 persons, weapons offenses, felony drug offenses and failure to register as a sex offender,  
17 thereby improving public safety and reducing violent crime in the City of Salisbury and  
18 Wicomico County in support of the Safe Streets mission; and  
19

20 WHEREAS, the Chief of Police is authorized to sign an MOU and enter into a  
21 cooperative effort between the United States Marshals Service and the Salisbury Police  
22 Department that will provide a safer environment and improve the quality of life for the  
23 citizens of the City of Salisbury and Wicomico County.  
24

25 NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE  
26 CITY OF SALISBURY, MARYLAND that this funding, not to exceed \$34,000.00  
27 (thirty four thousand dollars), be accepted and used for the reimbursement of overtime  
28 salary costs related to the investigation, arrest and prosecution of persons who are wanted  
29 on outstanding warrants.  
30

31 THIS RESOLUTION was duly passed at a meeting of the Council of the City of  
32 Salisbury held on \_\_\_\_\_, 2013, and is to become effective immediately upon  
33 adoption.  
34

35 ATTEST;

36  
37  
38 \_\_\_\_\_  
39 Kimberly Nichols  
40 City Clerk

\_\_\_\_\_

Jacob R. Day  
Salisbury City Council

41  
42 APPROVED BY ME THIS:

43  
44 \_\_\_\_\_ Day of \_\_\_\_\_, 2013  
45  
46  
47 \_\_\_\_\_

48 Jim Ireton, Mayor

# City of Salisbury



JAMES IRETON, JR.  
MAYOR

M. THOMAS STEVENSON, JR.  
INTERIM CITY ADMINISTRATOR

TERENCE ARRINGTON  
ASSISTANT CITY ADMINISTRATOR

125 NORTH DIVISION ST., RM 202  
SALISBURY, MARYLAND 21801  
Tel: 410-548-3170  
Fax: 410-548-3107

MICHAEL S. MOULDS, P.E.  
DIRECTOR OF PUBLIC WORKS

**MARYLAND**

To: Tom Stevenson, Interim City Administrator  
From: Mike Moulds, Director *MM*  
Date: January 16, 2014  
Re: Intergovernmental Agreement for Roadway Snow Removal

---

For the February 3<sup>rd</sup> Council meeting, we are enclosing an agreement for roadway snow removal shared responsibility between The City and Wicomico County. The agreement designates snow removal responsibility between the City and County for certain roads that transition in and out of the City. In the interest of efficiency and coordination the City and County Public Works Departments have divided up the responsibility for snow plowing these designated streets.

We have reviewed the lane mileage determinations and compared them with the coverage we are currently managing. It is our opinion the road distance sharing is fair and reasonable. We recommend Council approval of the agreement.

The agreement is simply stated and straight forward. However please advise if you feel it necessary for the City solicitor to review.

Unless you or the Mayor has further questions, please forward a copy of this memo to the City Council.

1 RESOLUTION NO. 2376

2  
3 A RESOLUTION OF THE CITY OF SALISBURY AUTHORIZING THE MAYOR AND  
4 COUNCIL PRESIDENT TO SIGN THE MEMORANDUM OF UNDERSTANDING WITH  
5 WICOMICO COUNTY, MARYLAND REGARDING MUTUAL SHARING OF SNOW  
6 REMOVAL ROUTES.

7  
8 WHEREAS, both Wicomico County and the City of Salisbury provide snow removal  
9 services on the roads within their respective jurisdictions and recognize that due to changes in  
10 their respective boundaries, the efficient provision of municipal services can best be  
11 accomplished by exchanging certain snow removal obligations; and

12  
13 WHEREAS, the City of Salisbury and Wicomico County Departments of Public Works  
14 have reached a mutual understanding in identifying certain shared routes to provide snow  
15 removal services; and

16  
17 WHEREAS, the City of Salisbury and Wicomico County Departments of Public Works  
18 have developed the attached Memorandum of Understanding that identifies the shared routes and  
19 defines the responsibilities of each jurisdiction in regards to snow removal; and

20  
21 NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Salisbury,  
22 Maryland does hereby authorize the Mayor and Council President to sign the attached  
23 Memorandum of Understanding accepting the responsibilities of each party in regards to shared  
24 snow removal of certain roads.

25  
26 THE ABOVE RESOLUTION was introduced and read and passed at the regular meeting  
27 of the Council of the City of Salisbury held on this \_\_\_\_ day of \_\_\_\_\_, 2014 and is to  
28 become effective immediately upon adoption.

29  
30 ATTEST:

31  
32  
33 \_\_\_\_\_  
34 Kimberly R. Nichols  
35 CITY CLERK

36 \_\_\_\_\_  
37 Jacob R. Day  
38 PRESIDENT, City Council

39  
40 APPROVED by me this \_\_\_\_\_ day of \_\_\_\_\_, 2014

41 \_\_\_\_\_  
42 James Ireton, Jr.  
43 MAYOR, City of Salisbury

**INTERGOVERNMENTAL AGREEMENT  
FOR ROADWAY SNOW REMOVAL**

This Agreement is entered as of the last date listed below, by and between Wicomico County, Maryland ("the County"), a body corporate and politic of the State of Maryland and the City of Salisbury, Maryland ("the City"), a municipal corporation.

WHEREAS, the County maintains a certain public roadway system for the benefit of the residents of the County, and the City maintains a certain public roadway system for the benefit of the residents of the City; and,

WHEREAS, both the County and the City provide snow removal services on the roads within their respective jurisdictions, and recognize that, due to changes in their respective boundaries, the efficient provision of municipal services can best be accomplished by exchanging certain snow removal obligations; and,

WHEREAS, the County and the City have agreed to exchange snow removal services for certain roadway areas, subject to the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the benefit to the public served by both the County and the City, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, IT IS HEREBY AGREED AS FOLLOWS:

1. Incorporation of Recitals. The recitals to this Agreement are hereby incorporated by reference and constitute an integral component of this Agreement.
2. Roadways Subject to this Agreement. The following portions of the designated public roads shall be subject to the terms of this Agreement:

| <b>WICOMICO COUNTY SNOW ROUTES</b> |                                   |                   |
|------------------------------------|-----------------------------------|-------------------|
| <b>Road</b>                        | <b>Area</b>                       | <b>Lane Miles</b> |
| Beaglin Park Drive                 | All South of Rt. 50               | 10.46             |
| Pemberton Drive                    | Rt. 349 to Crooked Oak Lane       | 6.00              |
| South Schumaker Drive              | Rt. 12 to Mallard Landing         | 6.36              |
| Johnson Road                       | Rt. 12 to Mallard Landing         | 2.62              |
| Robins Avenue                      | Rt. 12 to Dykes Road              | 1.88              |
| Glen Avenue                        | Long Avenue to Gunby Road         | 7.06              |
| South Division Street              | Dykes Road to Village @ Tony Tank | 2.28              |
| Naylor Mill Road                   | Rt. 50 to Jersey Road             | 5.48              |
| <b>Total</b>                       |                                   | <b>42.14</b>      |

| <b>CITY OF SALISBURY SNOW ROUTES</b> |                                   |                   |
|--------------------------------------|-----------------------------------|-------------------|
| <b>Road</b>                          | <b>Area</b>                       | <b>Lane Miles</b> |
| Beaglin Park Drive                   | All North of Rt. 50               | 16.04             |
| Dykes Road                           | South Division Street to Dead End | 3.96              |
| South Division Street                | College Avenue to Dykes Road      | 3.11              |
| Phillip Morris Drive                 | Rt. 350 to Rt. 346                | 2.13              |
| Tilghman Road                        | Rt. 350 to Merritt Mill Road      | 3.24              |

Attest:

  
\_\_\_\_\_  
Wayne Strausburg  
Director of Administration

Wicomico County, Maryland

  
\_\_\_\_\_  
Richard M. Pollitt, Jr  
County Executive

Date: 1/14/14

Attest:

\_\_\_\_\_  
Tom Stevenson  
Interim City Administrator

\_\_\_\_\_

City of Salisbury, Maryland

\_\_\_\_\_  
James Ireton  
Mayor

Date: \_\_\_\_\_

\_\_\_\_\_  
Jacob Day  
Council President

Date: \_\_\_\_\_

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A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY (THE "COUNCIL") AUTHORIZING AND EMPOWERING CITY OF SALISBURY (THE "CITY"), PURSUANT TO THE AUTHORITY OF SECTIONS 19-301 TO 19-309, INCLUSIVE, OF THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS REPLACED, SUPPLEMENTED OR AMENDED, SECTIONS 9-1601 TO 9-1622, INCLUSIVE, OF THE ENVIRONMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, SECTIONS SC7-45 AND SC7-46 OF THE CHARTER OF THE CITY OF SALISBURY, AND ORDINANCE NO. 2167, PASSED BY THE COUNCIL ON AUGUST 22, 2011, APPROVED BY THE MAYOR OF THE CITY (THE "MAYOR") ON AUGUST 23, 2011 AND EFFECTIVE ON AUGUST 23, 2011, AS SUPPLEMENTED AND AMENDED BY ORDINANCE NO. 2277, PASSED BY THE COUNCIL AND APPROVED BY THE MAYOR PRIOR TO THE INTRODUCTION OF THIS RESOLUTION (COLLECTIVELY, THE "ORDINANCE"), TO AUTHORIZE AND EMPOWER THE CITY TO ISSUE AND SELL, UPON ITS FULL FAITH AND CREDIT, TWO SEPARATE SERIES OF GENERAL OBLIGATION BONDS IN THE RESPECTIVE AGGREGATE PRINCIPAL AMOUNTS OF SIXTY-SIX THOUSAND THREE HUNDRED SEVENTY-FIVE DOLLARS (\$66,375.00) AND FOUR HUNDRED SIXTY-FOUR THOUSAND SIX HUNDRED TWENTY-FIVE DOLLARS (\$464,625.00), TO BE DESIGNATED, RESPECTIVELY, "CITY OF SALISBURY WATER QUALITY BOND, SERIES 2014A" AND "CITY OF SALISBURY WATER QUALITY BOND, SERIES 2014B" OR AS OTHERWISE REQUIRED AS PROVIDED HEREIN, THE BONDS TO BE ISSUED AND SOLD AND THE PROCEEDS THEREOF TO BE USED AND APPLIED FOR THE PUBLIC PURPOSE OF FINANCING OR REIMBURSING COSTS INCURRED IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION, INSTALLATION, IMPROVEMENT AND EQUIPPING OF WATER QUALITY INLETS AND RELATED ACTIVITIES, IMPROVEMENTS AND APPURTENANCES ALONG WAVERLY DRIVE, SOUTH BOULEVARD, HANOVER STREET AND LLOYD STREET OR OTHERWISE IN THE GENERAL AREA OF SUCH STREETS, INCLUDING, WITHOUT LIMITATION, RELATED TRAFFIC CONTROL, MILLING AND REPAVING, PAVEMENT MARKING, AND CURB, GUTTER AND SIDEWALK RESTORATION, TOGETHER WITH THE ACQUISITION OF NECESSARY PROPERTY RIGHTS AND EQUIPMENT, RELATED SITE IMPROVEMENTS AND UTILITIES, RELATED ARCHITECTURAL, PLANNING, DESIGN, ENGINEERING, SURVEYING, PERMITTING, BIDDING, DOCUMENT DEVELOPMENT, CONSTRUCTION ADMINISTRATION AND OTHER COSTS, RELATED FINANCIAL AND LEGAL EXPENSES AND COSTS OF ISSUANCE AS PROVIDED HEREIN; PRESCRIBING, APPROVING AND ADOPTING THE FORMS AND TENOR OF THE BONDS, THE TERMS AND CONDITIONS FOR THE ISSUANCE AND SALE OF THE BONDS BY PRIVATE SALE, WITHOUT PUBLIC BIDDING, TO THE MARYLAND WATER QUALITY FINANCING ADMINISTRATION (THE "ADMINISTRATION"), AND ALL OTHER DETAILS INCIDENT THERETO, AND AUTHORIZING THE MAYOR, ON BEHALF OF THE CITY, TO ADJUST AND FIX CERTAIN DETAILS OF THE BONDS; PROVIDING FOR THE POTENTIAL FORGIVENESS OF ONE OF THE BONDS; APPROVING, AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF, TWO LOAN AGREEMENTS WITH THE ADMINISTRATION PURSUANT TO WHICH ADVANCES WILL BE MADE UNDER THE BONDS; AUTHORIZING CERTAIN OFFICIALS TO TAKE CERTAIN ACTIONS WITH RESPECT TO THE LOAN AGREEMENTS AND DESIGNATING

47 CERTAIN OFFICIALS AS “AUTHORIZED OFFICERS” FOR PURPOSES OF THE LOAN  
48 AGREEMENTS; PROVIDING FOR THE DISBURSEMENT OF ADVANCES OF THE  
49 BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF AD VALOREM TAXES  
50 SUFFICIENT FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON  
51 THE BONDS; PLEDGING THE FULL FAITH AND CREDIT AND UNLIMITED TAXING  
52 POWER OF THE CITY TO THE PROMPT PAYMENT OF THE PRINCIPAL OF AND  
53 INTEREST ON THE BONDS; PROVIDING THAT THE PRINCIPAL OF AND INTEREST ON  
54 THE BONDS ALSO MAY BE PAID FROM ANY OTHER SOURCES OF REVENUE  
55 LAWFULLY AVAILABLE TO THE CITY FOR SUCH PURPOSE; AUTHORIZING AND  
56 DIRECTING OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ANY AND ALL  
57 ACTION NECESSARY TO COMPLETE AND CLOSE THE SALE AND DELIVERY OF THE  
58 BONDS; PROVIDING THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY  
59 CONTAINED IN THE ORDINANCE OR THIS RESOLUTION, THE CITY SHALL USE AND  
60 APPLY PROCEEDS OF THE BONDS ONLY AS PERMITTED BY THE LOAN  
61 AGREEMENTS, THE CLEAN WATER ACT (AS DEFINED IN THE LOAN AGREEMENTS)  
62 AND THE ACT (AS DEFINED IN THE LOAN AGREEMENTS); AND OTHERWISE  
63 GENERALLY RELATING TO THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF  
64 AND FOR THE BONDS.

65

#### RECITALS

66 WHEREAS, City of Salisbury, a municipality of the State of Maryland within the  
67 meaning of the Enabling Act identified below and a municipal corporation within the meaning of  
68 the MWQFA Act identified below (the “City”), is authorized and empowered by Sections 19-301  
69 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland  
70 (previously codified as Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of  
71 Maryland), as replaced, supplemented or amended (the “Enabling Act”), Sections 9-1601 to 9-1622,  
72 inclusive, of the Environment Article of the Annotated Code of Maryland, as replaced,  
73 supplemented or amended (the “MWQFA Act”), and Sections SC7-45 and SC7-46 of the Charter  
74 of the City of Salisbury, as published in Municipal Charters of Maryland, Volume 7, 2008  
75 Replacement Edition, as replaced, supplemented or amended (the “Charter”), to borrow money  
76 for any proper public purpose in connection with the stormwater management system serving the  
77 City and to evidence such borrowing by the issuance and sale of its general obligation bonds; and

78 WHEREAS, pursuant to Ordinance No. 2167, passed pursuant to the authority of the  
79 Enabling Act, the MWQFA Act and Sections SC7-45 and SC7-46 of the Charter by the Council of  
80 the City (the “Council”) on August 22, 2011, approved by the Mayor of the City (the “Mayor”) on  
81 August 23, 2011 and effective on August 23, 2011 (“Ordinance No. 2167”), as supplemented and  
82 amended by Ordinance No. 2277, passed by the Council and approved by the Mayor prior to the  
83 introduction of this Resolution (collectively with Ordinance No. 2167, the “Ordinance”), the City  
84 authorized the issuance and sale from time to time, upon its full faith and credit, of one or more  
85 series of its general obligation bonds in an aggregate principal amount not to exceed Five Hundred  
86 Thirty-one Thousand Dollars (\$531,000.00) (the “Authorized Bonds”), and the Ordinance provides  
87 that any such series may consist of one or more bonds and that any bond may be issued in  
88 installment form and/or draw-down form; and

89 WHEREAS, the Ordinance provides that the proceeds of the Authorized Bonds are to be  
90 used and applied for the public purpose of financing, reimbursing or refinancing costs incurred in  
91 connection with the acquisition, construction, installation, improvement and equipping of water  
92 quality inlets and related activities, improvements and appurtenances along Waverly Drive,  
93 South Boulevard, Hanover Street and Lloyd Street or otherwise in the general area of such  
94 streets, including, without limitation, related traffic control, milling and repaving, pavement  
95 marking, and curb, gutter and sidewalk restoration, together with the acquisition of necessary  
96 property rights and equipment, related site improvements and utilities, related architectural,  
97 planning, design, engineering, surveying, permitting, bidding, document development,  
98 construction administration and other costs, related financial and legal expenses and costs of  
99 issuance, all to the extent permitted by the Administration identified in the succeeding  
100 WHEREAS clause (collectively, the “Project”); and

101 WHEREAS, the City has determined that it is in the best interest of the City and its citizens  
102 to issue and sell to the Maryland Water Quality Financing Administration (the “Administration”) at  
103 this time two series of general obligation bonds, each consisting of a single bond, in order to finance  
104 or reimburse costs of the Project in accordance with, and pursuant to, the authority contained in the  
105 Enabling Act, the MWQFA Act, Sections SC7-45 and SC7-46 of the Charter and the Ordinance,  
106 and upon the terms and conditions set forth in this Resolution, the proceeds of which general  
107 obligation bonds are to be used and applied as herein set forth.

108 SECTION 1. NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF  
109 THE CITY OF SALISBURY, MARYLAND that (a) the Recitals to this Resolution are  
110 incorporated by reference herein and are deemed a substantive part of this Resolution, and  
111 capitalized terms defined in the Recitals to this Resolution and used in the Sections of this  
112 Resolution will have the meanings given to such terms in the Recitals hereto.

113 (b) References in this Resolution to any official by title shall be deemed to refer (i) to  
114 any official authorized under the Charter or other applicable law to act in such titled official’s stead  
115 during the absence or disability of such titled official, (ii) to any person who has been elected,  
116 appointed or designated to fill such position in an acting capacity under the Charter or other  
117 applicable law, (iii) to any person who serves in a “Deputy” or “Assistant” capacity as such an  
118 official, provided that the applicable responsibilities, rights or duties referred to herein have been  
119 delegated to such deputy or assistant in accordance with applicable law or authority, and/or (iv) to  
120 the extent an identified official commonly uses another title not provided for in the Charter or the  
121 code of ordinances of the City (the “City Code”), the official, however known, who is charged  
122 under the Charter, the City Code or other applicable law or authority with the applicable  
123 responsibilities, rights or duties referred to herein.

124 SECTION 2. BE IT FURTHER RESOLVED that (a) pursuant to the authority of the  
125 Enabling Act, the MWQFA Act, Sections SC7-45 and SC7-46 of the Charter and the Ordinance, the  
126 City hereby determines to issue and sell, upon its full faith and credit, two separate series of general  
127 obligation bonds for the public purpose of financing or reimbursing costs of the Project. One such  
128 bond shall be issued in the principal amount of Sixty-six Thousand Three Hundred Seventy-five  
129 Dollars (\$66,375.00) and shall be designated as the “City of Salisbury Water Quality Bond, Series  
130 2014A” or by such additional or different designation as may be required by the Administration (the  
131 “Series 2014A Bond”). The other such bond shall be issued in the principal amount of Four

132 Hundred Sixty-four Thousand Six Hundred Twenty-five Dollars (\$464,625.00) and shall be  
133 designated as the “City of Salisbury Water Quality Bond, Series 2014B” or by such additional or  
134 different designation as may be required by the Administration (the “Series 2014B Bond” and,  
135 together with the Series 2014A Bond, the “Bonds”, or, individually, a “Bond”). Payment of the  
136 Series 2014B Bond shall be subject to forgiveness by the Administration in accordance with the  
137 provisions of Section 3(j) hereof and the terms of the Series 2014B Bond.

138 (b) Proceeds of the Bonds shall be applied only to costs of the Project as  
139 permitted by the Administration.

140 SECTION 3. BE IT FURTHER RESOLVED that (a) the Bonds shall be issued and sold  
141 upon the full faith and credit of the City, shall be dated the date of their delivery, shall be numbered  
142 RA-1 and RB-1, respectively, and shall be issued in the form of single, fully-registered bonds,  
143 without coupons attached. The Series 2014A Bond shall be issued in installment form as  
144 authorized pursuant to the Ordinance.

145 (b) Subject to the provisions of subsections (d) and (e) below and the further  
146 provisions of this subsection (b), the principal advanced under the Series 2014A Loan Agreement  
147 (as defined in Section 8(b) hereof) shall be paid in one installment of \$1,000.00 on August 1, 2015  
148 and, thereafter, in fourteen (14) installments on February 1 in each of the years 2016 through 2029,  
149 inclusive, in such amounts as shall be determined by the Administration to achieve, as nearly as  
150 possible, roughly level debt service payments (on an annualized basis, and exclusive of any initial  
151 minimum principal payment and any periods in which interest only is payable) after giving effect to  
152 the interest rate determined in accordance with subsection (c) of this Section 3. The Mayor is  
153 hereby authorized and empowered to approve the amortization schedule for the Series 2014A Bond  
154 prior to the delivery thereof, calculated as described in this subsection (b), but subject to the further  
155 provisions of subsection (d) below, such approval to be evidenced conclusively by the Mayor’s  
156 execution and delivery of the Series 2014A Bond in accordance with the provisions of Sections 5  
157 and 7 of this Resolution.

158 (c) The Series 2014A Bond, or so much of the principal amount thereof as shall  
159 have been advanced from time to time under the terms of the Series 2014A Loan Agreement, shall  
160 bear interest from its dated date at an annual rate of interest equal to 25% of the average of the  
161 weekly Bond Buyer 11-Bond Index for the calendar month prior to the month in which the Series  
162 2014A Bond is delivered, provided that the rate determined by such calculation may be rounded  
163 down by the Administration in its sole discretion. Interest due on the unpaid principal amounts  
164 advanced under the Series 2014A Loan Agreement shall accrue on the basis of a 30-day month,  
165 360-day year from the dates of the respective advances of such principal amount, and shall be paid  
166 on August 1, 2014, and semiannually thereafter on the 1<sup>st</sup> day of February and August in each year  
167 until the principal amount of the Series 2014A Bond has been paid.

168 (d) The payment dates provided for in the foregoing subsections (b) and (c) are  
169 based on an anticipated date of delivery of the Series 2014A Bond in March 2014 and an estimated  
170 completion date for the Project in August 2014. Notwithstanding the provisions of subsections (b)  
171 and (c) above, in the event the Series 2014A Bond, for whatever reason, is delivered later than  
172 March 2014 or the estimated completion date for the Project is determined prior to the delivery of  
173 the Series 2014A Bond to be earlier or later than August 2014, the Mayor, on behalf of the City, is

174 hereby authorized and directed to adjust and change the principal and/or interest payment dates  
175 provided for or contemplated by subsections (b) and (c) above (including, without limitation, by  
176 providing for an initial minimum principal payment on a date other than August 1, 2015 or by not  
177 requiring an initial minimum principal payment on any date and/or by otherwise adjusting the dates  
178 on which principal and/or interest will commence and otherwise be due) and to approve the  
179 amortization schedule for the Series 2014A Bond prepared by the Administration on an annualized  
180 roughly level debt service basis (exclusive of any minimum principal payment due on the Series  
181 2014A Bond specified by the Administration and of any periods in which interest only is payable)  
182 and reflecting any such adjustment in payment dates, all as required by the Administration in order  
183 to meet the requirements of Section 9-1605(d)(1)(ii) of the MWQFA Act or to meet other  
184 requirements of the Administration, such approval and adjustment to be evidenced conclusively by  
185 the Mayor's execution and delivery of the Series 2014A Bond in accordance with the provisions of  
186 Sections 5 and 7 of this Resolution.

187 (e) If the Administration determines at any time following delivery of the Series  
188 2014A Bond to reduce the maximum amount of the Loan Commitment (as defined in the Series  
189 2014A Loan Agreement) relating to the Series 2014A Bond in accordance with Section 3.08 of the  
190 Series 2014A Loan Agreement, the Maximum Principal Amount (as defined in the Series 2014A  
191 Bond) of the Series 2014A Bond shall be reduced accordingly and such Maximum Principal  
192 Amount as so reduced shall be amortized as provided in the Series 2014A Loan Agreement. In  
193 such event, to the extent required by the Administration, the appropriate officials of the City, on  
194 behalf of the City may approve, execute, deliver, provide or take, as applicable, such certificates,  
195 documents, instruments, evidence or actions required by the Administration under Section 3.08 of  
196 the Series 2014A Loan Agreement.

197 (f) The City shall pay (i) a late charge for any payment of principal of or interest  
198 on the Series 2014A Bond that is received later than the tenth (10th) day following its due date, in  
199 an amount equal to 5% of such payment, and (ii) interest on overdue installments of principal and  
200 (to the extent permitted by law) interest at the Default Rate provided for in the Series 2014A Loan  
201 Agreement, which Default Rate shall be equal to 100% of the average of the weekly Bond Buyer  
202 11-Bond Index for the calendar month prior to the month in which the Series 2014A Bond is  
203 delivered, provided that the rate determined by such calculation may be rounded down by the  
204 Administration in its sole discretion. Amounts payable pursuant to this subsection (f) shall be  
205 immediately due and payable to the Administration and interest at the Default Rate shall continue to  
206 accrue on overdue installments of principal and (to the extent permitted by law) interest until such  
207 amounts are paid in full.

208 (g) The principal advanced under the Series 2014B Loan Agreement (as defined  
209 in Section 8(b) hereof) shall be payable upon demand by the Administration in accordance with the  
210 Series 2014B Loan Agreement, together with interest at an annual rate equal to one hundred percent  
211 (100%) of the average of the weekly Bond Buyer 11-Bond Index for the calendar month prior to the  
212 month in which the Series 2014B Bond is delivered, provided that the rate determined by such  
213 calculation may be rounded down by the Administration in its sole discretion, accruing from the  
214 date on which such demand is made by the Administration, which demand may be made at any time  
215 prior to that date which is the ten (10) year anniversary of the date of delivery of the Series 2014B  
216 Bond.

217 (h) The City shall pay a late charge for any payment of principal of or interest on  
218 the Series 2014B Bond that is received later than the thirtieth (30th) day following the date of  
219 demand for payment of the Series 2014B Bond, in an amount equal to 5% of such payment.

220 (i) If the Administration determines at any time to reduce the maximum amount  
221 of the Loan Commitment (as defined in the Series 2014B Loan Agreement) relating to the Series  
222 2014B Bond in accordance with Section 3.08 of the Series 2014B Loan Agreement, the Maximum  
223 Principal Amount (as defined in the Series 2014B Bond) of the Series 2014B Bond shall be reduced  
224 accordingly. In such event, to the extent required by the Administration, the appropriate officials of  
225 the City, on behalf of the City may approve, execute, deliver, provide or take, as applicable, such  
226 certificates, documents, instruments, evidence or actions required by the Administration under  
227 Section 3.08 of the Series 2014B Loan Agreement.

228 (j) PURSUANT TO THE CLEAN WATER ACT, AS AMENDED BY  
229 FEDERAL APPROPRIATION OR AUTHORIZATION ACTS AND SECTION 9-1605(d)(9) OF  
230 THE MWQFA ACT, THE ADMINISTRATION SHALL FORGIVE REPAYMENT OF THE  
231 PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE SERIES 2014B LOAN  
232 AGREEMENT) AND THE INTEREST PAYABLE THEREON UNDER ARTICLE III OF THE  
233 SERIES 2014B LOAN AGREEMENT AND THE SERIES 2014B BOND SO LONG AS THE  
234 CITY PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE SERIES 2014B LOAN  
235 AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY SUCH  
236 OTHER OBLIGATIONS UNDER THE SERIES 2014B LOAN AGREEMENT HAVE NOT  
237 BEEN PERFORMED BY THE CITY, PAYMENT OF THE PRINCIPAL OF THE LOAN  
238 EVIDENCED BY THE SERIES 2014B BOND AND THE INTEREST THEREON FROM THE  
239 DATE OF DEMAND AT THE RATE DETERMINED IN ACCORDANCE WITH  
240 SUBSECTION (g) ABOVE WILL BE DUE AND PAYABLE UPON DEMAND. IF THE  
241 ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND  
242 INTEREST ON THE SERIES 2014B BOND BY THAT DATE WHICH IS THE TEN (10) YEAR  
243 ANNIVERSARY OF THE DATE OF DELIVERY OF THE SERIES 2014B BOND, THEN THE  
244 ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE  
245 LOAN EVIDENCED BY THE SERIES 2014B BOND AND INTEREST THEREON, THE  
246 SERIES 2014B BOND SHALL BE DEEMED CANCELLED AND THE LOAN EVIDENCED  
247 BY THE SERIES 2014B BOND AND THE SERIES 2014B LOAN AGREEMENT SHALL BE  
248 DEEMED TERMINATED AND OF NO FURTHER FORCE AND EFFECT.

249 (k) Both the principal of and interest on the Bonds will be paid to the registered  
250 owners thereof in lawful money of the United States of America, at the time of payment, and will be  
251 paid by electronic funds transfer, or by check or draft mailed (by depositing such check or draft,  
252 correctly addressed and postage prepaid, in the United States mail before the payment date) to the  
253 registered owners at such addresses as the registered owners may designate from time to time by  
254 notice in writing delivered to the Director of Internal Services of the City (the “Director of Internal  
255 Services”).

256 (l) Notwithstanding the foregoing provisions of this Section 3, in the event of a  
257 discrepancy between the provisions of either of the Bonds, as executed and delivered in accordance  
258 with Sections 5 and 7 of this Resolution, the Series 2014A Loan Agreement or the Series 2014B

259 Loan Agreement and this Section 3, the provisions of the Bonds, the Series 2014A Loan Agreement  
260 or the Series 2014B Loan Agreement, as applicable, shall control.

261 SECTION 4. BE IT FURTHER RESOLVED that the Series 2014A Bond shall be subject  
262 to mandatory prepayment, in whole or in part, as, when and to the extent required by the United  
263 States Environmental Protection Agency's (and its successors) State Revolving Fund Program  
264 Regulations. Otherwise, the Series 2014A Bond may be prepaid by the City, in whole or in part,  
265 only at such times and in such amounts, and upon payment by the City of such prepayment  
266 premium or penalty, as the Director of the Administration, in his or her discretion, may specify and  
267 approve.

268 SECTION 5. BE IT FURTHER RESOLVED that the Bonds shall be executed in the name  
269 of the City and on its behalf by the Mayor. The corporate seal of the City shall be affixed to the  
270 Bonds and attested by the signature of the City Clerk of the City (the "City Clerk"). In the event  
271 any official whose signature shall appear on the Bonds shall cease to be such official prior to the  
272 delivery of the Bonds, or, in the event any such official whose signature shall appear on the Bonds  
273 shall have become such after the date of delivery thereof, said Bonds shall nevertheless be valid and  
274 binding obligations of the City in accordance with their terms.

275 SECTION 6. BE IT FURTHER RESOLVED that the Series 2014A Bond shall be  
276 transferable only after the first principal payment date as set forth in such Bond or the date upon  
277 which the Maximum Principal Amount of the Series 2014A Bond has been borrowed, whichever is  
278 earlier, and the Series 2014B Bond shall be transferable only after the date upon which the  
279 Maximum Principal Amount of the Series 2014B Bond has been borrowed. Each Bond shall be  
280 transferable upon the books of the City at the office of the Director of Internal Services, by the  
281 registered owner in person or by his attorney duly authorized in writing, upon surrender thereof,  
282 together with a written instrument of transfer satisfactory to the Director of Internal Services, duly  
283 executed by such registered owner or his duly authorized attorney. The City shall, within a  
284 reasonable time, issue in the name of the transferee a new registered bond or bonds of the same  
285 series as the bond surrendered, in such denominations as the City shall by resolution approve, in an  
286 aggregate principal amount equal to the unpaid principal amount of the bond or bonds surrendered,  
287 and with the same maturities and interest rate, as applicable, and, with respect to any bond or bonds  
288 exchanged for the Series 2014B Bond, the same forgiveness provisions. If more than one bond is  
289 issued upon any such transfer of the Series 2014A Bond, the installment of principal and interest to  
290 be paid on each such bond on each payment date shall be equal to the product of the following  
291 formula: the total installment due on each payment date multiplied by a fraction, the numerator of  
292 which shall be the principal amount of such bond and the denominator of which shall be the  
293 aggregate principal amount of the bonds representing the Series 2014A Bond then outstanding and  
294 unpaid. The new bond or bonds shall be delivered to the transferee only after payment of any taxes  
295 on and any shipping or insurance expenses relating to such transfer. The City may deem and treat  
296 the party in whose name a Bond is registered as the absolute owner thereof for the purpose of  
297 receiving payment of or on account of the principal thereof and interest due thereon and for all other  
298 purposes. References in this Resolution to a Bond shall be deemed to refer to any bond or bonds  
299 transferred for such Bond in accordance with the provisions of this Section 6, and references in this  
300 Resolution to the registered owner of a Bond shall be deemed to refer to any or all of the registered  
301 owners of bonds of such series contemplated by this Section 6, as applicable.

302           SECTION 7. BE IT FURTHER RESOLVED that unless the Council provides otherwise  
303 by resolution adopted prior to delivery of the Bonds, (i) the Series 2014A Bond shall be issued in  
304 substantially the form of Exhibit F to the substantially final form of the Series 2014A Loan  
305 Agreement that is attached hereto as Exhibit A, and (ii) the Series 2014B Bond shall be issued in  
306 substantially the form of Exhibit F to the substantially final form of the Series 2014B Loan  
307 Agreement that is attached hereto as Exhibit B. Appropriate variations and insertions to provide  
308 dates, numbers and amounts, and modifications not altering the substance of the Bonds, including,  
309 without limitation, to reflect matters determined in accordance with Section 3 hereof, may be made  
310 by the Mayor. All of the covenants contained in the forms of the Bonds set forth as Exhibit F to the  
311 respective forms of the Loan Agreements (as defined in Section 8(b) hereof) attached hereto as  
312 Exhibit A and Exhibit B, respectively, as the Bonds may be finally completed as provided herein,  
313 are hereby adopted by the City as and for the forms of obligations to be incurred by the City, and the  
314 covenants and conditions are hereby made binding upon the City, including the promise to pay  
315 therein contained.

316           SECTION 8. BE IT FURTHER RESOLVED that (a) as authorized by the MWQFA Act  
317 and the Charter, the City hereby determines to sell the Bonds to the Administration by private sale,  
318 without public bidding, which sale by private sale is hereby deemed by the City to be in its best  
319 interest and in the interest of its citizens due, in part, to the benefit of the structures of the Bonds as  
320 draw-down obligations, the beneficial interest rate for the Series 2014A Bond and the potential  
321 forgiveness of the Series 2014B Bond. Therefore, and pursuant to the authority of the MWQFA  
322 Act and the Charter, each Bond shall be sold to the Administration by private sale, without public  
323 bidding, for a price of the par amount of such Bond (such purchase price to be advanced in  
324 accordance with the applicable Loan Agreement, as defined in subsection (b) below). Each Bond is  
325 referred to in the corresponding Loan Agreement as the “Note”.

326           (b) The Series 2014A Bond shall be sold to the Administration and the purchase  
327 price of the Series 2014A Bond shall be advanced to the City in accordance with the Loan  
328 Agreement relating to the Series 2014A Bond, the substantially final form of which is attached  
329 hereto as Exhibit A (the “Series 2014A Loan Agreement”). The Series 2014B Bond shall be sold to  
330 the Administration and the purchase price of the Series 2014B Bond shall be advanced to the City in  
331 accordance with the Loan Agreement relating to the Series 2014B Bond, the substantially final form  
332 of which is attached hereto as Exhibit B (the “Series 2014B Loan Agreement”). The Series 2014A  
333 Loan Agreement and the Series 2014B Loan Agreement are referred to herein collectively as the  
334 “Loan Agreements” and individually as a “Loan Agreement”, and the terms and conditions of the  
335 Loan Agreements, as completed as provided in this Section 8, are hereby incorporated by reference  
336 herein and approved by and adopted as the obligations of the City.

337           (c) The Mayor is hereby authorized and directed to complete, execute and  
338 deliver the Loan Agreements for and in the name of the City with such changes, insertions and  
339 deletions not substantially altering the substance of the Loan Agreements as shall be approved by  
340 the Mayor, including, without limitation, to reflect matters determined in accordance with  
341 subsections (b) through (f) of Section 3 above, to provide for the forgiveness provisions relating to  
342 the Series 2014B Bond as reflected in Section 3(j) above, to comply with program requirements of  
343 the Administration, to complete the exhibits to the substantially final forms of the Loan Agreements  
344 attached hereto as Exhibits A and B, or as are determined by the Mayor not to be materially adverse  
345 to the interests of the City. Approval of any such changes, insertions or deletions shall be evidenced

346 conclusively by the Mayor’s execution and delivery of the Loan Agreements in final form.  
347 Notwithstanding anything to the contrary contained in this Resolution, advances under the Loan  
348 Agreements or the Bonds, transfers or exchanges of the Bonds and prepayment or payment of the  
349 principal of and interest on the Bonds shall be made in accordance with the respective Loan  
350 Agreements. The City agrees to abide by and perform the covenants and agreements set forth in the  
351 Loan Agreements as finally completed, executed and delivered in accordance with this Section 8 as  
352 though such covenants and agreements were set forth in full in this Resolution.

353 (d) The City hereby reconfirms the provisions of Section 9 of Ordinance No.  
354 2167, which authorized and directed the City to pay any fees or costs provided for in the Loan  
355 Agreements which are not payable from Bond proceeds, including, without limitation, any  
356 administrative fees and ongoing fees and expenses, and acknowledges that its obligation to pay such  
357 amounts shall be absolute and unconditional as provided in the Loan Agreements.

358 (e) The City hereby reconfirms the provisions of Section 6 of Ordinance No.  
359 2167, which acknowledged that the provisions of Article IV of each Loan Agreement (Events of  
360 Default and Remedies) allow for, among other remedies, all payments on the applicable Bond to be  
361 declared immediately due and payable upon the occurrence of an Event of Default provided for in  
362 such Loan Agreement.

363 SECTION 9. BE IT FURTHER RESOLVED that as soon as may be practicable after the  
364 adoption of this Resolution, the Bonds shall be suitably prepared in definitive form, executed and  
365 delivered to the Administration on a date mutually acceptable to the Administration and the Mayor.  
366 The Mayor, the City Administrator of the City (the “City Administrator”), the Director of Internal  
367 Services, the City Clerk and all other appropriate officials and employees of the City are expressly  
368 authorized, empowered and directed to take any and all action necessary to complete and close the  
369 sale and delivery of the Bonds to the Administration and to negotiate, approve, execute and deliver  
370 all documents, certificates and instruments necessary or appropriate in connection therewith. Any  
371 two of the President of the Council, the Vice-President of the Council, the Director of Internal  
372 Services, the Assistant Director of Internal Services-Finance Operations of the City (the “Assistant  
373 Director of Internal Services-Finance Operations”), or the Assistant Director of Internal Services-  
374 Finance Accounting (the “Assistant Director of Internal Services-Finance Accounting”) are hereby  
375 expressly authorized to take any necessary actions under the Loan Agreements or the Bonds in  
376 order to requisition advances of Bond proceeds on behalf of the City; provided that, if Section SC7-  
377 25 of the Charter at any time authorizes different or additional City officials to requisition advances  
378 of Bond proceeds, such different or additional officials are hereby authorized to take such actions.  
379 Any two of the President of the Council, the Vice-President of the Council, the Director of Internal  
380 Services, the Assistant Director of Internal Services-Finance Operations, or the Assistant Director of  
381 Internal Services-Finance Accounting are hereby expressly designated as the “Authorized Officer”  
382 for purposes of the Loan Agreements. In addition, to the extent the actions of an Authorized Officer  
383 contemplated in a Loan Agreement does not fit within the provisions of Section SC7-25 of the  
384 Charter, the Mayor, the City Administrator and the Director of Internal Services are each hereby  
385 expressly designated an “Authorized Officer” for purposes of the Loan Agreements.

386 SECTION 10. BE IT FURTHER RESOLVED that each advance of the proceeds of the  
387 Bonds shall be paid directly to the City and shall be deposited by the Director of Internal Services or  
388 other appropriate City official in the proper municipal accounts, or shall be paid at the direction of

389 the Authorized Officer, or shall be paid as otherwise required by the Administration. Advances  
390 under the Bonds shall be used and applied by the City exclusively and solely for the public purpose  
391 of financing or reimbursing costs of the Project. Nothing in this Resolution shall be construed to  
392 authorize the expenditure of any moneys except for a proper public purpose. The proceeds of the  
393 Bonds are hereby appropriated for the purposes set forth in this Resolution.

394 SECTION 11. BE IT FURTHER RESOLVED that (a) the full faith and credit and  
395 unlimited taxing power of the City are hereby irrevocably pledged to the prompt payment of the  
396 principal of and interest on the Bonds as and when the same are payable and to the levy and  
397 collection of the taxes hereinbelow described as and when such taxes may become necessary in  
398 order to provide sufficient funds to meet the debt service requirements of the Bonds. The City shall  
399 levy or cause to be levied, for each and every fiscal year during which each Bond may be  
400 outstanding, ad valorem taxes upon all real and tangible personal property within its corporate limits  
401 subject to assessment for unlimited municipal taxation in rate and amount sufficient to provide for  
402 the payment, when due, of the principal of and interest on such Bond payable in each such fiscal  
403 year and, in the event the proceeds from the collection of the taxes so levied may prove inadequate  
404 for such purposes in any fiscal year, additional taxes shall be levied in the subsequent fiscal year to  
405 make up any deficiency. The City hereby covenants with the registered owner of each Bond to take  
406 any action that lawfully may be appropriate from time to time during the period that such Bond  
407 remains outstanding and unpaid to provide the funds necessary to pay promptly the principal and  
408 interest due thereon.

409 (b) The provisions of subsection (a) above shall not be construed so as to  
410 prohibit the City from paying the principal of and interest on the Bonds from the proceeds of the  
411 sale of any other obligations of the City or from any other funds legally available for that purpose.  
412 Subject to any applicable law or restrictions, the City may apply to the payment of the principal of  
413 or interest on each Bond any funds received by it from the State of Maryland or the United States of  
414 America, or any governmental agency or instrumentality, or from any other source, if the funds are  
415 granted or paid to the City for the purpose of assisting the City in accomplishing the type of project  
416 the costs of which such Bond is issued to finance or reimburse or are otherwise available for such  
417 purpose, and to the extent of any such funds received or receivable in any fiscal year, the taxes  
418 hereby required to be levied may be reduced proportionately.

419 (c) General Fund revenues are intended to be the dedicated source of revenues  
420 with respect to the Bonds required by Section 9-1605(d)(1)(iii) of the MWQFA Act.

421 SECTION 12. BE IT FURTHER RESOLVED that notwithstanding anything to the  
422 contrary contained in the Ordinance or this Resolution, the City shall use and apply proceeds of the  
423 Bonds only as permitted by the Loan Agreements, the Clean Water Act (as defined in the Loan  
424 Agreements) and the Act (as defined in the Loan Agreements).

425 SECTION 13. BE IT FURTHER RESOLVED that this Resolution shall become effective  
426 immediately upon its adoption by the Council and its approval by the Mayor. Pursuant to Charter  
427 Section SC7-46A, this Resolution may not be petitioned to referendum.  
428

429 [CONTINUED ON FOLLOWING PAGE]

430 THIS RESOLUTION was introduced and duly adopted at a meeting of the Council of the  
431 City of Salisbury held on the \_\_\_\_\_ day of  
432 \_\_\_\_\_, 2014.

433

434

435 ATTEST:

436

437

438 \_\_\_\_\_

439 Kimberly R. Nichols, City Clerk

440

441 \_\_\_\_\_

442 APPROVED BY ME THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2014:

443

444

445

446 \_\_\_\_\_

447 James Ireton, Jr., Mayor

448

449

450 #160205;58111.023

EXHIBIT A

FORM OF LOAN AGREEMENT RELATING TO SERIES 2014A BOND

[See Attached]

LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY  
FINANCING ADMINISTRATION

and

CITY OF SALISBURY

Dated as of           , 2014

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

|              |                             |   |
|--------------|-----------------------------|---|
| Section 1.01 | Definitions.....            | 2 |
| Section 1.02 | Rules of Construction ..... | 4 |

ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

|              |   |   |
|--------------|---|---|
| Section 2.01 | Representations of Borrower .....         | 5 |
| Section 2.02 | Particular Covenants of the Borrower..... | 7 |

ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

|              |                                      |    |
|--------------|--------------------------------------|----|
| Section 3.01 | The Loan .....                       | 11 |
| Section 3.02 | Availability of Funds .....          | 11 |
| Section 3.03 | Requisitions and Disbursements ..... | 11 |
| Section 3.04 | Amounts Payable .....                | 12 |
| Section 3.05 | Sources of Payment.....              | 14 |
| Section 3.06 | Unconditional Obligations .....      | 15 |
| Section 3.07 | Loan Commitment .....                | 15 |
| Section 3.08 | Reduction of Loan Commitment .....   | 15 |
| Section 3.09 | Disclaimer of Warranties .....       | 16 |
| Section 3.10 | Prepayments .....                    | 16 |
| Section 3.11 | Assignment .....                     | 16 |

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01 Events of Default ..... 17  
Section 4.02 Notice of Default..... 17  
Section 4.03 Remedies on Default..... 18  
Section 4.04 Attorneys’ Fees and Other Expenses ..... 18  
Section 4.05 Application of Monies ..... 18  
Section 4.06 No Remedy Exclusive; Waiver; Notice ..... 18

ARTICLE V

MISCELLANEOUS

Section 5.01 Notices ..... 19  
Section 5.02 Binding Effect..... 19  
Section 5.03 Severability ..... 19  
Section 5.04 Execution in Counterparts..... 19  
Section 5.05 Applicable Law ..... 19  
Section 5.06 Captions ..... 19  
Section 5.07 Further Assurances..... 19  
Section 5.08 Entire Agreement ..... 19  
Section 5.09 Amendment of this Agreement ..... 19  
Section 5.10 Disclaimer of Relationships ..... 20  
Section 5.11 Effective Date ..... 20  
Section 5.12 Term of this Agreement ..... 20  
Section 5.13 Delegation Not to Relieve Obligations ..... 20  
Section 5.14 Additional Terms ..... 20

EXHIBIT A -- Special Conditions..... A-1  
EXHIBIT B -- Description of the Loan..... B-1  
EXHIBIT C -- Project Budget..... C-1  
EXHIBIT D -- Opinion of Borrower’s Counsel..... D-1  
EXHIBIT E -- Description of Dedicated Revenues ..... E-1  
EXHIBIT F -- Form of Note ..... F-1

## LOAN AGREEMENT

THIS LOAN AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 2014 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 "Insert Name of Entity", 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.

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.

“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 amended, 33 U.S.C. § 1251 et seq., and rules and regulations 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.

“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 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.

“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. Except as provided in Section 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) fully executed counterparts of this Agreement, the Note;

(iii) 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;

(iv) 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 as of such date;

(v) 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 the Borrower shall have obtained the prior written consent of the Administration to some other proposed application of such net proceeds.

(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) 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.

(l) 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(l).

## 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 twenty years or more 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 21, the Administrative Fee to be paid each year would equal:

$$\frac{\$5,000,000 \times .05}{21} = \$11,904.76$$

(iii) In prescribing the Administrative Fee for a loan with a term of less than twenty 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 20. 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:

$$\frac{\$4,000,000 \times .05}{20} = \$10,000.00$$

(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, or to be otherwise disposed of by the Administration in accordance with this Agreement.

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:

MARYLAND WATER QUALITY FINANCING  
ADMINISTRATION

\_\_\_\_\_

\_\_\_\_\_

Jag Khuman  
Director

(SEAL)

ATTEST:

BORROWER: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Name:  
Title:

Name:  
Title:

Approved for form and legal sufficiency

Approved for form and legal sufficiency

this \_\_\_\_ day of \_\_\_\_\_, 2014

this \_\_\_\_ day of \_\_\_\_\_, 2014

\_\_\_\_\_  
Local Attorney for  
Borrower

\_\_\_\_\_  
Helen E. Akparanta  
Senior Counsel/Assistant Attorney General

EXHIBIT A  
to Loan Agreement

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor

Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #1

**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 OMB CIRCULAR A-133. 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 August 1, 2014.
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.

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor

Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #1

**DESCRIPTION OF THE LOAN**

- (1) Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #1
- (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) 14 years
  - (b) \$1,000 Mini Principal Payment Date: August 1, 2015  
Date of First of 14 Amortizing Principal Payments: February 1, 2016
  - (c) Level Principal     ; or  
Level Debt Service X; or  
Other
- (5) Annual Administrative Fee: \$     , beginning August 1, 2014.
- (6) Estimated Completion Date of Project: August 2014
- (7) ~~Default Rate:      % (Based upon the      average of the Bond Buyer 11-Bond Index)~~
- (8) Description of Project. The project entails the design and construction of bioretention units along Waverly Drive Storm Drain System. This includes tree removal, restoration of curbs, gutters and sidewalks, and other associated work. In addition to providing stormwater control, these units will enhance the water quality, thereby reducing nitrogen, phosphorus, and sediments to the Wicomico River and ultimately Chesapeake Bay.

DL-01/23/14

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor  
Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #1

**PROJECT BUDGET**

Breakdown of Eligible Project Costs:

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

Description

Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/inspection fees and contingencies

Allocated  
Amount of Loan\*

**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 Section 3.03(a) of the Agreement):

Description

Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/inspection fees and contingencies

Allocated  
Amount of Loan

**Total Reimbursement at Closing:** \$ 0

**Total Loan:** \$

C. Construction Cash Draw Schedule\*

| <u>Federal Quarter</u>      | <u>Cash Disbursements*</u> |
|-----------------------------|----------------------------|
| FFY 14 Q2 (Jan 14 – Mar 14) |                            |
| FFY 14 Q3 (Apr 14 – Jun 14) | \$                         |
| FFY 14 Q4 (Jul 14 – Sep 14) | \$                         |
| <b>Total Disbursements:</b> | <b>\$</b>                  |

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

DL-01/23/14

DRAFT

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 \_\_\_\_\_, 2014 (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 2014, dated \_\_\_\_\_, 2014 (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,

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor  
Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #1

**DESCRIPTION OF DEDICATED REVENUES\***

General Fund, including any revenues deposited in the General Fund.

\* 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.

DL-01/30/14

[\$[MAX. AMT.]]

R-1

REGISTERED

UNITED STATES OF AMERICA  
STATE OF MARYLAND

[NAME OF BORROWER]  
WATER QUALITY BOND, SERIES 2014  
Dated \_\_\_\_\_, 2014

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 \_\_\_\_\_, 2014 (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 on the dates and in the amounts as set forth in the following schedule, as such schedule may be amended in accordance with the terms hereof:

| <u>Due</u><br><u>[February 1]</u> | <u>Principal</u><br><u>Amount</u> | <u>Due</u><br><u>[February 1]</u> | <u>Principal</u><br><u>Amount</u> |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 2015                              |                                   | 2024                              |                                   |
| 2016                              |                                   | 2025                              |                                   |
| 2017                              |                                   | 2026                              |                                   |
| 2018                              |                                   | 2027                              |                                   |
| 2019                              |                                   | 2028                              |                                   |
| 2020                              |                                   | 2029                              |                                   |
| 2021                              |                                   | 2030                              |                                   |
| 2022                              |                                   | 2031                              |                                   |
| 2023                              |                                   | 2032                              |                                   |

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 mails 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 \_\_\_\_, 2014.

(SEAL)

ATTEST:

\_\_\_\_\_  
[OFFICER]

By: \_\_\_\_\_  
[OFFICER]

EXHIBIT B

FORM OF LOAN AGREEMENT RELATING TO SERIES 2014B BOND

[See Attached]

LOAN AGREEMENT

By and Between

MARYLAND WATER QUALITY  
FINANCING ADMINISTRATION

and

CITY OF SALISBURY

Dated as of           , 2014

## TABLE OF CONTENTS

Page

### ARTICLE I

#### DEFINITIONS

|              |                             |   |
|--------------|-----------------------------|---|
| Section 1.01 | Definitions.....            | 2 |
| Section 1.02 | Rules of Construction ..... | 4 |

### ARTICLE II

#### REPRESENTATIONS AND COVENANTS OF BORROWER

|              |  |   |
|--------------|--|---|
| Section 2.01 | Representations of Borrower .....          | 5 |
| Section 2.02 | Particular Covenants of the Borrower ..... | 7 |

### ARTICLE III

#### LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

|              |                                      |    |
|--------------|--------------------------------------|----|
| Section 3.01 | The Loan .....                       | 10 |
| Section 3.02 | Availability of Funds .....          | 10 |
| Section 3.03 | Requisitions and Disbursements ..... | 11 |
| Section 3.04 | Amounts Payable .....                | 12 |
| Section 3.05 | Sources of Payment .....             | 14 |
| Section 3.06 | Unconditional Obligations .....      | 14 |
| Section 3.07 | Loan Commitment .....                | 15 |
| Section 3.08 | Reduction of Loan Commitment .....   | 15 |
| Section 3.09 | Disclaimer of Warranties .....       | 16 |
| Section 3.10 | Prepayments .....                    | 16 |
| Section 3.11 | Assignment .....                     | 16 |

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01 Events of Default ..... 16  
Section 4.02 Notice of Default ..... 17  
Section 4.03 Remedies on Default ..... 17  
Section 4.04 Attorneys' Fees and Other Expenses ..... 17  
Section 4.05 Application of Monies ..... 17  
Section 4.06 No Remedy Exclusive; Waiver; Notice ..... 18

ARTICLE V

MISCELLANEOUS

Section 5.01 Notices ..... 18  
Section 5.02 Binding Effect ..... 18  
Section 5.03 Severability ..... 18  
Section 5.04 Execution in Counterparts ..... 18  
Section 5.05 Applicable Law ..... 18  
Section 5.06 Captions ..... 18  
Section 5.07 Further Assurances ..... 18  
Section 5.08 Entire Agreement ..... 19  
Section 5.09 Amendment of this Agreement ..... 19  
Section 5.10 Disclaimer of Relationships ..... 19  
Section 5.11 Effective Date ..... 19  
Section 5.12 Term of this Agreement ..... 19  
Section 5.13 Delegation Not to Relieve Obligations ..... 19  
Section 5.14 Additional Terms ..... 19

EXHIBIT A -- Special Conditions ..... A-1  
EXHIBIT B -- Description of the Loan ..... B-1  
EXHIBIT C -- Project Budget ..... C-1  
EXHIBIT D -- Opinion of Borrower's Counsel ..... D-1  
EXHIBIT E -- Description of Dedicated Revenues ..... E-1  
EXHIBIT F -- Form of Note ..... F-1

## LOAN AGREEMENT

THIS LOAN AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 2014 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 "Insert Name of Entity", 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.

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.

“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 amended, 33 U.S.C. § 1251 et seq., and rules and regulations 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.

“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 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.

“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. Except as provided in Section 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) fully executed counterparts of this Agreement, the Note;

(iii) 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;

(iv) 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 as of such date;

(v) 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 the Borrower shall have obtained the prior written consent of the Administration to some other proposed application of such net proceeds.

(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) 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.

(l) 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(l).

### 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 twenty years or more 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 21, the Administrative Fee to be paid each year would equal:

$$\frac{\$5,000,000 \times .05}{21} = \$11,904.76$$

(iii) In prescribing the Administrative Fee for a loan with a term of less than twenty 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 20. 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:

$$\frac{\$4,000,000 \times .05}{20} = \$10,000.00$$

(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, or to be otherwise disposed of by the Administration in accordance with this Agreement.

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:

MARYLAND WATER QUALITY FINANCING  
ADMINISTRATION

\_\_\_\_\_

\_\_\_\_\_  
Jag Khuman  
Director

(SEAL)

ATTEST:

BORROWER: \_\_\_\_\_

\_\_\_\_\_

Name:  
Title:

By: \_\_\_\_\_

Name:  
Title:

Approved for form and legal sufficiency

this \_\_\_ day of \_\_\_\_\_, 2014

Approved for form and legal sufficiency

this \_\_\_ day of \_\_\_\_\_, 2014

\_\_\_\_\_  
Local Attorney for  
Borrower

\_\_\_\_\_  
Helen E. Akparanta  
Senior Counsel/Assistant Attorney General

EXHIBIT A  
to Loan Agreement

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor

Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #2

**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 OMB CIRCULAR A-133. 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. Pursuant to the Clean Water Act, as amended by federal Appropriation or Authorization Acts and Section 9-1605(d)(9) of the Environment Article of the Annotated Code of Maryland, as amended, the Administration shall forgive repayment of the principal amount of the Loan and the interest payable thereon under Article III hereof and the Note so long as the Borrower performs all of its other obligations under the Loan Agreement. Upon determination by the Administration that any such other obligations under the Loan Agreement have not been performed by the Borrower, payment of the principal of the Loan and the interest thereon will be due and payable on demand. If the Administration has not demanded payment of the principal of and interest on the Note prior to \_\_\_\_\_, then the Administration shall be deemed to have forgiven repayment of the Loan evidenced by the Note and interest thereon, the Note shall be deemed cancelled and the Loan Agreement shall be terminated and of no further force and effect.
2. Section 2.02(k) "Additional Disclosure Information" is deleted in its entirety.

EXHIBIT A  
to Loan Agreement

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor  
  
Project Name: Waverly Drive Water Quality Storm Drain Inlets – Loan 2 (Green)

**ADDITIONAL TERMS APPLICABLE TO LOAN AGREEMENT (CON'T):**

3. The last sentence of Section 3.03(c) “Interest During Construction” is deleted in its entirety.
4. The last sentence of Section 3.04(a) “Amounts Payable” is deleted in its entirety.
5. Section 3.04(b) is deleted in its entirety and inserted in place thereof is the following: “(b) Late Charges. The Borrower shall pay a late charge for any payment of principal or interest on the Loan that is received later than the 30<sup>th</sup> day following its date of demand, in an amount equal to 5% of such payment.”
6. Section 3.04(e) “Administrative Fee” is deleted in its entirety.
7. Section 3.10 “Prepayments” is deleted in its entirety.
8. 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.

DL-01/21/14

EXHIBIT B  
to Loan Agreement

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor

Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #2

**DESCRIPTION OF THE LOAN**

- (1) Project Name: Waverly Drive Water Quality Storm Drain Inlets - Green Loan #2
- (2) Maximum Principal Amount of Loan Commitment: \$ \_\_\_\_\_
- (3) Rate of Interest: 0 %
- (4) Amortization Schedule: Due on demand, with interest accruing at the Default Rate from the date of demand, in accordance with Exhibit A to this Loan Agreement.
- (5) Estimated Completion Date of Project: \_\_\_\_\_
- (6) Default Rate: \_\_\_\_\_ % (Based upon the \_\_\_\_\_ average of the Bond Buyer 11-Bond Index)
- (7) Description of Project: The project entails the design and construction of bioretention units along Waverly Drive Storm Drain System. This includes tree removal, restoration of curbs, gutters and sidewalks, and other associated work. In addition to providing stormwater control, these units will enhance the water quality, thereby reducing nitrogen, phosphorus, and sediments to the Wicomico River and ultimately Chesapeake Bay.

DL-01/21/14

EXHIBIT C  
to Loan Agreement

Borrower Name: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor  
Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #2

**PROJECT BUDGET**

Breakdown of Eligible Project Costs:

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

Description

Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/inspection fees and contingencies

Allocated  
Amount of Loan\*

**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 Section 3.03(a) of the Agreement):

Description

Eligible Project Costs include administrative and legal expenses, planning/design engineering fees, construction costs, construction phase engineering/inspection fees and contingencies

Allocated  
Amount of Loan

**Total Reimbursement at Closing:** \$ 0

**Total Loan:** \$

C. Construction Cash Draw Schedule\*

Federal Quarter

FFY 14 Q3 (Apr 14 – Jun 14)

FFY 14 Q4 (Jul 14 – Sep 14)

Cash Disbursements\*

\$

\$

**Total Disbursements:** \$

\* SUBJECT TO CHANGE WITH CONSENT OF THE ADMINISTRATION IN ITS DISCRETION UNDER SECTION 2.02(d) OF THIS 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 \_\_\_\_\_, 2014 (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 2014, dated \_\_\_\_\_, 2014 (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: City of Salisbury  
Address: 125 N. Division Street  
Salisbury MD 21801-4940  
Attention: The Honorable James P. Ireton, Jr., Mayor  
Project Name: Waverly Drive Water Quality Storm Drain Inlets – Green Loan #2

**DESCRIPTION OF DEDICATED REVENUES\***

General Fund, including any revenues deposited in the General Fund.

\* 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.

DL-01/30/14

\$(MAX. AMT.)

R-1

UNITED STATES OF AMERICA  
STATE OF MARYLAND

[NAME OF BORROWER]  
WATER QUALITY BOND, SERIES 2014  
Dated \_\_\_\_\_, 2014

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 \_\_\_\_\_, 2014 (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 as provided for herein.

At any time prior to \_\_\_\_\_, the principal advanced under the Loan Agreement shall be payable in full on demand by the Administration in accordance with the Loan Agreement and the second succeeding paragraph below, together with interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_\_% ) per annum accruing from the date on which such demand is made by the Administration.

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. 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 in accordance with the terms hereof.

PURSUANT TO THE CLEAN WATER ACT, AS AMENDED BY FEDERAL APPROPRIATION OR AUTHORIZATION ACTS AND SECTION 9-1605(D)(9) OF THE ENVIRONMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AS AMENDED, THE ADMINISTRATION SHALL FORGIVE REPAYMENT OF THE PRINCIPAL AMOUNT OF THE LOAN (AS DEFINED IN THE LOAN AGREEMENT) AND THE INTEREST PAYABLE THEREON UNDER ARTICLE III OF THE LOAN AGREEMENT AND THIS BOND, SO LONG AS THE BORROWER PERFORMS ALL OF ITS OTHER OBLIGATIONS UNDER THE LOAN AGREEMENT. UPON DETERMINATION BY THE ADMINISTRATION THAT ANY SUCH OTHER OBLIGATIONS UNDER THE LOAN AGREEMENT HAVE NOT BEEN PERFORMED BY THE BORROWER, PAYMENT OF THE PRINCIPAL OF THE LOAN AND THE INTEREST THEREON WILL BE DUE AND PAYABLE ON DEMAND. IF THE ADMINISTRATION HAS NOT DEMANDED PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND PRIOR TO \_\_\_\_\_, THEN THE ADMINISTRATION SHALL BE DEEMED TO HAVE FORGIVEN REPAYMENT OF THE LOAN EVIDENCED BY THIS BOND AND INTEREST THEREON, THIS BOND SHALL BE DEEMED CANCELLED AND THE LOAN EVIDENCED BY THIS BOND AND THE LOAN AGREEMENT SHALL BE TERMINATED AND OF NO FURTHER FORCE AND EFFECT.

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 mails 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 a [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 Maximum Principal Amount has been borrowed 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 of the same series and with the same maturity and interest rate and the same forgiveness provisions. 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 \_\_\_\_\_, 2014.

(SEAL)

ATTEST:

[NAME OF BORROWER]

\_\_\_\_\_  
[AUTHORIZED OFFICER]

By: \_\_\_\_\_  
[AUTHORIZED OFFICER]

1  
2 **ORDINANCE NO. 2278**  
3

4 AN ORDINANCE OF THE CITY OF SALISBURY APPROVING A BUDGET  
5 AMENDMENT OF THE FY14 GENERAL FUND BUDGET TO APPROPRIATE FUNDS  
6 RECEIVED FROM THE GENERAL FUND (SPEED CAMERA ACCOUNT) TO AID IN THE  
7 PURCHASE OF ONE NEW VEHICLE FOR THE POLICE FLEET.  
8

9 WHEREAS, Unit# 02, 2003 Ford Crown Victoria (10yol), VIN#  
10 2FAFP71W33X142386, 141,349 miles from diagnostics performed by Ford's dealership,  
11 Sherwood of Salisbury shows the vehicle needs repairs in excess of \$4,757 (four thousand seven  
12 hundred fifty-seven dollars). The present condition of the vehicle places a trade value of \$ 300  
13 to \$400. The cost to repair \$4,757 (four thousand seven hundred fifty-seven dollars) is  
14 significantly more than the value \$300 to \$400 and would not be cost effective; and  
15

16 WHEREAS, the Police Department has a responsibility to maintain a sufficient number  
17 of patrol vehicles to effectively cover all areas of the City; and  
18

19 WHEREAS, the Police Department needs to replace Unit #2 with a smaller more fuel  
20 efficient vehicles such as the 2014 Ford Fusion at a cost of approximately \$27,300.00 (twenty  
21 seven thousand and three hundred dollars) including equipment; and  
22

23 WHEREAS, there are sufficient funds available in the Speed Camera General Funds  
24 Account to cover the cost of the new vehicle and equipment in the amount of \$27,300.00 (twenty  
25 seven thousand and three hundred dollars); and  
26  
27

28 NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY  
29 OF SALISBURY, MARYLAND that the City's Fiscal Year 2013 General Fund Budget and is  
30 hereby, amended as follows:  
31

- 32 1) Increase General Fund Current Surplus (01000-469810) Revenue by \$27,300.00  
33 2) Increase the Police Department budget by \$27,300.00  
34

35 BE IT FURTHER ORDAINED that this Ordinance shall take effect from and after the  
36 date of its final passage.  
37  
38  
39

40 THIS ORDINANCE was introduced and read at a meeting of the Council of the City of  
41 Salisbury held on this 24<sup>th</sup> day of February, 2014, and thereafter, a statement of the substance of  
42 the Ordinance having been published as required by law, was finally passed by the Council on  
43 the \_\_\_\_\_ day of \_\_\_\_\_, 2014.  
44

45 ATTEST:  
46  
47

48 \_\_\_\_\_  
49 Kimberly R. Nichols, City Clerk

\_\_\_\_\_  
Jacob R. Day, President  
Salisbury City Council

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51  
52  
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Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2014

\_\_\_\_\_  
James Ireton, Jr., Mayor



*From the Office of the  
Fire Chief*

**Date:** 11 February 2014

**To:** Tom Stevenson, Acting City Administrator

**From:** Richard A. Hoppes, Chief of the Department

**Subject:** Budget Amendment Item (Insurance Repairs Claim)

The Salisbury Fire Department respectfully requests approval of a budget amendment item to return \$16,093.97 to the FY2014 fire department budget, Vehicles account # 24035-534308 and \$4,481.14 to the Equipment Repairs account # 24035-534302. Insurance repair checks totaling \$20,575.11 were deposited into the City's general fund.

This request relates to insurance claims that were filed due to damage to Tower 16, Engine 16, Ambulance A-1, Ambulance A16-1. Tower 16 was damaged on 5/5/2013, repaired by Patriot Fire Llc. and paid for with PO # 02140027-00 in the amount of \$8,002.16. Engine 16 was damaged on 6/12/2013, repaired by Patriot Fire Llc. and paid for with PO # 02140051-00 in the amount of \$3,021.81. Ambulance A-1 was damaged by a civilian vehicle on 11/22/2013, repaired by Patriot Fire Llc. and paid for with PO # 2140273 in the amount of \$5,070.00. Ambulance A16-1 was damaged by another vehicle and their insurance reimbursed the City for the repairs. The Nationwide Insurance payout amount covers Patriot Fire Llc. Invoice #1377 for \$3,120.00 and FESCO Emergency Sales invoice SL13-13423 for \$1,361.14.

These funds will replenish the Fire Department's Vehicles account # 24035-534308 and Equipment Repairs account # 24035-534302 and bring these accounts back in line with the planned FY2014 budget expense projections. These monies will also assist the department in maintaining the services and equipment necessary to continue to operate as efficiently as possible.

Thank you in advance for your time and consideration on this request.

cc: File

ORDINANCE NO. 2279

AN ORDINANCE OF THE CITY OF SALISBURY APPROVING A BUDGET AMENDMENT OF THE FY2014 FIRE DEPARTMENT BUDGET TO TRANSFER INSURANCE FUNDS RECEIVED BY THE CITY TO THE FIRE DEPARTMENT OPERATING BUDGET FROM THE GENERAL FUND FOR REVENUE RECEIVED FOR REPAIRS PREFORMED ON TOWER 16, ENGINE 16, AMBULANCE A-1, AND AMBULANCE 16-1.

WHEREAS, damage was done to Tower 16, Engine 16, Ambulance A-1, AND Ambulance 16-1 while performing legitimate City of Salisbury Fire Department duties; and

WHEREAS, the Fire Department has paid for the repairs to Tower 16, Engine 16, Ambulance A1, and Ambulance A16-1 out of the FY14 Fire Department Operating Budget; and

WHEREAS, the City has received a total of \$ 20,575.11 from insurance proceeds for repairs to Tower 16, Engine 16, Ambulance A-1, and Ambulance A16-1; and

WHEREAS, the insurance proceeds are to be used to replenish the fire department budget accounts and to bring them back in line with planned FY2014 budget expense projections for the remainder of the fiscal year.

NOW, THEREFORE BE IT ORDAINED BY THE CITY OF SALISBURY, MARYLAND that the City's Fiscal Year 2014 budget be and is hereby, amended as follows:

- 1) Increase the General Fund Revenue – Insurance proceeds account (01000-456935) by \$20,575.11
- 2) Increase the Fire Department's Expense - Vehicles account (24035-534308) by \$16,093.97
- 3) Increase the Fire Department's Expense - Equipment Repairs account (24035-534302) by \$4,481.14

AND BE IT FURTHER ORDAINED that this Ordinance shall take effect from and after the date of its final passage.

THIS ORDINANCE WAS INTRODUCED AND READ AT A MEETING OF THE Council of the City of Salisbury held on the \_\_\_ day of \_\_\_\_\_, 2014, and after a statement of the substance of the Ordinance was published as required by law, the ordinance was finally passed by the Council on the \_\_\_ day of \_\_\_\_\_, 2014.

47 ATTEST:

48

49

50 \_\_\_\_\_  
Kimberly R. Nichols

51 CITY CLERK

52

53

\_\_\_\_\_

Jacob R. Day  
PRESIDENT, CITY COUNCIL

54 APPROVED BY ME THIS \_\_\_ day of \_\_\_\_\_ 2014.

55

56

\_\_\_\_\_

James Ireton, Jr.  
MAYOR, CITY OF SALISBURY

58



*From the Office of the  
Fire Chief*

**Date:** 10 February 2014

**To:** Tom Stevenson, Acting City Administrator

**From:** Richard A. Hoppes, Chief of the Department

**Subject:** Budget Amendment Item (P.P.E. purchases)

This memorandum serves as a formal request to fund a budget amendment to close a funding gap that has occurred pursuant to the intake of new volunteer and career members into the SFD. Currently there is a large funding gap that relates to the FD Turnout Gear account that does not allow the department to finish FY14 and in an identified issue in the FY15 needs. What follows is a request for a budget amendment that closes the funding gap for both fiscal years.

As you know the SFD is constantly seeking to recruit and retain volunteer members to help ensure that the department maintains an appropriate level of staffing for emergencies. As an important part of fully staffing all three of our stations, they help provide the highest level of service possible to the citizens of Salisbury. During this fiscal year the SFD has done extremely well recruiting new volunteers. To date we have processed sixteen (16) new volunteers and three (3) new career firefighters into active operational status. This is very good news, but it comes with a cost as it relates to outfitting each member with personal protective equipment (P.P.E.). Attached please find the cost breakdown for equipping each member of the department with P.P.E..

The original budget for P.P.E. in the Turnout Gear account 24035-546030 for FY14 is \$28,224.00. The actual cost from July 1, 2013 to present has totaled \$47,682.40 for the sixteen new volunteers and three new career firefighters. The City of Salisbury Fire Department has been able to outfit the new volunteers and career personnel with the use of encumbrances/POs from FY13 and the P.P.E. inventory on hand. Currently the Fire Department's Turnout Gear account has been depleted to \$3,762.30. With the cost to outfit one firefighter with just the basics, at \$2,509.60, this account cannot sustain outfitting the projected new volunteers and career personnel coming into the Fire Department or the replacement of out of dated P.P.E. for the remainder of FY14.

As you know Turnout Gear must be replaced on a regular basis due to age, wear and tear, and in accordance with NFPA standards that require Turnout Gear be replaced every ten (10) years. The Fire Department has twelve (12) coats and five (5) pants still

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being used from 2004 (now meeting the ten year threshold) and needs to replace several SCBA face pieces, helmets, fire gloves, and safety vests. The total cost for replacing these items is \$21,600.80. Looking forward the department will need to replace twenty-six (26) coats and thirty-eight (38) pants that were purchased in 2005 (again now meeting the ten year replacement threshold), for a total cost of \$47,830.00.

Having just completed the FY15 budget and following the instructions given to hold expenses to level from the FY14 budget, I have included the FY15 replacement gear in this request. This allows the department to hold to budget preparation instructions and complete one request for budget transfer instead of needing to raise the FY15 budget request.

This request is proffered to meet the demand for equipping our personnel with P.P.E. in order to provide them with a proper protective envelop for performing their dangerous jobs. Their safety is our first and highest priority. Therefore the department respectfully requests approval of a budget amendment item in the amount of \$70,000.00 from the general fund surplus to be placed into the Fire Department's Turnout Gear account 24035-546030 to replace P.P.E. that will be out of date and taken out of service during FY14 and FY15.

Thank you in advance for your time and consideration on this request. I look forward to working with you to complete this most important business and ask that you contact me if you have need for further information a 410-548-3120 X 103 or at [rhoppes@ci.salisbury.md.us](mailto:rhoppes@ci.salisbury.md.us).

cc: File

# **P.P.E./ Turnout Gear Costs**

|                       |                                 |
|-----------------------|---------------------------------|
| <b>Turnout Coat</b>   | <b>\$ 910.00</b>                |
| <b>Turnout Pants</b>  | <b>\$ 674.00</b>                |
| <b>Helmet</b>         | <b>\$ 219.00</b>                |
| <b>Boots</b>          | <b>\$ 315.00</b>                |
| <b>Hood</b>           | <b>\$ 19.95</b>                 |
| <b>Vest</b>           | <b>\$ 50.75</b>                 |
| <b>Fire Gloves</b>    | <b>\$ 60.95</b>                 |
| <b>Rescue Gloves</b>  | <b>\$ 30.95</b>                 |
| <b>Safety Glasses</b> | <b>\$ 4.00</b>                  |
| <b>Face Piece</b>     | <b>\$ 225.00</b>                |
|                       | <hr/>                           |
| <b>Total</b>          | <b>\$ 2509.60 / firefighter</b> |



46 BE IT FURTHER ORDAINED that this Ordinance shall take effect from and after the  
47 date of its final passage.  
48

49 THIS ORDINANCE WAS INTRODUCED AND READ AT A MEETING OF THE  
50 Council of the City of Salisbury held on the \_\_\_ day of \_\_\_\_\_, 2014, and after a statement  
51 of the substance of the Ordinance was published as required by law, the ordinance was finally  
52 passed by the Council on the \_\_\_ day of \_\_\_\_\_, 2014.  
53

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56 ATTEST:

57  
58 \_\_\_\_\_  
59 Kimberly R. Nichols  
60 CITY CLERK

\_\_\_\_\_

Jacob R. Day  
PRESIDENT, CITY COUNCIL

61  
62  
63 APPROVED BY ME THIS \_\_\_ day of \_\_\_\_\_ 2014.  
64

65 \_\_\_\_\_  
66 James Ireton, Jr.  
67 MAYOR, CITY OF SALISBURY

# Memo

**To:** Tom Stevenson  
**From:** Susan Phillips   
**Date:** February 21, 2014  
**Re:** Housing Board of Adjustments & Appeals Legislation

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This memo is a follow up to the work session dated February 3, 2014. Attached, you will find improvements made to the legislation as discussed at that meeting.

At this work session, it was decided that all five (5) board members would be at large city residents.

Unless you or the Mayor has any questions please forward this information to the City Council for review and consideration.

1 CITY OF SALISBURY  
2 ORDINANCE NO. 2281

3  
4 AN ORDINANCE OF THE CITY OF SALISBURY,  
5 MARYLAND, TO AMEND CHAPTER 15.24 HOUSING  
6 STANDARDS OF THE MUNICIPAL CODE TO CHANGE  
7 THE REQUIREMENTS FOR ELIGIBILITY OF BOARD  
8 MEMBERS FOR THE HOUSING BOARD OF  
9 ADJUSTMENTS AND APPEALS.

10  
11 WHEREAS, the Mayor and Council are concerned about the selection of  
12 members of the housing board of adjustments and appeals; and

13 WHEREAS, the Mayor and Council desire to change the composition of  
14 the housing board of adjustments and appeals by requiring that all members be  
15 residents of the City of Salisbury; and

16 WHEREAS, the Mayor and Council seek to amend certain language in  
17 Subsections 15.24.360 and 15.24.370 of Article X, Means of Appeal, of the  
18 Housing Standards to require all members to be residents of the City of Salisbury.

19 NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF  
20 THE CITY OF SALISBURY, MARYLAND, that the following sections be  
21 amended as follows:

22 **15.24.360 Establishment of board.**

23 There is established in the city a board to be called the housing board of  
24 adjustments and appeals, which shall consist of five members. Such board shall be  
25 composed of ~~one realtor or landlord~~ one physician, registered sanitarian or health  
26 official, ~~one architect, structural engineer or general contractor, and two members~~

27 ~~from the~~ at large residents of the city of Salisbury ~~who are homeowners~~. The  
28 board shall be appointed by the mayor and council.

29 **15.24.370 Terms of office.**

30 ~~Of the m~~Members ~~first appointed, two shall be appointed for terms of two~~  
31 ~~years, two for terms of three years and one~~ shall be appointed for a term of four  
32 ~~years, and thereafter they shall be appointed for terms of four years~~. Any  
33 continued absence of any member from ~~regular~~ meetings of the board or failure of  
34 any member to complete required training shall, at the discretion of the mayor and  
35 council, render any such member subject to immediate removal from office.

36 AND BE IT FURTHER ENACTED AND ORDAINED BY THE  
37 COUNCIL OF THE CITY OF SALISBURY, MARYLAND, that the Ordinance  
38 shall take effect upon final passage.

39 THIS ORDINANCE was introduced and read at a meeting of the Council  
40 of the City of Salisbury held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014,  
41 and thereafter, a statement of the substance of the ordinance having been  
42 published as required by law, in the meantime, was finally passed by the Council  
43 on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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\_\_\_\_\_  
Kimberly R. Nichols, City Clerk

\_\_\_\_\_  
Jacob R. Day, City Council President

51 Approved by me this  
52 day \_\_\_\_\_ of \_\_\_\_\_, 2014.

53

54

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58 \_\_\_\_\_  
59 James Ireton, Jr., Mayor  
City of Salisbury